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As filed with the Securities and Exchange Commission on September 7, 2018.

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

Under

The Securities Act of 1933

KODIAK SCIENCES INC.

(Exact name of Registrant as specified in its charter)

Delaware	**2836**	**27-0476525**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

2631 Hanover Street
Palo Alto, CA 94304
(650) 281-0850
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

D. Victor Perlroth, M.D.
Chairman and Chief
Executive Officer
2631 Hanover Street
Palo Alto, CA 94304
(650) 281-0850
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Jeffrey D. Saper **Michael Nordtvedt** **Wilson Sonsini Goodrich & Rosati,** **Professional Corporation** **650 Page Mill Road** **Palo Alto, CA 94304** **(650) 493-9300**	**John A. Borgeson** **Senior Vice President and** **Chief Financial Officer** **Kodiak Sciences Inc.** **2631 Hanover Street** **Palo Alto, CA 94304** **(650) 281-0850**	**Bruce K. Dallas** **Stephen Salmon** **Davis Polk & Wardwell LLP** **1600 El Camino Real** **Menlo Park, CA 94025** **(650) 752-2000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	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 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(3)**
Common Stock, par value $0.0001 per share	$100,000,000	$12,450

(1) Includes offering price of any additional shares that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
(3) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended, based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated September 7, 2018

Shares

Common Stock

$ per share

Kodiak Sciences Inc. is offering shares of its common stock. This is our initial public offering and no public market currently exists for our common stock. We expect the initial public offering price to be between $ and $ per share.

We have applied to list our common stock on the Nasdaq Global Market under the symbol "KOD."

We are an "emerging growth company" as defined under the federal securities laws. Investing in our common stock involves risks. See the section of this prospectus titled "Risk Factors" beginning on page 12.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to Kodiak Sciences Inc.	$	$

(1) See the section of this prospectus titled "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase an additional shares of our common stock to cover over-allotments, if any.

Delivery of the shares of common stock is expected to be made on or about , 2018.

Morgan Stanley BofA Merrill Lynch

Barclays

Chardan

The date of this prospectus is , 2018

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We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters have not authorized any other person to provide you with different or additional information. Neither we nor the underwriters are making an offer to sell shares of our common stock in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Until and including , 2018 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

For investors outside of the United States: neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. Before you decide to invest in our common stock, you should read the entire prospectus carefully, including the section titled "Risk Factors" and the consolidated financial statements and related notes included elsewhere in this prospectus. In this prospectus, unless otherwise stated or the context otherwise indicates, references to "Kodiak," "we," "us," "our" and similar references refer to Kodiak Sciences Inc. and its subsidiaries taken as a whole.

Overview

We are a clinical stage biopharmaceutical company specializing in novel therapeutics to treat chronic, high-prevalence retinal diseases. Our most advanced product candidate is KSI-301, a biologic therapy built with our antibody biopolymer conjugate, or ABC, platform, which is designed to maintain potent and effective drug levels in ocular tissues. We believe that KSI-301, if approved, has the potential to become an important anti-VEGF therapy in wet age-related macular degeneration, or wet AMD, and diabetic retinopathy, or DR. KSI-301 and our ABC Platform were developed at Kodiak, and we own worldwide rights to those assets, including composition of matter patent protection for KSI-301. We have applied our ABC Platform to develop additional product candidates beyond KSI-301, including KSI-501, our bispecific anti-IL-6/VEGF bioconjugate. We intend to progress these and other product candidates to address high-prevalence ophthalmic diseases.

We initiated our first-in-human, Phase 1 clinical study of KSI-301 in the United States in nine patients in July 2018. We have successfully dosed all patients at the pre-planned dose levels and reached the primary safety and tolerability endpoint of the study. No patients in the Phase 1 study have experienced any serious adverse events. There have been no drug-related adverse events, no dose limiting toxicities and, notably, no intraocular inflammation observed at any dose. Improvements in best corrected visual acuity, or BCVA, and reductions in macular thickness on optical coherence tomography imaging, or OCT, have been observed at all dose levels. This suggests that KSI-301, a large antibody biopolymer conjugate, is biologically active at all dose levels tested. Having successfully met the primary endpoint of safety and tolerability in the Phase 1 study, with the additional observations around bioactivity, we plan to further evaluate the highest dose tested of KSI-301, 5 mg, in a series of global studies in wet AMD and DR, including diabetic macular edema, or DME.

We expect to be dosing patients in a global Phase 2 study of KSI-301 in the United States in early 2019, and clinical trial applications to ex-U.S. regulatory authorities for this study are in progress. This randomized, controlled study in approximately 400 treatment nalve wet AMD patients will evaluate the non-inferiority of intravitreal KSI-301 administered as infrequently as every 16 weeks versus EYLEA (aflibercept) administered on its every 8-week labeled regimen. FDA has indicated that this Phase 2 study, if successful, can be supportive of a marketing application for KSI-301 as one of two pivotal studies in wet AMD required for approval in the United States. We also plan to initiate a Phase 2 clinical trial of KSI-301 in the U.S. and EU in DR patients. We additionally plan to initiate two Phase 2 studies in China, one in wet AMD and one in DR, and we are planning for these studies to have the same clinical design frameworks as our U.S. and EU studies. In parallel to initiating our Phase 2 studies, we intend to expand the scope of our Phase 1 study into a Phase 1b open label study to evaluate the treatment effect and safety of sequential doses of KSI-301 with more intensive ophthalmic imaging and ocular pharmacokinetic assessments.

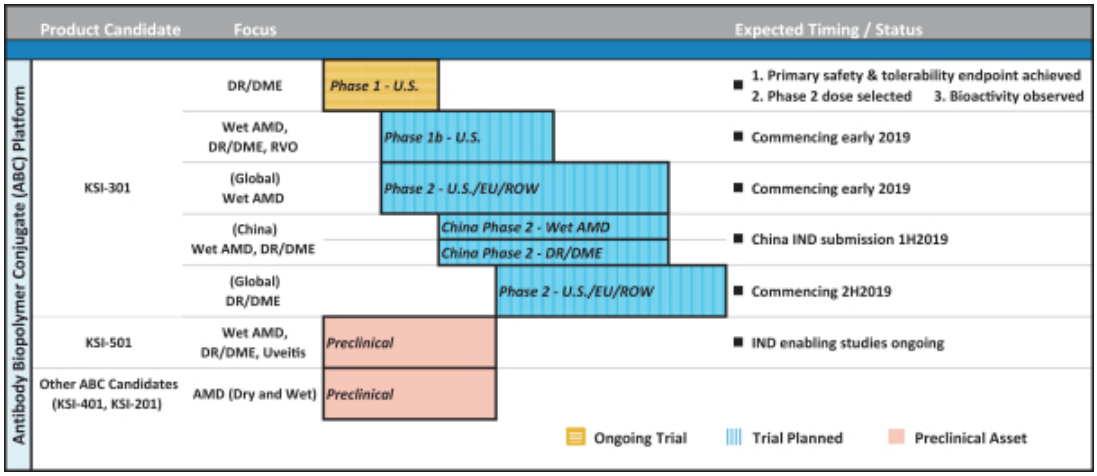
Target Indications

Our initial target indications for KSI-301 are wet AMD and DR. Wet AMD is a chronic and progressive disease of the central portion of the retina, known as the macula, which is responsible for sharp central vision and color perception. It is caused by abnormal blood vessels that grow underneath the retina and leak blood and fluid

into the macula, causing visual distortion and acute vision loss, which can be permanent. Wet AMD is the leading cause of severe vision loss in adults over the age of 50 in the United States and the European Union, or EU. We estimate the combined prevalence of wet AMD in the United States and the EU to be approximately 2.9 million people. DR is a disease resulting from diabetes, in which chronically elevated blood sugar levels cause progressive damage to blood vessels in the retina. DR is the leading cause of blindness in working age adults in the United States and the EU. We estimate that the number of people in the United States and the EU with DR in 2015 was approximately 28.5 million.

Ongoing and Planned Clinical Development

The following chart summarizes our clinical development plan for our lead product candidate and our other product candidates:



Current Standard of Care for Wet AMD and DR

Overexpression of vascular endothelial growth factor, or VEGF, in ocular tissues is central to the pathogenesis and clinical manifestations of wet AMD and DR. VEGF is a protein produced by cells that stimulates the formation of new blood vessels, a process called neovascularization, and induces vascular permeability. In wet AMD and DR, fluid that exits from blood vessels causes swelling, or edema, of the retina and loss of vision. This loss of vision can be reversed if treated early with an anti-VEGF agent to suppress VEGF signaling. Delayed treatment or undertreatment can result in permanent retinal damage and blindness. To reach effective ocular tissue concentrations, these agents must be injected into the vitreous humor, the jelly-like substance that fills the area between the lens and retina. These injections must occur at regular intervals in order to maintain anti-VEGF effects.

Lucentis (ranibizumab), marketed by Genentech, Inc., a subsidiary of the Roche Group, in the United States and by Novartis AG outside the United States, and EYLEA (aflibercept), marketed by Regeneron Pharmaceuticals, Inc. in the United States and by Bayer HealthCare LLC outside the United States, are anti-VEGF therapies that have become the standard of care for treating wet AMD and severe forms of DR based on pivotal clinical studies in which Lucentis was injected every four weeks and EYLEA was injected every eight weeks (after three initial monthly doses in the case of wet AMD and after five initial monthly doses in the case of DR with DME). Avastin (bevacizumab), marketed for non-ocular indications by Genentech in the United States and by Roche outside of the United States, is an anti-VEGF cancer therapy that shares structural characteristics

with Lucentis and is commonly used off-label to treat wet AMD and DR through intravitreal injection dosed every four weeks.

Annual worldwide sales of Lucentis and EYLEA for all indications totaled approximately $9.6 billion in 2017. We believe a substantial majority of these sales were in connection with the treatment of wet AMD and DR. Avastin, which is currently approved and marketed for the treatment of cancer, is also used off-label to treat wet AMD and DR. We estimate that off-label Avastin represents approximately 60% of the U.S. wet AMD market by volume. We believe that an improved anti-VEGF therapy could further increase both adoption of approved therapies and extend the duration patients remain on treatment, and thus, the total addressable market opportunity in wet AMD and DR could be substantial.

Limitations of Current Anti-VEGF Therapies

The limitations of current anti-VEGF therapies include:

- *Existing anti-VEGF therapies block VEGF activity effectively but have limited durability.* We believe current anti-VEGF therapies maintain potent and effective drug levels in ocular tissues for three to six weeks after injection on average. But typical treatment intervals in real-world clinical practice are longer. When a patient's dosing cycle is extended beyond the durability of the anti-VEGF agent, and the amount of drug remaining in the eye falls below therapeutic levels, the disease can progress and cause cumulative and permanent retinal damage. Most wet AMD and DR patients will require protracted anti-VEGF therapy, possibly for life. Under these circumstances, strict adherence to the manufacturer's labeled treatment regimen of every four weeks for Lucentis and every eight weeks for EYLEA is challenging.
- *Real-world utilization of current anti-VEGFs results in undertreatment, which diminishes effectiveness.* A divergence between the efficacy of Lucentis and EYLEA in pivotal clinical trials and in the real world is evidenced in multiple studies and is increasingly recognized as an important unmet medical need. A 2017 report by the Angiogenesis Foundation suggested that the burden involved in monthly visits for evaluation and treatment causes patients and physicians to extend treatment intervals, which in turn results in undertreatment and visual outcomes that fall short of the results seen in clinical trials. For example, Lucentis was tested and failed to successfully extend the treatment interval to 12-week dosing, with patients going back to pre-treatment baseline or even losing vision at the end of the first year of treatment, on average. The Lucentis U.S. product labeling refers to this regimen as an option which is "not as effective" as monthly dosing. Recently, the FDA allowed an update to EYLEA's labeling to allow 12-week dosing, but only in the second year of treatment (after one full year of intensive treatment). The labeling refers to it as "not as effective as the recommended every 8-week dosing." Even a small deviation from per label dosing can be devastating for vision. Missing as few as one or two injections in a year from EYLEA's recommended dosing, results in almost one line of vision lost.
- *Patients are not sustaining visual acuity gains over the long term.* Following exit from tightly controlled clinical trials into the real-world environment, patients, on average, lose all the gains in visual acuity that had been previously achieved.
- *Damage caused by these retinal diseases may be irreversible if anti-VEGF therapy is not initiated early in the disease progression.* A study in patients with diabetic macular edema, or DME, a severe form of DR, found that undertreatment in the early course of patients' disease may reduce the patients' ability to respond to anti-VEGF therapies.

KSI-301: Our Lead Product Candidate

Our lead product candidate, KSI-301, is a novel, clinical stage anti-VEGF biological agent that combines inhibition of a known pathway with a potentially superior ocular durability profile compared to currently marketed drugs for wet AMD and DR.

KSI-301 is a bioconjugate comprised of two components. The first component is a humanized anti-VEGF monoclonal antibody which binds to human VEGF. The antibody component is designed to be pharmacologically similar to Lucentis. The second component of KSI-301 is an optically clear phosphorylcholine-based biopolymer which is stably attached to the antibody and which is intended to augment the stability and residence time of the bioconjugate in the eye without compromising its anti-VEGF activity.

We believe that KSI-301 can be a highly differentiated treatment with an improved durability profile compared to current anti-VEGF therapies because of its design features and the associated performance benefits we have observed with KSI-301 in pre-clinical studies. These design features include (1) an ultrahigh molecular weight of 950 kilodaltons, or kDa, versus 48 kDa (Lucentis) and 115 kDa (EYLEA) to increase intraocular durability, (2) a phosphorylcholine-based antibody biopolymer conjugate to increase ocular tissue bioavailability while preserving bioactivity, along with increased stability, and (3) an increased formulation strength to deliver higher molar doses of anti-VEGF (7x versus Lucentis and 3.5x versus EYLEA). We believe these qualities of KSI-301 have the potential to translate into clinically meaningful advantages over currently available therapies.

As a result, we believe that KSI-301 will (1) keep patients “on-mechanism” for longer than currently available anti-VEGF therapies, thereby preventing repeated undertreatment through overextension of treatment intervals, (2) match the required frequency of injections to keep the patient’s disease quiescent with the frequency of visits that patient and physician behavior suggest is achievable in clinical practice and (3) sustain the strong visual acuity gains of the early intensive treatment phase over the long term and outside of clinical trial contexts. By addressing the primary causes of undertreatment, KSI-301 has the potential to improve and sustain visual acuity outcomes in patients with neovascular conditions of the retina such as wet AMD and DR.

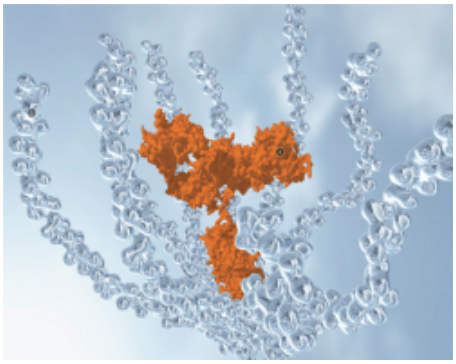


Figure: The structure of KSI-301. The branched phosphorylcholine-based biopolymer is optically clear. The bioactive antibody component is represented by the darker portion in the middle of the image. The two components are stably attached to each other, forming bioconjugate KSI-301.

KSI-301 Phase 1 Clinical Study

We submitted our IND to the FDA in June 2018 for the use of KSI-301 in patients with retinal vascular diseases (including wet AMD and DR). We initiated our first-in-human, Phase 1, single ascending dose clinical study of KSI-301 in the United States in nine patients with center-involved diabetic macular edema in July 2018. Objectives of this study included assessment of ocular and systemic safety, tolerability, and establishment of a maximum tolerated dose. Three dose levels of KSI-301 were evaluated: 1.25 mg, 2.5 mg, and 5 mg, with 3 patients per cohort. We have successfully dosed all patients at the pre-planned dose levels and reached the primary safety and tolerability endpoint of the study, which occurred after each patient reached the 14-day follow up period following the single injection of KSI-301. No patients in the Phase 1 study have experienced any

serious adverse events. There have been no drug-related adverse events, no dose limiting toxicities and, notably, no intraocular inflammation observed at any dose. Improvements in best corrected visual acuity, or BCVA, and reductions in macular thickness on optical coherence tomography imaging, or OCT, have been observed at all dose levels. The Phase 1 trial in a heavily pre-treated patient population, with eight of nine DME patients having previously received anti-VEGF therapy, was designed to evaluate safety, yet biological activity of our antibody biopolymer conjugate was demonstrated across all dose cohorts. Having successfully met the primary endpoint of safety and tolerability in the Phase 1 study, with the additional observations around bioactivity, we plan to further evaluate the highest dose tested of KSI-301, 5 mg, in a series of global studies in wet AMD and DME/DR.

Experienced Management Team

We are led by a team of experienced pharmaceutical industry executives and recognized experts in retinal disease. Our management team includes co-founder, Chairman and Chief Executive Officer, Victor Perlroth, M.D., Chief Financial Officer, John A. Borgeson, Chief Medical Officer and Chief Development Officer, Jason S. Ehrlich, M.D., Ph.D., and Senior Vice President – Discovery Medicine, Hong Liang, Ph.D. Dr. Perlroth was previously a venture partner and entrepreneur-in-residence at MPM Capital, a healthcare venture capital investment firm, and co-founded Avidia Inc., a biopharmaceuticals drug discovery and development company, where he served as general manager and vice president of corporate development. Mr. Borgeson has over 25 years of pharmaceutical experience in finance, strategy and operations at Pfizer Inc. and privately-held biotechnology companies. Dr. Ehrlich is an ophthalmologist and spent 10 years in positions of increasing responsibility at Roche/Genentech, serving most recently in an executive capacity as global head of clinical ophthalmology, where he had oversight and responsibility for numerous clinical development programs and regulatory filings. Dr. Liang has 20 years of experience in research and development in protein therapeutics. She was Senior Director at the Rinat Laboratory of Pfizer where she worked for over 12 years focusing on antibody biologics from the design and discovery stage through Phase 3 clinical development as well as the application of translational biomarkers to drug development.

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on developing and commercializing therapeutics for the treatment of ophthalmic diseases. The key elements of our strategy are:

- *Complete clinical development of KSI-301 for wet AMD and DR.* We are devoting a significant portion of our resources and business efforts to the clinical development of KSI-301 for wet AMD and DR. We anticipate initiating a Phase 2 wet AMD study of KSI-301 in the U.S. and EU in early 2019 to evaluate the non-inferiority of intravitreal KSI-301 administered as infrequently as every 16-weeks versus EYLEA. The FDA has indicated that this study, KSI-CL-102, if successful, can be supportive of a marketing application for KSI-301. We also plan to initiate a Phase 2 clinical trial of KSI-301 in the U.S. and EU in DR patients. We also plan to initiate two Phase 2 studies in China, one in wet AMD and one in DR, and we are planning for these studies to have the same clinical design frameworks as our U.S. and EU studies. In parallel to our Phase 2 programs, we are expanding the scope of our Phase 1 study into a Phase 1b open label design to evaluate the safety and treatment effect of sequential doses of KSI-301 in patients with wet AMD and DR.
- *Establish market acceptance of KSI-301 in wet AMD and DR.* We believe that if KSI-301 is approved and is shown to have comparable efficacy and improved durability to other anti-VEGF therapies, it will compete favorably with other marketed products for wet AMD and DR. In addition, we believe KSI-301 may potentially expand the market reach to patients not currently on approved standard of care therapies or not currently on therapy at all.

- *Seek to expand the use of KSI-301 in DR beyond DME.* We intend to explore the use of KSI-301 in the treatment of all subtypes of DR patients. Currently marketed anti-VEGFs are used primarily to treat late and advanced manifestations of DR, particularly DME. We believe that the improved durability of KSI-301 has the potential to not only improve the standard of care but also expand the patient population that receives anti-VEGF therapy to include patients with less severe forms of DR for whom frequent injections may be a barrier to adoption.
- *Commercialize KSI-301 with our own specialty sales force.* KSI-301 is wholly-owned by us. If KSI-301 receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving retinal diseases, are sufficiently concentrated that we will be able to effectively promote KSI-301 with a sales and marketing group of fewer than 200 people. We expect to explore collaboration, distribution or other marketing arrangements with one or more third parties to commercialize KSI-301 in markets outside the United States.
- *Advance the development of our other ABC product candidates*. We intend to continue deploying capital to selectively develop our own portfolio of product candidates based on our ABC Platform (including bispecific inhibitors such as KSI-501). We may partner with biotechnology and pharmaceutical companies to further develop our ABC Platform and product candidates.
- *Discover and develop future product candidates for areas of unmet need*. We intend to continue our discovery efforts and deepen our pipeline of medicines for high prevalence ophthalmic diseases. We may opportunistically in-license or acquire the rights to complementary products, other product candidates and technologies to aid in the treatment of a range of ophthalmic diseases, principally diseases of the retina.

Risks Associated with Our Business

Our business is subject to numerous risks, including those described in the section titled “Risk Factors” immediately following this prospectus summary. These risks include, among others:

- We are in the early clinical stage of drug development and have a very limited operating history and no products approved for commercial sale.
- We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur net losses for the foreseeable future.
- We may encounter substantial delays in our clinical trials or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
- If we fail to obtain additional financing, we may be unable to complete the development and, if approved, commercialization of our product candidates.
- We are heavily dependent on the successful development of our ABC Platform and our primary product candidate, KSI-301, which is in the early stages of clinical development.
- We may not be successful in our efforts to continue to create a pipeline of product candidates or to develop commercially successful products.
- We face significant competition in an environment of rapid technological and scientific change, and there is a possibility that our competitors may achieve regulatory approval before us or develop therapies that are safer, more advanced or more effective than ours.
- If we are unable to obtain and maintain patent protection for any product candidates we develop or for our ABC Platform, our competitors could develop and commercialize products or technology similar or identical to ours.

Corporate Information

We were organized in Delaware as a limited liability company in June 2009 under the name Oligasis, LLC. In September 2015, we converted to a Delaware corporation and changed our name to "Kodiak Sciences Inc." Our principal executive office is located at 2631 Hanover Street, Palo Alto, California 94304. Our telephone number is (650) 281-0850. Our website is www.kodiak.com. Information contained in, or that can be accessed through, our website is not a part of, and is not incorporated into, this prospectus.

We use Kodiak, Kodiak Sciences, the Kodiak logo, and other marks as trademarks in the United States and other countries. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended, or JOBS Act. We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering. As a result of this status, we have taken advantage of reduced reporting requirements in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. In addition, the JOBS Act provides that an emerging growth company may take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies unless we otherwise irrevocably elect not to avail itself of this exemption. However, we have chosen to irrevocably "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable.

The Offering	
Common stock offered by us	shares
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full)
Underwriters' option to purchase additional shares of common stock from us	shares
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise their option to purchase additional shares in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming an initial offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus. We currently expect to use the net proceeds from this offering as follows: (1) $ million to advance KSI-301 through enrollment of the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with wet AMD and to expand the scope of our Phase 1 clinical trial for KSI-301 through completion of a Phase 1b clinical trial; (2) $ million to advance KSI-301 into Phase 2 clinical trials in China for wet AMD and DME/DR; (3) $ million to advance KSI-301 into the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with DME/DR; (4) $ million towards research and development of our pipeline including KSI-501 and to initiate additional clinical studies in ophthalmology; and (5) the remainder for working capital and other general corporate purposes. We may also use a portion of the net proceeds to acquire, license, and invest in complementary products, technologies or businesses; however, we currently have no agreements or commitments to complete any such transaction. See the section of this prospectus titled "Use of Proceeds."
Directed share program	At our request, the underwriters have reserved 5% of the shares of common stock to be offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and other persons related to us. If purchased by these persons, these shares will not be subject to a lock-up restriction, except in the case of shares purchased by any director, executive officer or employee. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.
Proposed trading symbol	"KOD"

Risk factors	See the section of this prospectus titled "Risk Factors" beginning on page 12 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

The number of shares of our common stock outstanding immediately after this offering is based on shares of common stock outstanding as of June 30, 2018, and excludes:

- 3,383,478 shares of common stock issuable upon the exercise of outstanding options as of June 30, 2018 with a weighted-average exercise price of $3.82 per share;
- 398,693 shares of common stock reserved for future issuance under our 2015 Share Incentive Plan as of June 30, 2018;
- shares of common stock reserved for future issuance under our 2018 Equity Incentive Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part;
- shares of common stock reserved for future issuance under our 2018 Employee Stock Purchase Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part; and
- 500,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 30, 2018 at an exercise price of $0.01 per share.

Except as otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all of our outstanding shares of redeemable convertible preferred stock into an aggregate of 12,385,154 shares of common stock immediately prior to the closing of this offering;
- the conversion of the outstanding 2017 convertible notes in connection with this offering into an aggregate of 2,497,722 shares of common stock immediately prior to the closing of this offering (assuming conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share);
- the conversion of the outstanding 2018 convertible notes in connection with this offering into an aggregate of shares of our common stock immediately prior to the closing of this offering (assuming conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering);
- no exercise of options or warrants outstanding as of the date of this prospectus;
- the filing of our amended and restated certificate of incorporation, which will occur immediately prior to the closing of this offering; and
- no exercise of the underwriters' option to purchase additional shares.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth a summary of our consolidated financial data. The consolidated statement of operations data for the years ended December 31, 2016 and 2017 are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The consolidated statement of operations data for the six months ended June 30, 2017 and 2018 and the consolidated balance sheet data as of June 30, 2018 are derived from our unaudited consolidated financial statements and related notes included elsewhere in this prospectus. In the opinion of management, the unaudited data reflects all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of the financial information in those statements. You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information in "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of our future results, and the results of operations for the years ended December 31, 2016 and 2017 and any interim period are not necessarily indicative of the results to be expected for any other period. The summary consolidated financial data in this section are not intended to replace the consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands, except share and per share data)			
Consolidated Statement of Operations Data:				
Operating expenses:				
Research and development	$ 14,053	$ 22,022	$ 10,098	$ 7,233
General and administrative	3,098	3,499	1,687	3,404
Total operating expenses	17,151	25,521	11,785	10,637
Loss from operations	(17,151)	(25,521)	(11,785)	(10,637)
Interest expense	(6)	(1,185)	(12)	(3,347)
Other income (expense), net	25	(1,230)	14	(2,345)
Net loss and comprehensive loss	$ (17,132)	$ (27,936)	$ (11,783)	$ (16,329)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.38)	$ (3.72)	$ (1.58)	$ (2.11)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	7,211,360	7,515,336	7,444,612	7,720,967
Pro forma net loss per share attributable to common stockholders, basic and diluted(1)		$		$
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted(1)				

	As of June 30, 2018		
	Actual	Pro Forma(2)	Pro Forma As Adjusted(3)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 17,641	$	$
Working capital(4)	13,617		
Total assets	21,703		
Convertible notes	39,495		
Redeemable convertible preferred stock warrant liability	4,005		
Derivative instrument	7,367		
Total liabilities	55,913		
Redeemable convertible preferred stock	50,017		
Accumulated deficit	(85,652)		
Total stockholders' (deficit) equity	(84,227)		

(1) For the calculation of our pro forma net loss per share and pro forma weighted-average shares outstanding, see Note 14 to our consolidated financial statements included elsewhere in this prospectus.

(2) Reflects, on a pro forma basis, (1) the automatic conversion of the redeemable convertible preferred stock into 12,385,154 shares of common stock as of June 30, 2018, (2) the assumed conversion of the outstanding 2017 convertible notes into an aggregate of 2,497,722 shares of our common stock immediately prior to the closing of this offering (assuming conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share), (3) the automatic conversion of the outstanding 2018 convertible notes into an aggregate of shares of our common stock immediately prior to the closing of this offering (assuming conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), (4) the resulting settlement of the derivative instrument upon the conversion of the 2018 convertible notes, (5) the automatic conversion of all outstanding warrants to purchase shares of our Series B redeemable convertible preferred stock into warrants to purchase an aggregate of 500,000 shares of our common stock (but not assuming the exercise of the common stock warrants) immediately prior to the completion of this offering, and (6) the filing of our amended and restated certificate of incorporation, which will occur immediately prior to the closing of this offering.

(3) Reflects, on a pro forma as adjusted basis, the pro forma conversion adjustments described in footnote (2) above, as well as the sale and issuance by us of shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the range reflected on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' (deficit) equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' (deficit) equity by $ million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing.

(4) We define working capital as current assets less current liabilities. See our consolidated financial statements and related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our consolidated financial statements and the related notes and the section of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business, Financial Condition and Capital Requirements

We are in the early clinical stage of drug development and have a very limited operating history and no products approved for commercial sale, which may make it difficult to evaluate our current business and predict our future success and viability.

We are a clinical stage biopharmaceutical company specializing in novel therapeutics to treat chronic, high-prevalence retinal diseases. We commenced operations in June 2009, have no products approved for commercial sale and have not generated any revenue. Drug development is a highly uncertain undertaking and involves a substantial degree of risk. We met the primary endpoint for our ongoing Phase 1 clinical trial for our most advanced product candidate, KSI-301, in September 2018, but have not initiated clinical trials for any of our other product candidates. To date, we have not completed a clinical trial (including a pivotal clinical trial), obtained marketing approval for any product candidates, manufactured a commercial scale product or arranged for a third party to do so on our behalf, or conducted sales and marketing activities necessary for successful product commercialization. Our limited operating history as a company and early stage of drug development make any assessment of our future success and viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by early-stage biopharmaceutical companies in rapidly evolving fields, and we have not yet demonstrated an ability to successfully overcome such risks and difficulties. If we do not address these risks and difficulties successfully, our business will suffer.

We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur significant and increasing net losses for the foreseeable future.

We have incurred net losses in each reporting period since our inception, including net losses of $11.8 million and $16.3 million for the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, we had an accumulated deficit of $85.7 million.

We have invested significant financial resources in research and development activities, including for our product candidates and our ABC Platform. We do not expect to generate revenue from product sales for several years, if at all. The amount of our future net losses will depend, in part, on the level of our future expenditures and our ability to generate revenue. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

We expect to continue to incur significant and increasingly higher expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- progress our current and any future product candidates through preclinical and clinical development;
- work with our contract manufacturers to scale up the manufacturing processes for our product candidates or, in the future, establish and operate a manufacturing facility;
- continue our research and discovery activities;
- continue the development of our ABC Platform;
- initiate and conduct additional preclinical, clinical or other studies for our product candidates;

- change or add additional contract manufacturers or suppliers;
- seek regulatory approvals and marketing authorizations for our product candidates;
- establish sales, marketing and distribution infrastructure to commercialize any products for which we obtain approval;
- acquire or in-license product candidates, intellectual property and technologies;
- make milestone, royalty or other payments due under any current or future collaboration or license agreements;
- obtain, maintain, expand, protect and enforce our intellectual property portfolio;
- attract, hire and retain qualified personnel;
- experience any delays or encounter other issues related to our operations;
- meet the requirements and demands of being a public company; and
- defend against any product liability claims or other lawsuits related to our products.

Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' deficit and working capital. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

As of June 30, 2018, we had cash and cash equivalents of $17.6 million. Without giving effect to the anticipated net proceeds from this offering, we do not believe that those cash and cash equivalents will be sufficient to enable us to fund our current operations for at least one year from the original issuance date of our consolidated financial statements for the period ended June 30, 2018. We believe that this raises substantial doubt about our ability to continue as a going concern. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for additional information on our assessment. Similarly, the report of our independent registered public accounting firm on our consolidated financial statements as of and for the year ended December 31, 2017 includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern.

Drug development is a highly uncertain undertaking and involves a substantial degree of risk. We have never generated any revenue from product sales, and we may never generate revenue or be profitable.

We have no products approved for commercial sale and have not generated any revenue from product sales. We do not anticipate generating any revenue from product sales until after we have successfully completed clinical development and received regulatory approval for the commercial sale of a product candidate, if ever.

Our ability to generate revenue and achieve profitability depends significantly on many factors, including:

- successfully completing research and preclinical and clinical development of our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we successfully complete clinical development and clinical trials;
- developing a sustainable and scalable manufacturing process for our product candidates, as well as establishing and maintaining commercially viable supply relationships with third parties that can provide adequate products and services to support clinical activities and any commercial demand for our product candidates;
- identifying, assessing, acquiring and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing or other arrangements into which we may enter;
- launching and successfully commercializing product candidates for which we obtain regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing and distribution infrastructure;

- obtaining and maintaining an adequate price for our product candidates, both in the United States and in foreign countries where our products are commercialized;
- obtaining adequate reimbursement for our product candidates from payors;
- obtaining market acceptance of our product candidates as viable treatment options;
- addressing any competing technological and market developments;
- maintaining, protecting, expanding and enforcing our portfolio of intellectual property rights, including patents, trade secrets and know-how; and
- attracting, hiring and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of our expenses, or when we will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, our expenses could increase beyond our current expectations if we are required by the U.S. Food and Drug Administration, or FDA, or foreign regulatory agencies, to perform studies in addition to those that we currently anticipate, or if there are any delays in any of our or our future collaborators' clinical trials or the development of any of our product candidates. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate and ongoing compliance efforts.

Even if we are able to generate revenue from the sale of any approved products, we may not become profitable, and we will need to obtain additional funding through one or more debt or equity financings in order to continue operations. Revenue from the sale of any product candidate for which regulatory approval is obtained will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the product, the ability to get reimbursement at any price and whether we own the commercial rights for that territory. If the number of addressable patients is not as significant as we anticipate, the indication approved by regulatory authorities is narrower than we expect, or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from sales of such products, even if approved. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

Our failure to become and remain profitable could decrease the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our pipeline of product candidates or continue our operations and cause a decline in the value of our common stock, all or any of which may adversely affect our viability.

If we fail to obtain additional financing, we may be unable to complete the development and, if approved, commercialization of our product candidates.

Our operations have required substantial amounts of cash since inception. To date, we have financed our operations primarily through the sale of equity securities and convertible notes. Developing our product candidates is expensive, and we expect to substantially increase our spending as we advance KSI-301 into Phase 2 clinical trials. Even if we are successful in developing our product candidates, obtaining regulatory approvals and launching and commercializing any product candidate will require substantial additional funding beyond the net proceeds from this offering.

As of June 30, 2018, we had $17.6 million in cash and cash equivalents. We estimate that our net proceeds from this offering will be approximately $ million, based on the initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We believe that our existing cash and cash equivalents along with the anticipated net proceeds from this offering will be sufficient to fund our projected operations through at least the next 12 months. Our estimate as to how long we expect our existing cash and cash equivalents to be available to fund our operations is based on assumptions that may prove inaccurate, and we could use our available capital

resources sooner than we currently expect. In addition, changing circumstances may cause us to increase our spending significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We may need to raise additional funds sooner than we anticipate if we choose to expand more rapidly than we presently anticipate.

We will require additional capital for the further development and, if approved, commercialization of our product candidates. Additional capital may not be available when we need it, on terms acceptable to us or at all. We have no committed source of additional capital. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back or discontinue our research and development programs or the commercialization of any product candidates, if approved, or be unable to continue or expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition and results of operations and cause the price of our common stock to decline.

Due to the significant resources required for the development of our product candidates, and depending on our ability to access capital, we must prioritize development of certain product candidates. Moreover, we may expend our limited resources on product candidates that do not yield a successful product and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Due to the significant resources required for the development of our product candidates, we must decide which product candidates and indications to pursue and advance and the amount of resources to allocate to each. Our decisions concerning the allocation of research, development, collaboration, management and financial resources toward particular product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate or collaborate with third parties in respect of certain product candidates may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability or market potential of any of our product candidates or misread trends in the biopharmaceutical industry, in particular for retinal diseases, our business, financial condition and results of operations could be materially adversely affected. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay pursuit of opportunities with other product candidates or other diseases and disease pathways that may later prove to have greater commercial potential than those we choose to pursue, or relinquish valuable rights to such product candidates through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to invest additional resources to retain sole development and commercialization rights.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

Our prospects are heavily dependent on KSI-301, which is in the early stages of clinical development and is the only product candidate that we expect to be in clinical development in the near term.

KSI-301 is our only product candidate that we expect to be in clinical studies in the near term. We initiated an ongoing Phase 1 clinical trial of KSI-301 in July 2018 and reached the primary endpoint in September 2018. Neither KSI-301 nor any of our other product candidates has been dosed in a pivotal clinical trial, and it may be years before any such trial is completed, if at all. Further, we cannot be certain that either KSI-301 or any of our product candidates will be successful in clinical trials.

Our early encouraging preclinical and Phase 1 clinical trial results for KSI-301 are not necessarily predictive of the results of our ongoing or future discovery programs or clinical studies. Promising results in preclinical studies and Phase 1 clinical trials of a drug candidate may not be predictive of similar results in later-stage preclinical studies or in humans during clinical studies. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical studies after achieving positive results in early-stage development, including early-stage clinical studies, and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical studies were underway or safety or efficacy observations made in preclinical studies and clinical studies, including previously unreported adverse events.

There can be significant variability in safety or efficacy results between different clinical studies of the same product candidate due to numerous factors, including changes in study procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical study protocols and the rate of dropout among clinical study participants. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical studies nonetheless failed to obtain FDA approval.

We may in the future advance product candidates into clinical trials and terminate such trials prior to their completion. While we have certain preclinical programs in development and intend to develop other product candidates, it will take additional investment and time for such programs to reach the same stage of development as KSI-301.

A failure of KSI-301 in clinical development may require us to discontinue development of other product candidates based on our ABC Platform.

If KSI-301 fails in development as a result of any underlying problem with our platform, then we may discontinue development of some or all of our product candidates that are based our ABC Platform. If we discontinue development of KSI-301, or if KSI-301 were to fail to receive regulatory approval or were to fail to achieve sufficient market acceptance, we could be prevented from or significantly delayed in achieving profitability.

Research and development of biopharmaceutical products is inherently risky. We cannot give any assurance that any of our product candidates will receive regulatory, including marketing, approval, which is necessary before they can be commercialized.

We are at an early stage of development of our product candidates. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize our product candidates, and we may fail to do so for many reasons, including the following:

- our product candidates may not successfully complete preclinical studies or clinical trials;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- our competitors may develop therapeutics that render our product candidates obsolete or less attractive;
- our competitors may develop platform technologies that render our ABC Platform obsolete or less attractive;
- the product candidates and ABC Platform that we develop may not be sufficiently covered by intellectual property for which we hold exclusive rights or may be covered by third party patents or other intellectual property or exclusive rights;
- the market for a product candidate may change so that the continued development of that product candidate is no longer reasonable or commercially attractive;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- if a product candidate obtains regulatory approval, we may be unable to establish sales and marketing capabilities, or successfully market such approved product candidate, to gain market acceptance; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a product candidate or candidates, which would have a material adverse effect on our business and could potentially cause us to cease

operations. Failure of a product candidate may occur at any stage of preclinical or clinical development, and, because our product candidates and our ABC Platform are in an early stage of development, there is a relatively higher risk of failure and we may never succeed in developing marketable products or generating product revenue.

We may not be successful in our efforts to further develop our ABC Platform and current product candidates. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our product candidates. Each of our product candidates is in the early stages of development and will require significant additional clinical development, management of preclinical, clinical, and manufacturing activities, regulatory approval, adequate manufacturing supply, a commercial organization, and significant marketing efforts before we generate any revenue from product sales, if at all. Any clinical studies that we may conduct may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market our product candidates. If the results of our ongoing or future clinical studies are inconclusive with respect to the efficacy of our product candidates or if we do not meet the clinical endpoints with statistical significance or if there are safety concerns or adverse events associated with our product candidates, we may be prevented or delayed in obtaining marketing approval for our product candidates.

If any of our product candidates successfully completes clinical trials, we generally plan to seek regulatory approval to market our product candidates in the United States, the European Union, or EU, and in additional foreign countries where we believe there is a viable commercial opportunity. We have never commenced, compiled or submitted an application seeking regulatory approval to market any product candidate. We may never receive regulatory approval to market any product candidates even if such product candidates successfully complete clinical trials, which would adversely affect our viability. To obtain regulatory approval in countries outside the United States, we must comply with numerous and varying regulatory requirements of such other countries regarding safety, efficacy, chemistry, manufacturing and controls, clinical trials, commercial sales, pricing, and distribution of our product candidates. We may also rely on our collaborators or partners to conduct the required activities to support an application for regulatory approval, and to seek approval, for one or more of our product candidates. We cannot be sure that our collaborators or partners will conduct these activities successfully or do so within the timeframe we desire. Even if we (or our collaborators or partners) are successful in obtaining approval in one jurisdiction, we cannot ensure that we will obtain approval in any other jurisdictions. If we are unable to obtain approval for our product candidates in multiple jurisdictions, our revenue and results of operations could be negatively affected.

Even if we receive regulatory approval to market any of our product candidates, we cannot assure you that any such product candidate will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. That approval may be for indications or patient populations that are not as broad as intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We may also be required to perform additional or unanticipated clinical studies to obtain approval or be subject to additional post-marketing testing requirements to maintain regulatory approval. In addition, regulatory authorities may withdraw their approval of a product or impose restrictions on its distribution, such as in the form of a modified Risk Evaluation and Mitigation Strategy, or REMS. The failure to obtain timely regulatory approval of product candidates, any product marketing limitations or a product withdrawal would negatively impact our business, results of operations and financial condition.

Investment in biopharmaceutical product development involves significant risk that any product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval, and become commercially viable. We cannot provide any assurance that we will be able to successfully advance any of our product candidates through the development process or, if approved, successfully commercialize any of our product candidates.

We may encounter substantial delays in our clinical trials, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We cannot be sure that submission of an investigational new drug application, or IND, or a clinical trial application, or CTA, will result in the FDA, European Medicines Agency, or EMA, the China Drug Authority, or CDA, or any other regulatory authority as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could suspend or terminate such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and our future clinical trials may not be successful. Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- delays in reaching a consensus with regulatory agencies on study design or, in the case of in China, the registration category for the drug candidate to be studied in the clinical trial;
- the determination by the reviewing regulatory authority to require more costly or lengthy clinical trials than we currently anticipate;
- delays in reaching agreement on acceptable terms with prospective contract research organizations and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting and training suitable clinical investigators;
- delays in obtaining required Institutional Review Board, or IRB, approval at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including after review of an IND or amendment, CTA or amendment, or equivalent application or amendment; as a result of a new safety finding that presents unreasonable risk to clinical trial participants; a negative finding from an inspection of our clinical trial operations or study sites; developments on trials conducted by competitors for related technology that raises FDA, EMA, CDA or any other regulatory authority concerns about risk to patients of the technology broadly; or if the FDA, EMA, CDA or any other regulatory authority finds that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in identifying, recruiting and enrolling suitable patients to participate in our clinical trials, and delays caused by patients withdrawing from clinical trials or failing to return for post-treatment follow-up;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory authority's current good clinical practices, or cGCPs, requirements, or applicable EMA, CDA or other regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;

- clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon development of such product candidates;
- transfer of manufacturing processes to larger-scale facilities operated by a contract manufacturing organization, or CMO, or by us, and delays or failure by our CMOs or us to make any necessary changes to such manufacturing process; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to or we may elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the data safety monitoring board for such trial or by the FDA, EMA, CDA or any other regulatory authority, or if the IRBs of the institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such authorities may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA, EMA, CDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Delays in the commencement or completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential or result in significant negative consequences.

Adverse events or other undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, EMA, CDA or other comparable foreign regulatory authorities.

During the conduct of clinical trials, patients report changes in their health, including illnesses, injuries, and discomforts, to their study doctor. Often, it is not possible to determine whether or not the product candidate being studied caused these conditions. It is possible that as we test our product candidates in larger, longer and more extensive clinical trials, or as use of these product candidates becomes more widespread if they receive regulatory approval, illnesses, injuries, discomforts and other adverse events that were not observed in earlier trials, as well as conditions that did not occur or went undetected in previous trials, will be reported by patients. Many times, side effects are only detectable after investigational products are tested in large-scale, Phase 3 clinical trials or, in some cases, after they are made available to patients on a commercial scale after approval. If additional clinical experience indicates that any of our product candidates has side effects or causes serious or life-threatening side effects, the development of the product candidate may fail or be delayed, or, if the product candidate has received regulatory approval, such approval may be revoked, which would severely harm our business, prospects, operating results and financial condition.

Our most advanced product candidate, KSI-301, is an anti-VEGF biologic that we intend to study in wet AMD and diabetic retinopathy, or DR. There are some potential side effects associated with intravitreal anti-VEGF therapies such as intraocular hemorrhage, intraocular pressure elevation, retinal detachment, inflammation or infection inside the eye and over-inhibition of VEGF, as well as the potential for potential systemic side effects such as heart attack, stroke, wound healing, and high blood pressure. Recent trends in the development of anti-VEGF therapies have favored increased molar dosages, as compared to currently marketed treatments. To date these heightened dosages have not exhibited a safety profile significantly worse than that of current treatments. However, anti-VEGF product candidates featuring higher molar dosages, including KSI-301, may heighten the risk of adverse effects associated with anti-VEGF treatments generally, both in the eye and in the rest of the body. There are risks inherent in the intravitreal injection procedure of drugs like KSI-301 which can cause injury to the eye and other complications including conjunctival hemorrhage, punctate keratitis, eye pain, conjunctival hyperemia, intra-ocular inflammation, and endophthalmitis.

Drug-related side effects could affect patient recruitment, the ability of enrolled patients to complete the study and/or result in potential product liability claims. We may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. A successful product liability claim or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business. In addition, regardless of merit or eventual outcome, product liability claims may result in impairment of our business reputation, withdrawal of clinical trial participants, costs due to related litigation, distraction of management's attention from our primary business, initiation of investigations by regulators, substantial monetary awards to patients or other claimants, the inability to commercialize our product candidates and decreased demand for our product candidates, if approved for commercial sale.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events caused by such products, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way the product is administered or conduct additional clinical trials or post-approval studies;
- we may be required to create a Risk Evaluation and Mitigation Strategy plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other elements to assure safe use;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations, and prospects.

We may encounter difficulties enrolling patients in our clinical trials, and our clinical development activities could thereby be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol, including certain highly-specific criteria related to stage of disease progression, which may limit the patient populations eligible for our clinical trials to a greater extent than competing clinical trials for the same indication that do not have such patient eligibility criteria;

- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to a trial site;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or targeting patient populations meeting our patient eligibility criteria;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the product candidate being studied in relation to other available therapies and product candidates;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete such trials, for any reason.

For example, because patients with early stages of DR often lack symptoms, it may be challenging to identify and enroll patients at early stages of disease that may be required for a clinical trial. Our inability to enroll a sufficient number of patients for our clinical trials could result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates, delay or halt the development of and approval processes for our product candidates and jeopardize our ability to commence sales of and generate revenues from our product candidates, which may harm our business and results of operation.

Our clinical trials may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, which would prevent, delay or limit the scope of regulatory approval and commercialization.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that our product candidates are both safe and effective for use in each target indication. For those product candidates that are subject to regulation as biological drug products, we will need to demonstrate that they are safe, pure, and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use. This is especially true for anti-VEGF biologic agents where Lucentis and EYLEA are established products with accepted safety profiles.

Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies of our product candidates may not be predictive of the results of early-stage or later-stage clinical trials, and results of early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. The results of clinical trials in one set of patients or disease indications may not be predictive of those obtained in another. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or unacceptable safety issues, notwithstanding promising results in earlier trials. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

We may be unable to design and execute clinical trials that supports marketing approval. We cannot be certain that our planned clinical trials or any other future clinical trials will be successful. Additionally, any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the scope and use of our product candidate, which may also limit its commercial potential.

We may not be successful in our efforts to continue to create a pipeline of product candidates or to develop commercially successful products. If we fail to successfully identify and develop additional product candidates, our commercial opportunity may be limited.

One of our strategies is to identify and pursue clinical development of additional product candidates through our ABC Platform. Our ABC Platform may not produce a pipeline of viable product candidates, or our competitors may develop platform technologies that render our ABC Platform obsolete or less attractive. Our research methodology may be unsuccessful in identifying potential product candidates, or our potential product candidates may be shown to have harmful side effects or may have other characteristics that may make them unmarketable or unlikely to receive marketing approval. Identifying, developing, obtaining regulatory approval and commercializing additional product candidates for the treatment of retinal diseases will require substantial additional funding beyond the net proceeds of this offering and is prone to the risks of failure inherent in drug development. If we are unable to successfully identify, acquire, develop and commercialize additional product candidates, our commercial opportunity may be limited.

We face significant competition in an environment of rapid technological and scientific change, and there is a possibility that our competitors may retain their market share with existing drugs, or achieve regulatory approval before us or develop therapies that are safer, more advanced or more effective than ours, which may negatively impact our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.

The development and commercialization of new drug products is highly competitive. We may face competition with respect to any product candidates that we seek to develop or commercialize in the future from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

There are a number of large pharmaceutical and biotechnology companies that are currently pursuing the development of products for the treatment of the retinal disease indications for which we have product candidates, including wet AMD and DR. Certain of our competitors have commercially approved products for the treatment of retinal diseases that we are pursuing or may pursue in the future, including Roche and Regeneron for the treatment of wet AMD and DR. These drugs are well established therapies and are widely accepted by physicians, patients and third-party payors, which may make it difficult to convince these parties to switch to KSI-301. Companies that we are aware are developing therapeutics in the retinal disease area include large companies with significant financial resources, such as Roche, Novartis, Bayer and Regeneron, Allergan, Mylan and Momenta. In addition to competition from other companies targeting retinal indications, any products we may develop may also face competition from other types of therapies, such as gene-editing therapies and drug delivery devices.

Many of our current or potential competitors, either alone or with their strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be

significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our product candidates. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any products that we may develop. Furthermore, currently approved products could be discovered to have application for treatment of retinal disease indications, which could give such products significant regulatory and market timing advantages over any of our product candidates. Our competitors also may obtain FDA, EMA, CDA or other regulatory approval for their products more rapidly than we may obtain approval for ours. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity and/or enforceability of our patents relating to our competitors' products and our competitors may allege that our products infringe, misappropriate or otherwise violate their intellectual property. For more information regarding potential disputes concerning intellectual property, see the subsection titled "Risks Related to Our Intellectual Property."

The manufacture of our product candidates is highly complex and requires substantial lead time to produce.

Manufacturing our product candidates involves complex processes, including developing cells or cell systems to produce the biologic, growing large quantities of such cells, and harvesting and purifying the biologic produced by them. These processes require specialized facilities, highly specific raw materials and other production constraints. As a result, the cost to manufacture a biologic is generally far higher than traditional small molecule chemical compounds, and the biologics manufacturing process is less reliable and is difficult to reproduce. Because of the complex nature of our products, we need to oversee manufacture of multiple components that require a diverse knowledge base and specialized personnel.

Moreover, unlike chemical pharmaceuticals, the physical and chemical properties of a biologic such as our product candidates generally cannot be adequately characterized prior to manufacturing the final product. As a result, an assay of the finished product is not sufficient to ensure that the product will perform in the intended manner. Accordingly, we expect to employ multiple steps to attempt to control our manufacturing process to assure that the process works and the product or product candidate is made strictly and consistently in compliance with the process

Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, improper storage or transfer, inconsistency in yields and variability in product characteristics. Even minor deviations from normal manufacturing, distribution or storage processes could result in reduced production yields, product defects and other supply disruptions. Some of the raw materials required in our manufacturing process are derived from biological sources. Such raw materials are difficult to procure and may also be subject to contamination or recall. A material shortage, contamination, recall or restriction on the use of biologically derived substances in the manufacture of our product candidates could adversely impact or disrupt commercialization. Production of additional drug substance and drug product for any of our product candidates may require substantial lead time. For example, currently any new large-scale batches of KSI-301 would require at least 12 months to manufacture. In the event of significant product loss and materials shortages, we may be unable to produce adequate amounts of our product candidates or products for our operational needs.

Further, as product candidates are developed through preclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes

carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

These challenges are magnified by the international nature of our supply chain, which, for KSI-301, requires drug substance and drug product sourced from single source suppliers from China, Japan, the United Kingdom, and Switzerland.

We have no experience manufacturing any of our product candidates at a commercial scale. If we or any of our third-party manufacturers encounter difficulties in production, or fail to meet rigorously enforced regulatory standards, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to establish a commercially viable cost structure.

In order to conduct clinical trials of our product candidates, or supply commercial products, if approved, we will need to manufacture them in small and large quantities. Our third-party manufacturer has made only a limited number of lots of KSI-301 to date and has not made any commercial lots. The manufacturing processes for KSI-301 have never been tested at commercial scale, the process validation requirement (the requirement to consistently produce the active pharmaceutical ingredient used in KSI-301 in commercial quantities and of specified quality on a repeated basis and document its ability to do so) has not yet been satisfied. Our manufacturing partners may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If our manufacturing partners are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing and clinical trials of our product candidates may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business. The same risks would apply to any internal manufacturing facilities, should we in the future decide to build internal manufacturing capacity.

In addition, the manufacturing process for any products that we may develop is subject to FDA, EMA, CDA and foreign regulatory authority approval processes and continuous oversight. We will need to contract with manufacturers who can meet all applicable FDA, EMA, CDA and foreign regulatory authority requirements, including complying with current good manufacturing practices, or cGMPs, on an ongoing basis. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA, EMA, CDA or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our CMOs will be able to manufacture the approved product to specifications acceptable to the FDA, EMA, CDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations and growth prospects.

If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates we may develop, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing and commercial support infrastructure to sell, or participate in sales activities with our collaborators for, some of our product candidates if and when they are approved.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or

reimbursement specialists is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

Factors that may inhibit our efforts to commercialize any approved product on our own include:

- our inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs and other support personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;
- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price our products at a sufficient price point to ensure an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If we enter into arrangements with third parties to perform sales, marketing, commercial support and distribution services, our product revenue or the profitability of product revenue may be lower than if we were to market and sell any products we may develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates if approved.

Even if any product candidates we develop receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

The commercial success of any of our product candidates will depend upon its degree of market acceptance by physicians, patients, third-party payors and others in the medical community. Even if any product candidates we may develop receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors, and others in the medical community. The degree of market acceptance of any product candidates we may develop, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of such product candidates as demonstrated in pivotal clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- the ability to offer appropriate patient access programs, such as co-pay assistance;
- the extent to which physicians recommend our products to their patients;
- convenience and ease of dosing and administration compared to alternative treatments;

- the clinical indications for which the product candidate is approved by FDA, EMA, CDA or other regulatory agencies;
- product labeling or product insert requirements of the FDA, EMA, CDA or other comparable foreign regulatory authorities, including any limitations, contraindications or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- the strength of marketing and distribution support;
- sufficient third-party coverage or reimbursement; and
- the prevalence and severity of any side effects.

If any product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

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

The regulations that govern marketing approvals, pricing and reimbursement for new drugs vary widely from country to country. In the United States, recently enacted legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenue we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if any product candidates we may develop obtain marketing approval.

Our ability to successfully commercialize any products that we may develop also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Government authorities currently impose mandatory discounts for certain patient groups, such as Medicare, Medicaid and Veterans Affairs, or VA, hospitals, and may seek to increase such discounts at any time. Future regulation may negatively impact the price of our products, if approved. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, that the level of reimbursement will be sufficient.

Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. In order to get reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. In the

United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time consuming and costly process that may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

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

Our product candidates for which we intend to seek approval as biologic products may face competition from biological products that are biosimilar to or interchangeable with our product candidates sooner than anticipated.

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation and meaning are subject to uncertainty.

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

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk when and if we commercialize any products. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in

manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit testing and commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased or interrupted demand for our products;
- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and
- a decline in our share price.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with collaborators. Our insurance policies may have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

The regulatory approval processes of the FDA, EMA, CDA and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue and our business will be substantially harmed.

The time required to obtain approval by the FDA, EMA, CDA and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the type, complexity and novelty of the product candidates involved. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other studies. We have not submitted for or obtained regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Applications for our product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the FDA, EMA, CDA or comparable foreign regulatory authorities may disagree with the design, implementation or results of our clinical trials;
- the FDA, EMA, CDA or comparable foreign regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use of our products;
- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- we may be unable to demonstrate to the FDA, EMA, CDA or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication, when compared to the standard of care, is acceptable;
- the FDA, EMA, CDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of an NDA, BLA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA, EMA, CDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications, or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA, EMA, CDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects.

We plan to conduct clinical trials for our product candidates outside the United States, and the FDA, EMA, CDA and applicable foreign regulatory authorities may not accept data from such trials.

We plan to conduct one or more of our clinical trials outside the United States, including in Europe and in China. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA, EMA, CDA or applicable foreign regulatory authority may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (1) the data are applicable to the U.S. population and U.S. medical practice and (2) the trials were performed by clinical investigators of recognized competence and pursuant to cGCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA, CDA or any applicable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction, including any trials that we may conduct in China. If the FDA, EMA, CDA or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming, would delay aspects of our business plan and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA, EMA or CDA grants marketing approval of a product candidate, we would not be permitted to manufacture, market or promote the product candidate in other countries unless and until comparable regulatory authorities in foreign jurisdictions had approved the candidate for use in their countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials. There can be no assurance that any clinical trials conducted in one jurisdiction will be accepted by regulatory authorities in other jurisdictions.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we or any collaborator we work with fail to comply with the regulatory requirements in international markets or fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

Even if we obtain regulatory approval for a product candidate, our products will remain subject to extensive regulatory scrutiny.

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies and submission of safety, efficacy and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements imposed by the FDA, EMA, CDA and comparable foreign regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we and our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, BLA or marketing authorization application, or MAA. Accordingly, we and others with whom we work must continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production and quality control.

Any regulatory approvals that we receive for our product candidates will be subject to limitations on the approved indicated uses for which the product may be marketed and promoted or to the conditions of approval (including the requirement to implement a Risk Evaluation and Mitigation Strategy), or contain requirements for potentially costly post-marketing testing. We will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA, CDA and comparable foreign regulatory authorities. Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to assure compliance. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed and distributed only for the approved indications and in accordance with the provisions of the approved labeling. We will have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have approval. The holder of an approved NDA, BLA or MAA must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling or manufacturing process. We could also be asked to conduct post-marketing clinical trials to verify the safety and efficacy of our products in general or in specific patient subsets. If original marketing approval was obtained via the accelerated approval pathway, we could be required to conduct a successful post-marketing clinical trial to confirm clinical benefit for our products. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval.

If a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, or disagrees with the promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters that would result in adverse publicity;
- impose civil or criminal penalties;
- suspend or withdraw regulatory approvals;
- suspend any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;
- impose restrictions on our operations, including closing our contract manufacturers' facilities;
- seize or detain products; or
- require a product recall.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.

Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain international jurisdictions, there have been a number of legislative and regulatory changes to the health care system that could impact our ability to sell our products profitably. In particular, in 2010, the Affordable Care Act, or ACA, was enacted, which, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, and provided incentives to programs that increase the federal government's comparative effectiveness research. Recent changes in the U.S. administration could lead to repeal of or changes in some or all of the ACA, and complying with any new legislation or reversing changes implemented under the ACA could be time-intensive and expensive, resulting in a material adverse effect on our business. Until the ACA is fully implemented or there is more certainty concerning the future of the ACA, it will be difficult to predict its full impact and influence on our business.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect in 2013, and will remain in effect through 2025 unless additional Congressional action is taken. The American Taxpayer Relief Act of 2012 further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if we obtain regulatory approval;
- our ability to receive or set a price that we believe is fair for our products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, lower reimbursement and new payment methodologies. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability or commercialize our product candidates, if approved.

Our employees, independent contractors, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of fraud, misconduct or other illegal activity by our employees, independent contractors, consultants, commercial partners and vendors. Misconduct by these parties could include intentional, reckless and negligent conduct that fails to: comply with the laws of the FDA, EMA, CDA and other comparable foreign regulatory authorities; provide true, complete and accurate information to the FDA, EMA, CDA and other comparable foreign regulatory authorities; comply with manufacturing standards we have established; comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or report financial information or data accurately or to disclose unauthorized activities to us. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. In particular, research, sales, marketing, education and other business arrangements in the healthcare industry are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, educating, marketing and promotion, sales and commission, certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. In connection with this offering, we are adopting a code of business conduct and ethics that applies to all our employees, including management, and our directors. However, it is not always possible to identify and deter misconduct by employees and third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

If we fail to comply with healthcare laws, we could face substantial penalties and our business, operations and financial conditions could be adversely affected.

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations will be subject to various federal and state fraud and abuse laws. The laws that may impact our operations include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- federal civil and criminal false claims laws and civil monetary penalty laws, including the False Claims Act, which impose criminal and civil penalties, including through civil "qui tam" or "whistleblower" actions, against individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid or other third-party payors that are false or fraudulent or knowingly making a false statement to improperly avoid, decrease or conceal an obligation to pay money to the federal government. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them in order to have committed a violation;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization;
- the federal Physician Payment Sunshine Act, created under the ACA, and its implementing regulations, which require manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program to report annually to the U.S. Department of Health and Human Services under the Open Payments Program, information related to payments or other transfers of value made to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection and unfair competition laws which may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales and marketing arrangements as well as submitting claims involving healthcare items or services reimbursed by any third-party payor, including

commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government that otherwise restricts payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensations and other remuneration and items of value provided to healthcare professionals and entities; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

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

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business activities may be subject to the Foreign Corrupt Practices Act, or FCPA, and similar anti-bribery and anti-corruption laws.

Our business activities may be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate or may operate in the future, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the health care providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the FCPA. Recently the Securities and Exchange Commission, or SEC, and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There can be no assurance that all of our employees, agents, contractors or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Risks Related to Our Reliance on Third Parties

We expect to rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research or testing.

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions and clinical investigators, to conduct some aspects of our research, preclinical testing and clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If we need to enter into alternative arrangements, it would delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities, but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with cGCPs for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible, reproducible and accurate and that the rights, integrity and confidentiality of trial participants are protected. We are also required to register ongoing clinical trials and to post the results of completed clinical trials on a government-sponsored database within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for any product candidates we may develop and will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of any product candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

We contract with third parties for the manufacture of materials for our product candidates and preclinical studies and expect to continue to do so for clinical trials and for commercialization of any product candidates that we may develop. This reliance on third parties carries and may increase the risk that we will not have sufficient quantities of such materials, product candidates or any medicines that we may develop and commercialize, or that such supply will not be available to us at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We currently rely exclusively on a third-party manufacturer, Lonza AG, for the manufacture of our materials for preclinical studies and clinical trials and expect to continue to do so for preclinical studies, clinical trials and for commercial supply of any product candidates that we may develop.

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

- the possible breach of the manufacturing agreement by the third party or us;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;
- the possible early termination of the agreement by us at a time that requires us to pay a cancellation fee;
- reliance on the third party for regulatory compliance, quality assurance, safety and pharmacovigilance and related reporting; and
- the inability to produce required volume in a timely manner and to quality standards.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations, and prospects.

Any medicines that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply for any of our product candidates. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

Our current and anticipated future reliance upon others for the manufacture of any product candidates we may develop or medicines may adversely affect our future profit margins and our ability to commercialize any medicines that receive marketing approval on a timely and competitive basis.

Reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Reliance on third parties to conduct clinical trials, assist in research and development and to manufacture our product candidates, will at times require us to share trade secrets with them. We seek to protect our proprietary technology by in part entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party

contractors and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's independent discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have a material adverse effect on our business.

We rely on third-party suppliers for key raw materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials could harm our business.

We rely on third-party suppliers for the raw materials required for the production of our product candidates. Our reliance on these third-party suppliers and the challenges we may face in obtaining adequate supplies of raw materials involve several risks, including limited control over pricing, availability, quality and delivery schedules. As a small company, our negotiation leverage is limited and we are likely to get lower priority than our competitors who are larger than we are. We cannot be certain that our suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our product candidates until a new source of supply, if any, could be identified and qualified. We may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and potential commercialization of our product candidates, including limiting supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on our business.

We may depend on collaborations with third parties for the research, development and commercialization of certain of the product candidates we may develop. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.

We may seek third-party collaborators for the research, development and commercialization of certain of the product candidates we may develop. Our likely collaborators for any other collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies, biotechnology companies and academic institutions. If we enter into any such arrangements with any third parties, we will likely have shared or limited control over the amount and timing of resources that our collaborators dedicate to the development or potential commercialization of any product candidates we may seek to develop with them. Our ability to generate revenue from these arrangements with commercial entities will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of any collaboration that we enter into.

Collaborations involving our product candidates we may develop, pose the following risks to us:

- collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not properly obtain, maintain, enforce or defend intellectual property or proprietary rights relating to our product candidates or may use our proprietary information in such a way as to expose us to potential litigation or other intellectual property related proceedings, including proceedings challenging the scope, ownership, validity and enforceability of our intellectual property;
- collaborators may own or co-own intellectual property covering our product candidates that result from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates;
- disputes may arise with respect to the ownership of intellectual property developed pursuant to collaborations;

- we may need the cooperation of our collaborators to enforce or defend any intellectual property we contribute to or that arises out of our collaborations, which may not be provided to us;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborators may decide not to pursue development and commercialization of any product candidates we develop or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators with marketing and distribution rights to one or more product candidates may not commit sufficient resources to the marketing and distribution of such product candidates;
- we may lose certain valuable rights under circumstances identified in our collaborations, including if we undergo a change of control;
- collaborators may undergo a change of control and the new owners may decide to take the collaboration in a direction which is not in our best interest;
- collaborators may become party to a business combination transaction and the continued pursuit and emphasis on our development or commercialization program by the resulting entity under our existing collaboration could be delayed, diminished or terminated;
- collaborators may become bankrupt, which may significantly delay our research or development programs, or may cause us to lose access to valuable technology, know-how or intellectual property of the collaborator relating to our products, product candidates;
- key personnel at our collaborators may leave, which could negatively impact our ability to productively work with our collaborators;
- collaborations may require us to incur short and long-term expenditures, issue securities that dilute our stockholders, or disrupt our management and business;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates or our ABC Platform; and
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all.

We may face significant competition in seeking appropriate collaborations. Recent business combinations among biotechnology and pharmaceutical companies have resulted in a reduced number of potential collaborators. In addition, the negotiation process is time-consuming and complex, and we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate or delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and

undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop product candidates or bring them to market and generate product revenue.

If we enter into collaborations to develop and potentially commercialize any product candidates, we may not be able to realize the benefit of such transactions if we or our collaborator elect not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. Any collaborator may also be subject to many of the risks relating to product development, regulatory approval, and commercialization described in this "Risk Factors" section, and any negative impact on our collaborators may adversely affect us.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for any product candidates we develop or for our ABC Platform, our competitors could develop and commercialize products or technology similar or identical to ours, and our ability to successfully commercialize any product candidates we may develop, and our technology may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our ABC Platform and any proprietary product candidates and other technologies we may develop. We seek to protect our proprietary position by in-licensing intellectual property and filing patent applications in the United States and abroad relating to our ABC Platform, product candidates and other technologies that are important to our business. Given that the development of our technology and product candidates is at an early stage, our intellectual property portfolio directed to certain aspects of our technology and product candidates is also at an early stage. We have filed or intend to file patent applications on core aspects of our technology and product candidates; however, there can be no assurance that any such patent applications will issue as granted patents. Furthermore, in some cases, we only have filed provisional patent applications on certain aspects of our technology and product candidates, and none of these provisional patent applications is eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications. Furthermore, in some cases, we may not be able to obtain issued claims covering compositions relating to our ABC Platform and product candidates, as well as other technologies that are important to our business, and instead may need to rely on filing patent applications with claims covering a method of use and/or method of manufacture for protection of such ABC Platform, product candidates and other technologies. There can be no assurance that any such patent applications will issue as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection with respect to our ABC Platform and product candidates could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If any of our patent applications does not issue as a patent in any jurisdiction, we may not be able to compete effectively.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, and obtain, maintain and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our owned and

licensed patents. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our inventions and the prior art allow our inventions to be patentable over the prior art. In addition, our own fixed applications may become prior art against our current or future patent applications. Furthermore, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, and in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in any of our patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical technology and product candidates would be adversely affected.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued that protect our ABC Platform, product candidates or other technologies or that effectively prevent others from commercializing competitive technologies and product candidates.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents may be challenged, narrowed, circumvented, rendered unenforceable or invalidated by third parties. Consequently, we do not know whether our ABC Platform, product candidates or other technologies will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner which could materially adversely affect our business, financial condition, results of operations and prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third party preissuance submission of prior art to the U.S. Patent and Trademark Office, or USPTO, or become involved in opposition, derivation, revocation, reexamination, post-grant and inter partes review, or interference proceedings or other similar proceedings challenging our patent rights. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate or render unenforceable, our patent rights, allow third parties to commercialize our ABC Platform, product candidates or other technologies and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions and other challenges in a foreign patent office or administrative tribunal, that challenge our or our licensor’s priority of invention or other features of patentability with respect to our owned or in-licensed

patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our ABC Platform, product candidates and other technologies. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

Filing, prosecuting and defending patents relating to our ABC Platform, product candidates and other technologies in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as U.S. laws. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

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

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

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

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In some cases, an inadvertent lapse can be cured by payment of

a late fee or by other means in accordance with the applicable rules. Payment within these late fee windows may be employed in order to simplify the payment of these fees generally. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, while not relevant for KSI-301, if we rely on a different product, its development could involve the use of government funds, which can require additional compliance aspects to make certain all rights are transferred to or remain with us.

Issued patents may be challenged or invalidated, and recent changes in U.S. patent law have diminished and may further diminish the value of patents in general. We rely on patents to protect our products, and any diminishment in the scope or value of our patents would adversely affect our business.

If we initiated legal proceedings against a third party to enforce a patent directed to our ABC Platform, product candidates or other technologies, the defendant could allege that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and unenforceability are commonplace. Grounds for a validity challenge include alleged failures to meet any of several statutory requirements, including obviousness, lack of novelty, lack of written description, or non-enablement. Grounds for an unenforceability challenge include an allegation that someone connected with prosecution of the patent withheld material information from the USPTO with an intent to deceive the USPTO, or made a misleading statement, during prosecution. The filing of a legal proceeding could also result in the third party challenging the patent at the USPTO, such as in post-grant and inter partes review.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. For patent filings beginning in March 2013, the United States employs a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. Under the current patent laws, a third party that files a patent application in the USPTO before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to either (1) file any patent application related to our ABC Platform, product candidates or other technologies or (2) invent any of the inventions claimed in our or our licensor’s patents or patent applications.

Changes to U.S. patent laws since 2011 also include allowing third party submissions of prior art to the USPTO during patent prosecution and additional procedures for attacking the validity of a patent through USPTO administered post-grant proceedings, including re-examination, post-grant review, inter partes review, interference proceedings and derivation proceedings. Some of these changes apply to patents issued prior to 2011. These and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) could result in the revocation of, cancellation of or amendment to our patents in such a way that they no longer cover our ABC Platform, product candidates or other technologies. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standards applied in United States federal courts that apply to actions seeking to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if challenged in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not otherwise have been invalidated if first challenged by the third party as a defendant in a district court action.

As compared to intellectual property-reliant companies generally, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. These rulings have created uncertainty with respect to

the validity and enforceability of patents, even once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

Any future changes to patent laws could increase the uncertainties and costs surrounding the prosecution of our owned or in-licensed patent applications and the enforcement or defense of our owned or in-licensed issued patents. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our ABC Platform, product candidates or other technologies. Increased uncertainty with respect to, or loss of, patent protection would have a material adverse impact on our business, financial condition, results of operations and prospects.

If we do not obtain patent term extension and data exclusivity for any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration and specifics of any FDA marketing approval of any product candidates we may develop, one or more of our owned or in-licensed U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. Patent term extension in the United States and/or foreign countries and territories may not be available if, among other things, we fail to exercise due diligence during the testing phase or regulatory review process, fail to apply within applicable deadlines, fail to apply prior to the expiration of relevant patents, or otherwise fail to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension received is shorter than what we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

We may be subject to claims challenging the inventorship of our patents and other intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our owned or in-licensed patents, trade secrets or other intellectual property as an inventor or co-inventor or owner or co-owner. For example, we may have inventorship disputes arise from conflicting obligations of employees, collaborators, consultants or others who are involved in developing our ABC Platform, product candidates or other technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or our ownership of our owned or in-licensed patents, trade secrets or other intellectual property. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our ABC Platform, product candidates and other technologies. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition to seeking patents for our ABC Platform, product candidates and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology and other proprietary information and to maintain our competitive position. Trade secrets and know-how can be difficult to protect. Over time, we expect our trade secrets and know-how to be disseminated within the industry through independent development, the publication of journal articles describing the methodology and the movement of personnel from academic to industry scientific positions.

We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants, train our employees not to bring or use proprietary information or technology from former employers to us or in their work and remind former employees when they leave their employment of their confidentiality obligations to us. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to contain such breaches or disclosures or obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed without the protection of a confidentiality agreement found unenforceable by relevant courts or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors and potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have improperly used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual’s current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations, and prospects. Where post-filing date patent assignments are not executed by an inventor, it is our practice to employ and record the assignment provision that can be found in the employee’s employment agreement. This is done when possible, and when the intellectual property is of interest to us.

Third-party claims of intellectual property infringement, misappropriation or other violation against us or our collaborators may prevent or delay the development and commercialization of our ABC Platform, product candidates and other technologies.

The field of discovering treatments for retinal diseases is highly competitive and dynamic. Due to the focused research and development that is taking place in this field by several companies, including us and our competitors, the intellectual property landscape is in flux, and it may remain uncertain in the future. As such, there may be significant intellectual property related litigation and proceedings relating to our owned, and other third party, intellectual property and proprietary rights in the future.

Our commercial success depends in part on our and our collaborators' ability to avoid infringing, misappropriating and otherwise violating the patents and other intellectual property rights of third parties. There is a substantial amount of complex litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings challenging patents, including interference, derivation and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. As discussed above, due to changes in U.S. law referred to as patent reform, new procedures including *inter partes* review and post-grant review have been implemented. As stated above, this reform adds uncertainty to the possibility of challenge to our patents in the future.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist relating to ABC technology and in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our ABC Platform, product candidates and other technologies may give rise to claims of infringement of the patent rights of others. We cannot assure you that our ABC Platform, product candidates and other technologies that we have developed, are developing or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that have already been issued or that a third party, including a competitor in the fields in which we are developing our ABC Platform, product candidates and other technologies, might assert are infringed by our current or future ABC Platform, product candidates or other technologies. Such a dispute may concern claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our ABC Platform, product candidates or other technologies. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our ABC Platform, product candidates or other technologies, could be found to be infringed by our ABC Platform, product candidates or other technologies. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that later result in issued patents that our ABC Platform, product candidates or other technologies may infringe.

Third parties may have patents or obtain patents in the future and claim that the manufacture, use or sale of our ABC Platform, product candidates or other technologies infringes these patents. If a third party alleges that we infringe their patents or that we are otherwise employing their proprietary technology without authorization and initiates litigation against us, a court of competent jurisdiction could hold that such patents are valid, enforceable and infringed by our ABC Platform, product candidates or other technologies, even if we believe such claims are without merit. In that event, the successful plaintiff may be able to block our ability to commercialize the applicable product candidate or technology unless we obtain a license under the applicable patents, or such patents expire or are finally determined to be invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees, royalties or both. Any license granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, we may be unable to commercialize our ABC Platform, product candidates or other technologies, or our commercialization efforts may be significantly delayed, which could in turn significantly harm our business.

We are aware of a number of patents and applications that are directed to one or more aspects of KSI-301. Our intent is to maintain our development efforts under 35 U.S.C. Section 271(e)(1) (which provides a safe harbor from patent infringement claims related to certain drug development activities) through to at least the

launch of any KSI-301 product. As such, we do not intend to launch KSI-301 when any valid patent is still in force. We are aware of at least one pending application with claims that are directed to some aspect of KSI-301, and that could, if issued, result in a patent term beyond our intended launch date of KSI-301. If this were to occur, we may challenge the validity of the claims, obtain a license, modify KSI-301, or delay launch.

If we choose to further the pipeline and develop a different product, such a product would be delayed until the expiration of any valid patent that is still in force on such product. Alternatively, our options for addressing any such patents relating to these non-KSI-301 products would include the following: challenge the validity of the claims, obtain a license, or modify the non-KSI-301 product.

Defending against infringement claims, regardless of their merit, would involve substantial litigation expense, would be a substantial diversion of management and other employee resources from our business and may adversely impact our reputation. We may be subject to an injunction that prevents or delays us from commercializing our ABC Platform technology, product candidates or other technologies during ongoing litigation even if we ultimately prevail in the litigation proceedings or the litigation is settled in our favor. We may be subject to an injunction that prevents or delays us from commercializing our ABC Platform, product candidates or other technologies during ongoing litigation even if we ultimately prevail in the litigation proceedings or the litigation is settled in our favor. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing ABC Platform, product candidates or other technologies. In addition, we may have to pay substantial damages (including treble damages and attorneys' fees for willful infringement) obtain one or more licenses from third parties, pay royalties and/or redesign our infringing product candidates or technologies, which may be impossible or require substantial time and monetary expenditure. If we were unable to further develop and commercialize our ABC Platform, product candidates or other technologies, it would harm our business significantly.

Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition or results of operations.

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

Competitors may infringe our patents or the patents of our licensing partners, or we may be required to defend against claims of infringement. If we assert our intellectual property against others, it could increase the likelihood that our patents or the patents of our licensing partners become involved in inventorship, priority or validity disputes. As discussed above, countering or defending against such claims can be expensive and time consuming. In an infringement proceeding, a court may decide that a patent owned or in-licensed by us is invalid or unenforceable, the other party's use of our patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1), or may refuse to stop the other party from using the technology at issue on the grounds that our owned and in-licensed patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our owned or in-licensed patents at risk of being invalidated, rendered unenforceable or interpreted narrowly. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation.

Even if we prevail in asserting our intellectual property, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these

results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately or to assert all claims we believe to be viable. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We rely on trademarks, service marks, tradenames and brand names. We cannot assure you that our trademark applications will be approved. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, any registered or unregistered trademarks or trade names that we currently have or may in the future acquire may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Further, we do not own any registered trademarks for the marks “KODIAK” or “KODIAK SCIENCES” in the United States. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. We engage a third party watching service to monitor use by third parties of names that are identical or similar to our name. We have identified at least two companies that are using names that we continue to monitor. If we deem it appropriate, we may decide to take action with respect to those companies. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

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

- others may be able to make products that are similar to our product candidates or utilize similar technology but that are not covered by the claims of the patents that we may license or own;
- we, or our current or future licensors or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or own now or in the future;
- we, or our current or future licensors or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our current or future pending owned or licensed patent applications will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;

- our competitors or other third parties might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our Operations

We are highly dependent on our key personnel, and if we are not successful in attracting, motivating and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract, motivate and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on our management, particularly our Chief Executive Officer, Dr. Victor Perlroth, and our scientific and medical personnel. The loss of the services provided by any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements, could result in delays in the development of our product candidates and harm our business.

We conduct our operations at our facility in Palo Alto, California, in a region that is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. We expect that we may need to recruit talent from outside of our region and doing so may be costly and difficult.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided restricted stock and stock option grants, including early exercise stock options exercisable for restricted stock that vest over time. The value to employees of these equity grants that vest over time may be significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies. Although we have employment agreements with our key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. We do not maintain “key man” insurance policies on the lives of all of these individuals or the lives of any of our other employees. If we are unable to attract, incentivize and retain quality personnel on acceptable terms, or at all, it may cause our business and operating results to suffer.

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

As of September 1, 2018, we had 28 employees, all of whom were full-time. As our development plans and strategies develop, and as we transition into operating as a public company, we must add a significant number of additional managerial, operational, financial and other personnel. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, retaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our current and future product candidates, while complying with our contractual obligations to contractors and other third parties;
- expanding our operational, financial and management controls, reporting systems and procedures; and
- managing increasing operational and managerial complexity.

Our future financial performance and our ability to continue to develop and, if approved, commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to manage these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services. There can be no assurance that the services of these independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed, or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop our product candidates and, accordingly, may not achieve our research, development, and commercialization goals.

A failure to maintain an effective system of internal control over financial reporting could result in material misstatements of our financial statements in future periods and may impair our ability to comply with the accounting and reporting requirements applicable to public companies.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In the period ended December 31, 2016, we identified a material weakness in our internal control over financial reporting which related to misclassifications of (1) the repurchase and retirement of preferred stock within the treasury stock, additional paid-in capital and stockholders' deficit accounts and (2) certain legal costs within the research and development and general and administrative expense accounts. Although the control deficiency was remediated in 2017, there can be no assurance that we will maintain internal control over financial reporting sufficient to enable us to identify or avoid material weaknesses in the future.

If we engage in acquisitions, in-licensing or strategic partnerships, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.

We may engage in various acquisitions and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of indebtedness or contingent liabilities;
- the issuance of our equity securities which would result in dilution to our stockholders;
- assimilation of operations, intellectual property, products and product candidates of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing product candidates and initiatives in pursuing such an acquisition or strategic partnership;

- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

Our internal computer systems, or those used by our third-party research institution collaborators, CROs or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our future CROs and other contractors and consultants may be vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any such material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. For example, the loss of clinical trial data from completed, ongoing or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on our third-party research institution collaborators for research and development of our product candidates and other third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or systems, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed, and the further development and commercialization of our product candidates could be delayed.

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

Our operations, and those of our CROs, CMOs, suppliers, and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are partly uninsured. In addition, we rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by government shutdowns or withdrawn funding. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

All of our operations including our corporate headquarters are located in a single facility in Palo Alto, California. Damage or extended periods of interruption to our corporate, development or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development of some or all of our product candidates. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

We recently implemented a new enterprise resource planning, or ERP, system as well as other systems as part of our ongoing technology and process improvements. Our ERP system is critical to our ability to accurately maintain books and records and prepare our financial statements. If we encounter unforeseen problems with our ERP system or other systems and infrastructure, our business, operations, and financial results could be adversely affected.

Our business is subject to economic, political, regulatory and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally. Some of our suppliers and collaborative relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation or political instability in particular non-U.S. economies and markets;
- differing and changing regulatory requirements in non-U.S. countries;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the FCPA or comparable foreign laws; and
- business interruptions resulting from geo-political actions, including war and terrorism or natural disasters.

These and other risks associated with our planned international operations may materially adversely affect our ability to attain profitable operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2017, we had federal net operating loss carryforwards, or NOLs, of $18.1 million, which will begin to expire in 2035. Under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. As a result of our most recent private placements and other transactions that have occurred since our incorporation, we may have experienced, and, in connection with this offering, may experience, such an ownership change. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside our control. As a result, our ability to use our pre-change net operating loss carryforwards and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation. We will be unable to use our NOLs if we do not attain profitability sufficient to offset our available NOLs prior to their expiration.

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

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could affect the tax treatment of our domestic and foreign earnings. Any new taxes could adversely affect our domestic and international business operations, and our business and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. For example, on December 22, 2017, the Tax Cuts and Jobs Act, or Tax Act, was enacted into law with many significant changes to the U.S. tax laws, the consequences of which have not yet been determined. Under the Tax Act, the corporate tax rate will be reduced to 21% from 35% for tax years beginning after December 31, 2017. This will affect the gross amount of our deferred tax assets with a corresponding offset to valuation allowance. The Tax Act also limits the utilization of NOLs arising in tax years beginning after December 31, 2017 to 80% of taxable income per year. However, existing NOLs that arose in years prior to December 31, 2017 are not affected by these provisions. We are currently evaluating the Tax Act and its potential effects on our financial statements. The foregoing items could have a material adverse effect on our business, cash flow, financial condition or results of operations.

Risks Related to This Offering and Ownership of Our Common Stock

We do not know whether an active market will develop for our common stock or what the market price of our common stock will be, and, as a result, it may be difficult for you to sell your shares of our common stock.

Before this offering, there was no public trading market for our common stock. If an active market for our common stock does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade. It is possible that in one or more future periods our results of operations and progression of our product pipeline may not meet the expectations of public market analysts and investors, and, as a result of these and other factors, the price of our common stock may fall.

The market price of our common stock may be volatile, which could result in substantial losses for investors purchasing shares in this offering.

The initial public offering price for our common stock was determined through negotiations with the underwriters. This initial public offering price may differ from the market price of our common stock after the offering. As a result, you may not be able to sell your common stock at or above the initial public offering price. Some of the factors that may cause the market price of our common stock to fluctuate include:

- the success of existing or new competitive products or technologies;
- the timing and results of clinical trials for our current product candidates and any future product candidates that we may develop;
- commencement or termination of collaborations for our product candidates;
- failure or discontinuation of any of our product candidates;
- failure to develop our ABC Platform;
- results of preclinical studies, clinical trials or regulatory approvals of product candidates of our competitors, or announcements about new research programs or product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the commencement of litigation;
- the level of expenses related to any of our research programs, product candidates that we may develop;

- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders;
- expiration of market standoff or lock-up agreements;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry, and market conditions; and
- the other factors described in this “Risk Factors” section.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnology companies in particular, has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering. Following periods of such volatility in the market price of a company’s securities, securities class action litigation has often been brought against that company. Because of the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management’s attention and resources from our business.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock could decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

A significant portion of our total outstanding shares is restricted from immediate resale but may be sold into the market in the near future, which could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, upon the expiration of the market standoff and lock-up agreements, the early release of these agreements or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. After this offering and after giving effect to the conversion of all outstanding shares of our redeemable convertible preferred stock and convertible notes (assuming conversion of $12.5 million principal amount and accrued interest of our 2017 convertible notes as of June 30, 2018 at a conversion price of $5.00 per share and the conversion of $33.8 million principal amount and accrued interest of our 2018 convertible notes as of June 30, 2018 at an assumed conversion price of $ per share —the actual conversion price will be equal to 80% of the initial public offering price of our common stock

in this offering) into an aggregate of shares of our common stock immediately prior to the closing of this offering, we will have shares of common stock outstanding based on 7,964,234 shares of our common stock outstanding as of June 30, 2018. Of these shares, the shares we are selling in this offering may be resold in the public market immediately. The remaining shares, or % of our outstanding shares after this offering, are currently prohibited or otherwise restricted under securities laws, market standoff agreements entered into by our stockholders with us or lock-up agreements entered into by our stockholders with the underwriters; however, subject to applicable securities law restrictions and excluding shares of restricted stock that will remain unvested, these shares will be able to be sold in the public market beginning 180 days after the date of this prospectus. The representatives may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements at any time and for any reason. Shares issued upon the exercise of stock options outstanding under our equity incentive plans or pursuant to future awards granted under those plans will become available for sale in the public market to the extent permitted by the provisions of applicable vesting schedules, any applicable market standoff and lock-up agreements, and Rule 144 and Rule 701 under the Securities Act of 1933, as amended, or the Securities Act. See the section of this prospectus titled “Shares Eligible for Future Sale” for additional information.

Moreover, after this offering, holders of an aggregate of shares of our common stock will have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also plan to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates and the lock-up agreements described in the section of this prospectus titled “Underwriting.” If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

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

We will seek additional capital through one or a combination of public and private equity offerings, debt financings, strategic partnerships and alliances and licensing arrangements. We, and indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future offerings. To the extent that we raise additional capital through the sale of equity securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Additionally, any future collaborations we enter into with third parties may provide capital in the near term but limit our potential cash flow and revenue in the future. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us.

Insiders will continue to have substantial influence over us after this offering, which could limit your ability to affect the outcome of key transactions, including a change of control.

After this offering, our directors, executive officers, holders of more than 5% of our outstanding stock and their respective affiliates will beneficially own shares representing approximately % of our outstanding common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company and might affect the market price of our common stock.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For so long as we remain an emerging growth company, we are permitted and plan to rely on exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of SOX Section 404, not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the information we provide stockholders will be different than the information that is available with respect to other public companies. In this prospectus, we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

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

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company. Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq, and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that we will need to hire additional accounting, finance, and other personnel in connection with our becoming, and our efforts to comply with the requirements of being, a public company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to obtain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We are currently evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to SOX Section 404, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC after we become a public company. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with SOX Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required

by SOX Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

If we are unable to maintain effective internal controls, our business, financial position and results of operations could be adversely affected.

As a public company, we will be subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act, including the requirements of SOX Section 404, which require annual management assessments of the effectiveness of our internal control over financial reporting.

The rules governing the standards that must be met for management to determine that our internal control over financial reporting is effective are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act of 2002. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Any failure to maintain effective internal controls could have an adverse effect on our business, financial position and results of operations.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We cannot specify with certainty the particular uses of the net proceeds we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section of this prospectus titled “Use of Proceeds.” Our management may spend a portion or all of the net proceeds from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business, financial condition, results of operations and prospects. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Delaware law and provisions in our certificate of incorporation and bylaws that will become effective immediately prior to the closing of this offering might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions in our certificate of incorporation and bylaws that will become effective immediately prior to the closing of this offering may discourage, delay, or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our charter documents will:

- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issue shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy or newly created directorship;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;

- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend the bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the outstanding shares of common stock to amend many of the provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware, or DGCL, prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our certificate of incorporation, bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

Our amended and restated bylaws further provide that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. Some of the statements under "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this prospectus contain forward-looking statements. In some cases, you can identify forward- looking statements by the following words: "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "should," "will," "would" or the negative of these terms or other comparable terminology, although not all forward-looking statements contain these words.

These statements involve risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from the information expressed or implied by these forward-looking statements. Although we believe that we have a reasonable basis for each forward-looking statement contained in this prospectus, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. Forward-looking statements in this prospectus include, but are not limited to, statements about:

- the success, cost and timing of our development activities, preclinical studies and clinical trials;
- the translation of our preclinical results and data and early clinical trial results into future clinical trials in humans;
- the timing or likelihood of regulatory filings and approvals;
- our ability to obtain and maintain regulatory approval of our product candidates, and any related restrictions, limitations and/or warnings in the label of any approved product candidate;
- our ability to obtain funding for our operations, including funding necessary to develop and commercialize our product candidates;
- the rate and degree of market acceptance of our product candidates;
- the success of competing products or platform technologies that are or may become available;
- our plans and ability to establish sales, marketing and distribution infrastructure to commercialize any product candidates for which we obtain approval;
- future agreements with third parties in connection with the commercialization of our product candidates;
- the size and growth potential of the markets for our product candidates, if approved for commercial use, and our ability to serve those markets;
- existing regulations and regulatory developments in the United States and foreign countries;
- the expected potential benefits of strategic collaboration agreements and our ability to attract collaborators with development, regulatory and commercialization expertise;
- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates and technology;
- potential claims relating to our intellectual property and third-party intellectual property;
- our ability to contract with third-party suppliers and manufacturers and their ability to perform adequately;
- the pricing and reimbursement of our product candidates, if approved;
- our ability to attract and retain key managerial, scientific and medical personnel;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;

- our financial performance;
- our expectations regarding the period during which we qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of the proceeds from this offering.

You should refer to the "Risk Factors" section of this prospectus for a discussion of other important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this prospectus will prove to be accurate. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This prospectus contains market data and industry forecasts that were obtained from industry publications. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified any third-party information. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise.

This prospectus contains statistical data, estimates, and forecasts that are based on independent industry publications or reports or other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, are subject to risks and uncertainties, and are subject to change based on various factors, including those discussed in the section of this prospectus titled "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise their option to purchase additional shares in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming an initial offering price of $ per share, which is the midpoint of the price range set forth on the cover of this prospectus. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of shares in the number of shares offered by us would increase (decrease) the net proceeds to us from this offering by $ million, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the initial public offering price or the number of shares by these amounts would have a material effect on our uses of the proceeds from this offering, although it may accelerate the time when we need to seek additional capital.

We currently expect to use the net proceeds from this offering together with our existing cash and cash equivalents as follows:

- $ million to advance KSI-301 through enrollment of the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with wet AMD and to expand the scope of our Phase 1 clinical trial for KSI-301 through completion of a Phase 1b clinical trial;
- $ million to advance KSI-301 into Phase 2 clinical trials in China for wet AMD and DME/DR;
- $ million to advance KSI-301 into the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with DME/DR;
- $ million towards research and development of our pipeline including KSI-501, and to initiate additional clinical studies in ophthalmology; and
- the remainder for working capital and other general corporate purposes.

We may also use a portion of our net proceeds to acquire or invest in complementary products, technologies, or businesses; however, we currently have no agreements or commitments to complete any such transactions.

Since we expect to use the net proceeds from this offering for working capital and other general corporate purposes, our management will have broad discretion over the use of the net proceeds from this offering. As of the date of this prospectus, we intend to invest the net proceeds in short-term interest-bearing investment-grade securities, certificates of deposit or government securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock, and we do not currently intend to pay any cash dividends on our capital stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our board of directors subject to applicable laws and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay cash dividends on our capital stock is limited by the terms of our existing debt instruments and may be limited by any future debt instruments or preferred securities.

CAPITALIZATION

The following table summarizes our cash and cash equivalents and capitalization as of June 30, 2018:

- on an actual basis;
- on a pro forma basis to reflect (1) the automatic conversion of the redeemable convertible preferred stock into 12,385,154 shares of common stock, (2) the assumed conversion of the outstanding 2017 convertible notes into an aggregate of 2,497,722 shares of our common stock immediately prior to the closing of this offering (assuming conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share), (3) the automatic conversion of the outstanding 2018 convertible notes into an aggregate of shares of our common stock immediately prior to the closing of this offering (assuming conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), (4) the resulting settlement of the derivative instrument upon the conversion of the 2018 convertible notes, (5) the automatic conversion of all outstanding warrants to purchase shares of our Series B redeemable convertible preferred stock into warrants to purchase an aggregate of 500,000 shares of our common stock (but not assuming the exercise of the common stock warrants) immediately prior to the closing of this offering, and (6) the filing of our amended and restated certificate of incorporation, which will occur immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to reflect (1) the pro forma adjustments set forth above and (2) the sale and issuance by us of shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the range reflected on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read the information in this table together with our consolidated financial statements and related notes, as well as the sections captioned “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” appearing elsewhere in this prospectus.

	As of June 30, 2018		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(in thousands, except share and per share data)		
Cash and cash equivalents	$ 17,641	$	$
Convertible notes	$ 39,495	$	$
Redeemable convertible preferred stock warrant liability	4,005		
Derivative instrument	7,367		
Redeemable convertible preferred stock, $0.0001 par value per share; 18,753,595 shares authorized, 12,385,154 shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	50,017		
Stockholders’ (deficit) equity:			
Preferred stock, $0.0001 par value per share; no shares authorized, issued and outstanding, actual; shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock, $0.0001 par value per share; 28,500,000 shares authorized, 7,964,234 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	1		
Additional paid-in capital	1,424		
Accumulated deficit	(85,652)		
Total stockholders’ (deficit) equity	(84,227)		
Total capitalization	$ 16,657	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the range reflected on the cover of this prospectus, would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders’ (deficit) equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of shares in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, additional paid-in-capital, total stockholders’ (deficit) equity and total capitalization by $ million, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma and pro forma as adjusted information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

The number of shares of our common stock outstanding immediately after this offering is based on shares of common stock outstanding as of June 30, 2018, and excludes:

- 3,383,478 shares of common stock issuable upon the exercise of outstanding options as of June 30, 2018 with a weighted-average exercise price of $3.82 per share;
- 398,693 shares of common stock reserved for future issuance under our 2015 Share Incentive Plan as of June 30, 2018;

- shares of common stock reserved for future issuance under our 2018 Equity Incentive Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part;
- shares of common stock reserved for future issuance under our 2018 Employee Stock Purchase Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part; and
- 500,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 30, 2018 at an exercise price of $0.01 per share.

DILUTION

If you invest in our common stock you will experience immediate and substantial dilution in the pro forma net tangible book value of your shares of common stock. Dilution in pro forma net tangible book value represents the difference between the public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock.

Historical net tangible book value (deficit) represents our total tangible assets (total assets less deferred offering costs) less total liabilities and our redeemable convertible preferred stock. As of June 30, 2018, our historical net tangible book deficit was $86.4 million and our historical net tangible book deficit per share was $10.85. After giving effect to the automatic conversion of all outstanding shares of redeemable convertible preferred stock into 12,385,154 shares of common stock in connection with this offering, the assumed conversion of the outstanding 2017 convertible notes into an aggregate of 2,497,722 shares of our common stock immediately prior to the closing of this offering (assuming the conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share), the automatic conversion of the outstanding 2018 convertible notes into an aggregate of shares of our common stock (assuming conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), the resulting settlement of the derivative instrument upon the conversion of the 2018 convertible notes, and the automatic conversion of all outstanding warrants to purchase shares of our Series B redeemable convertible preferred stock into warrants to purchase an aggregate of 500,000 shares of our common stock (but not assuming the exercise of the common stock warrants), immediately prior to the closing of this offering, our pro forma net tangible book value as of June 30, 2018 would have been $ million, or $ per share.

After giving effect to the sale and issuance of shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the range reflected on the cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2018 would have been $ million, or $ per share. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of the pro forma net tangible book value of $ per share to new investors purchasing common stock in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of June 30, 2018	$(10.85)	
Changes to historical net tangible book deficit per share attributable to pro forma adjustments identified above		
Pro forma net tangible book value per share before this offering		
Increase in pro forma net tangible book value per share attributable to investors participating in the offering		
Pro forma as adjusted net tangible book value per share, as adjusted to give effect to this offering		
Dilution in pro forma as adjusted net tangible book value per share to investors participating in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our pro forma as adjusted net tangible book value by $ million, or $ per share, and increase (decrease) the dilution per share to investors participating in this offering by $ per share, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, after giving effect to the change in the number of shares issuable upon conversion of the 2018 convertible notes as a result of the change in the initial public offering price and after deducting estimated underwriting

discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of in the number of shares offered by us would increase our pro forma as adjusted net tangible book value by $ million, or $ per share, and the dilution per share to investors participating in this offering would be $ per share, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a decrease of shares in the number of shares offered by us would decrease our pro forma as adjusted net tangible book value by $ million, or $ per share, and the dilution per share to investors participating in this offering would be $ per share, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters exercise their option in full to purchase additional shares of common stock in this offering, the pro forma as adjusted net tangible book value per share after the offering would be $ per share, the increase in the pro forma net tangible book value per share to existing stockholders would be $ per share, and the pro forma as adjusted dilution to new investors purchasing common stock in this offering would be $ per share.

The following table summarizes, on a pro forma basis as adjusted basis as described above as of June 30, 2018, the differences between the number of shares of common stock purchased from us, the total consideration and the weighted-average price per share paid by existing stockholders and by investors participating in this offering at the initial public offering price of $ per share, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us (in thousands, except per share data and percentages):

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders before this offering		%	$	%	$
Investors participating in this offering					
Total		100.0%	$	100.0%	$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) total consideration paid by new investors by $, assuming that the number of shares offered by us, as set forth on the cover of this prospectus, remains the same, after giving effect to the change in the number of shares issuable upon conversion of the 2018 convertible notes and associated accrued interest as a result of the change in the initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase (decrease) of in the number of shares offered by us would increase (decrease) total consideration paid by new investors by $ million, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The number of shares of our common stock outstanding immediately after this offering is based on shares of common stock outstanding as of June 30, 2018, and excludes:

- 3,383,478 shares of common stock issuable upon the exercise of outstanding options, as of June 30, 2018, with a weighted-average exercise price of $3.82 per share;
- 398,693 shares of common stock reserved for future issuance under our 2015 Share Incentive Plan as of June 30, 2018;
- shares of common stock reserved for future issuance under our 2018 Equity Incentive Plan which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part;

- shares of common stock reserved for future issuance under our 2018 Employee Stock Purchase Plan which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part; and
- 500,000 shares of common stock issuable upon the exercise of warrants outstanding as of June 30, 2018 at a weighted-average exercise price of $0.01 per share.

SELECTED CONSOLIDATED FINANCIAL DATA

The consolidated statement of operations data for the years ended December 31, 2016 and 2017 and the consolidated balance sheet data as of December 31, 2016 and 2017 are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The consolidated statement of operations data for the six months ended June 30, 2017 and 2018 and the consolidated balance sheet data as of June 30, 2018 are derived from our unaudited consolidated financial statements and related notes included elsewhere in this prospectus. In the opinion of management, the unaudited data reflects all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of the financial information in those statements. You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information in "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of our future results, and the results of operations for the years ended December 31, 2016 and 2017 and any interim period are not necessarily indicative of the results to be expected for any other period. The selected consolidated financial data in this section are not intended to replace our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands, except share and per share data)			
Consolidated Statement of Operations Data:				
Operating expenses:				
Research and development	$ 14,053	$ 22,022	$ 10,098	$ 7,233
General and administrative	3,098	3,499	1,687	3,404
Total operating expenses	17,151	25,521	11,785	10,637
Loss from operations	(17,151)	(25,521)	(11,785)	(10,637)
Interest expense	(6)	(1,185)	(12)	(3,347)
Other income (expense), net	25	(1,230)	14	(2,345)
Net loss and comprehensive loss	$ (17,132)	$ (27,936)	$ (11,783)	$ (16,329)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.38)	$ (3.72)	$ (1.58)	$ (2.11)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	7,211,360	7,515,336	7,444,612	7,720,967
Pro forma net loss per share attributable to common stockholders, basic and diluted(1)		$		$
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted(1)				

	As of December 31, 2016	As of December 31, 2017	As of June 30, 2018
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 9,622	$ 1,395	$ 17,641
Working capital(2)	7,682	(7,563)	13,617
Total assets	12,114	3,244	21,703
Convertible notes	—	9,921	39,495
Redeemable convertible preferred stock warrant liability	—	2,300	4,005
Derivative instrument	—	—	7,367
Total liabilities	3,180	21,965	55,913
Redeemable convertible preferred stock	50,017	50,017	50,017
Accumulated deficit	(41,387)	(69,323)	(85,652)
Total stockholders' deficit	(41,083)	(68,738)	(84,227)

(1) For the calculation of our pro forma net loss per share and pro forma weighted-average shares outstanding, see Note 14 to our consolidated financial statements included elsewhere in this prospectus.

(2) We define working capital as current assets less current liabilities. See our consolidated financial statements and related notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section of this prospectus titled "Selected Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and other parts of this prospectus contain forward-looking statements that involve risk, assumptions and uncertainties, such as statements of our plans, objectives, expectations, intentions, forecasts and projections. Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of several factors, including those set forth under the section of this prospectus titled "Risk Factors" and elsewhere in this prospectus. You should carefully read the "Risk Factors" to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section of this prospectus titled "Special Note Regarding Forward-Looking Statements."

Overview

We are a clinical stage biopharmaceutical company specializing in novel therapeutics to treat chronic, high-prevalence retinal diseases. Our most advanced product candidate is KSI-301, a biologic therapy built with our antibody biopolymer conjugate platform, or ABC, platform, which is designed to maintain potent and effective drug levels in ocular tissues. We believe that KSI-301, if approved, has the potential to become an important anti-vascular endothelial growth factor, or anti-VEGF, therapy in wet age-related macular degeneration, or wet AMD, and diabetic retinopathy, or DR. KSI-301 and our ABC Platform were developed at Kodiak, and we own worldwide rights to those assets, including composition of matter patent protection with respect to KSI-301. We have applied our ABC Platform to develop additional product candidates beyond KSI-301, including KSI-501, our bispecific anti-IL-6/VEGF bioconjugate. We intend to progress these and other product candidates to address high-prevalence ophthalmic diseases.

We initiated our first-in-human, Phase 1 clinical study of KSI-301 in the United States in nine patients in July 2018. We have successfully dosed all patients at the pre-planned dose levels and reached the primary safety and tolerability endpoint of the study. Having successfully met the primary endpoint of safety and tolerability in the Phase 1 study, with the additional observations around bioactivity, we plan to further evaluate the highest dose tested of KSI-301, 5 mg, in a series of global studies in wet AMD and DR, including diabetic macular edema, or DME. We expect to be dosing patients in a global Phase 2 study of KSI-301 in the United States in early 2019, and clinical trial applications to ex-U.S. regulatory authorities for this study are in progress.

We plan to continue to use third-party contract research organizations, or CROs, to carry out our preclinical and clinical development. We rely on third-party contract manufacturing organizations, or CMOs, to manufacture and supply our preclinical and clinical materials to be used during the development of our product candidates. We currently do not need commercial manufacturing capacity.

We do not have any products approved for sale and have not generated any product revenue since inception. From inception through June 30, 2018, we funded our operations primarily with an aggregate of $94.4 million in gross cash proceeds from the sale and issuance of redeemable convertible preferred stock, convertible notes and warrants to purchase Series B redeemable convertible preferred stock.

Since inception in June 2009, we have devoted substantially all of our resources to discovering and developing product candidates and manufacturing processes, building our ABC Platform and assembling our core capabilities in drug development for ophthalmic disease.

We have incurred significant operating losses to date and expect that our operating losses will increase significantly as we advance our product candidates, particularly KSI-301, through preclinical and clinical development, seek regulatory approval, and prepare for, and, if approved, proceed to commercialization; broaden and improve our platform; acquire, discover, validate and develop additional product candidates; obtain, maintain, protect and enforce our intellectual property portfolio; and hire additional personnel. In addition, upon the completion of this offering we expect to incur additional costs associated with operating as a public company.

Our net losses were $17.1 million and $27.9 million for the years ended December 31, 2016 and 2017 and $11.8 million and $16.3 million for the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, we had an accumulated deficit of $85.7 million.

Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. Until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our operations through the sale of equity, debt financings or other capital sources, including potential collaborations with other companies or other strategic transactions. Adequate funding may not be available to us on acceptable terms, or at all. If we fail to raise capital or enter into such agreements as, and when, needed, we may have to significantly delay, scale back, or discontinue the development and commercialization of KSI-301 for wet AMD or DR or delay our efforts to advance and expand our product pipeline.

As of June 30, 2018, we had cash and cash equivalents of $17.6 million. Without giving effect to the anticipated net proceeds from this offering, we do not believe that those cash and cash equivalents will be sufficient to enable us to fund our current operations for at least one year from the original issuance date of our consolidated financial statements for the period ended June 30, 2018. We believe that this raises substantial doubt about our ability to continue as a going concern. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for additional information on our assessment. Similarly, the report of our independent registered public accounting firm on our consolidated financial statements as of and for the year ended December 31, 2017 includes an explanatory paragraph indicating that there is substantial doubt about our ability to continue as a going concern.

Components of Operating Results

Operating Expenses

Research and Development Expenses

Substantially all of our research and development expenses consist of expenses incurred in connection with the development of our ABC Platform and product candidates. These expenses include certain payroll and personnel expenses, including stock-based compensation, for our research and product development employees; laboratory supplies and facility costs; consulting costs; contract manufacturing and fees paid to CROs to conduct certain research and development activities on our behalf; and allocated overhead, including rent, equipment, depreciation and utilities. We expense both internal and external research and development expenses as they are incurred. Costs of certain activities, such as manufacturing and preclinical and clinical studies, are generally recognized based on an evaluation of the progress to completion of specific tasks. Nonrefundable payments made prior to the receipt of goods or services that will be used or rendered for future research and development activities are deferred and capitalized. The capitalized amounts are recognized as expense as the goods are delivered or the related services are performed.

We are focusing substantially all of our resources and development efforts on the development of our product candidates, in particular KSI-301. We expect our research and development expenses to increase substantially following this offering and during the next few years, as we seek to initiate our Phase 2 studies, complete our clinical program, pursue regulatory approval of our drug candidates and prepare for a possible commercial launch. Predicting the timing or the final cost to complete our clinical program or validation of our commercial manufacturing and supply processes is difficult and delays may occur because of many factors, including factors outside of our control. For example, if the FDA or other regulatory authorities were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time on the completion of clinical development. Furthermore, we are unable to predict when or if our drug candidates will receive regulatory approval with any certainty.

General and Administrative Expenses

General and administrative expenses consist principally of payroll and personnel expenses, including stock-based compensation, professional fees for legal, consulting, accounting and tax services, allocated overhead, including rent, equipment, depreciation and utilities, and other general operating expenses not otherwise classified as research and development expenses.

We anticipate that our general and administrative expenses will increase as a result of increased personnel costs, including stock-based compensation, expanded infrastructure and higher consulting, legal and accounting services associated with maintaining compliance with stock exchange listing and SEC requirements, investor relations costs and director and officer insurance premiums associated with being a public company.

Interest Expense

Interest expense consists primarily of interest expense related to our convertible notes, including accretion of debt discount and debt issuance costs.

Other Income (Expense), Net

Other income (expense), net primarily consists of changes in the fair value of warrants for Series B redeemable convertible preferred stock, changes in fair value of the derivative instruments and interest income.

Results of Operations

Comparison of the Six Months Ended June 30, 2017 and 2018

The following table summarizes our results of operations for the periods indicated:

	Six Months Ended June 30,		Change	
	2017	2018	Dollar	Percent
	(in thousands)			
Operating expenses:				
Research and development	$ 10,098	$ 7,233	$(2,865)	(28)%
General and administrative	1,687	3,404	1,717	102
Loss from operations	(11,785)	(10,637)	1,148	10
Interest expense (includes $1,867 attributable to related parties for the six months ended June 30, 2018)	(12)	(3,347)	(3,335)	NM*
Other income (expense), net (includes $1,585 other expense attributable to related parties for the six months ended June 30, 2018)	14	(2,345)	(2,359)	NM*
Net loss	$(11,783)	$(16,329)	$(4,546)	(39)%

* NM—not meaningful

Research and Development Expenses

Research and development expenses decreased $2.9 million, or 28%, from the six months ended June 30, 2017 to the six months ended June 30, 2018, as we incurred expenses relating to KSI-301 drug substance manufacturing runs for use in our Phase 1 and Phase 2 clinical trials primarily in fiscal 2017.

The following table summarizes our research and development expenses:

	Six Months Ended June 30,		Change	
	2017	2018	Dollar	Percent
	(in thousands)			
ABC Platform external expenses(1)	$ 949	$ 548	$ (401)	(42)%
KSI-301 program external expenses(2)	5,427	3,488	(1,939)	(36)
Payroll and personnel expenses(3)	1,693	1,866	173	10
Other research and development expenses(4)	2,029	1,331	(698)	(34)
Total research and development expenses	$10,098	$7,233	$(2,865)	(28)%

(1) ABC Platform external expenses primarily represent fees incurred for services of CMOs and CROs related to our ABC Platform.
(2) KSI-301 program external expenses primarily represent fees incurred for services of CMOs and CROs related to development of KSI-301.
(3) Payroll and personnel expenses include compensation of our personnel involved in research and development activities, including salaries, benefits and stock-based compensation. We do not allocate payroll and personnel expenses to specific programs, because these expenses relate to multiple programs and, as such, are separately classified.
(4) Other research and development expenses represent direct expenses related to research and development activities other than those listed above.

ABC Platform external expenses decreased by $0.4 million, or 42%, from the six months ended June 30, 2017 to the six months ended June 30, 2018. The decrease was primarily due to increased focus on KSI-301.

KSI-301 program external expenses decreased by $1.9 million, or 36%, from the six months ended June 30, 2017 to the six months ended June 30, 2018 due to completion of drug substance manufacturing runs for use in Phase 1 and Phase 2 clinical trials primarily in fiscal 2017.

Payroll and personnel expenses increased by $0.2 million, or 10%, from the six months ended June 30, 2017 to the six months ended June 30, 2018. The increase was a result of increased headcount.

Other research and development expenses decreased by $0.7 million, or 34%, from the six months ended June 30, 2017 to the six months ended June 30, 2018. The decrease was primarily due to increased focus on KSI-301. Our other research and development expenses may fluctuate in future periods as we elect to develop KSI-501 or other product candidates.

General and Administrative Expenses

General and administrative expenses increased $1.7 million, or 102%, from the six months ended June 30, 2017 to the six months ended June 30, 2018. The increase in general and administrative expenses was primarily attributable to an increase of $1.1 million in professional services related to accounting, audit and consulting services, an increase of $0.3 million in stock-based compensation and an increase of $0.3 million in additional allocated overhead expenses due to increased headcount.

Interest Expense

Interest expense for the six months ended June 30, 2018 was $3.3 million which was mainly attributable to interest expense on convertible notes issued in August 2017 and February 2018, including accretion of discount and issuance costs.

Other Income (Expense), Net

Other income (expense), net was $2.4 million for the six months ended June 30, 2018, which consisted of a $1.7 million increase in fair value of the redeemable convertible preferred stock warrant liability and a $0.8

million increase in fair value of the derivative instrument related to the convertible notes issued in February 2018, offset by interest income of $0.1 million.

Comparison of the Years Ended December 31, 2016 and 2017

The following table summarizes our results of operations for the periods indicated:

	Years Ended December 31,		Change	
	2016	2017	Dollar	Percent
	(in thousands)			
Operating expenses:				
Research and development	$ 14,053	$ 22,022	$ 7,969	57%
General and administrative	3,098	3,499	401	13
Loss from operations	(17,151)	(25,521)	(8,370)	49
Interest expense (includes $914 attributable to related parties for the year ended December 31, 2017)	(6)	(1,185)	(1,179)	NM*
Other income (expense), net (includes $1,008 other expense attributable to related parties for the year ended December 31, 2017)	25	(1,230)	(1,255)	NM*
Net loss	$(17,132)	$(27,936)	$(10,804)	63%

* NM—not meaningful

Research and Development Expenses

Research and development expenses increased $8.0 million, or 57%, from the year ended December 31, 2016 to the year ended December 31, 2017.

The following table summarizes our research and development expenses:

	Years Ended December 31,		Change	
	2016	2017	Dollar	Percent
	(in thousands)			
ABC Platform external expenses(1)	$ 7,582	$ 931	$ (6,651)	(88)%
KSI-301 program external expenses(2)	—	14,021	14,021	NM*
Payroll and personnel expenses(3)	3,375	3,288	(87)	(3)
Other research and development expenses(4)	3,096	3,782	686	22
Total research and development expenses	$14,053	$22,022	$ 7,969	57%

* NM—not meaningful

(1) ABC Platform external expenses primarily represent fees incurred for services of CMOs and CROs related to our ABC Platform.

(2) KSI-301 program external expenses primarily represent fees incurred for services of CMOs and CROs related to development of KSI-301.

(3) Payroll and personnel expenses include compensation of our personnel involved in research and development activities, including salaries, benefits and stock-based compensation. We do not allocate payroll and personnel expenses to specific programs, because these expenses relate to multiple programs and, as such, are separately classified.

(4) Other research and development expenses represent direct expenses related to research and development activities other than those listed above.

ABC Platform external expenses decreased by $6.7 million, or 88%, from the year ended December 31, 2016 to the year ended December 31, 2017. The decrease was primarily attributable to the increased focus on the development of KSI-301 in the year ended December 31, 2017.

KSI-301 program external expenses were $14.0 million in the year ended December 31, 2017.

Payroll and personnel expenses did not significantly change from the year ended December 31, 2016 to the year ended December 31, 2017.

Other research and development expenses increased by $0.7 million, or 22%, from the year ended December 31, 2016 to the year ended December 31, 2017. The increase is attributable to the increase of $0.7 million in CMO and external contractor expenses, increase of $0.5 million in overhead and depreciation expenses, which was offset by a decrease in lab expenses of $0.5 million.

General and Administrative Expenses

General and administrative expenses increased $0.4 million, or 13%, from the year ended December 31, 2016 to the year ended December 31, 2017. The increase in general and administrative expenses was primarily attributable to an increase of $0.3 million in professional services related to legal, accounting, consulting services and an increase of $0.1 million in allocated overhead expenses.

Interest Expense

Interest expense for the year ended December 31, 2017 was $1.2 million which was mainly attributable to interest expense on our convertible notes issued in August 2017, including accretion of discount and issuance costs.

Other Income (Expense), Net

Other income (expense), net was $1.2 million for the year ended December 31, 2017, which was mainly attributable to the change in the fair value of the redeemable convertible preferred stock warrant liability.

Liquidity and Capital Resources; Plan of Operations

Sources of Liquidity

From inception through June 30, 2018, we funded our operations primarily with an aggregate of $94.4 million in gross cash proceeds from the sale and issuance of convertible preferred stock, convertible notes and warrants to purchase Series B redeemable convertible preferred stock. As of June 30, 2018, we had cash and cash equivalents of $17.6 million.

Future Funding Requirements

We have incurred net losses since our inception. For the years ended December 31, 2016 and 2017, we had net losses of $17.1 million and $27.9 million, respectively, and for the six months ended June 30, 2017 and 2018, we had net losses of $11.8 million and $16.3 million, respectively, and we expect to incur additional losses in future periods. As of June 30, 2018, we had an accumulated deficit of $85.7 million. Based on our current business plan, we believe that our existing cash, cash investments, and proceeds from this offering will provide sufficient funds to sustain operations through at least the next 12 months.

We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to (i) to advance KSI-301 through enrollment of the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with wet AMD and to expand the scope of our Phase 1 clinical trial for KSI-301 through completion of a Phase 1b clinical trial; (ii) to advance KSI-301 into Phase 2 clinical trials in China for wet AMD and DME/DR; (iii) to advance KSI-301 into the Phase 2 clinical trial in the U.S., EU and rest of the world in patients with DME/DR; (iv) towards research and development of our pipeline including KSI-501 and to initiate additional clinical studies in ophthalmology; and (v) for working capital and other general corporate purposes. We have based these estimates on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we expect. Because of the risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount of our working capital requirements. Our future funding requirements will depend on and could increase significantly as a result of many factors, including those listed above.

Without giving effect to the anticipated net proceeds from this offering, we expect that our existing cash and cash equivalents will be insufficient to fund our operating expenses and clinical trial expenditure requirements through the next year. To finance our operations beyond that point, we would need to raise additional capital, which cannot be assured. We have concluded that these circumstances raise substantial doubt about our ability to continue as a going concern within one year after the original issuance date of our consolidated financial statements for the period ended June 30, 2018. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for additional information on our assessment.

Similarly, in its report on our consolidated financial statements for the year ended December 31, 2017, our independent registered public accounting firm included an explanatory paragraph stating that our recurring losses from operations since inception and additional funding required to finance our operations raise substantial doubt about our ability to continue as a going concern.

To date, we have not generated any revenue. We do not expect to generate any meaningful revenue unless and until we obtain regulatory approval of and commercialize any of our product candidates or enter into collaborative agreements with third parties, and we do not know when, or if, either will occur. We expect to continue to incur significant losses for the foreseeable future, and we expect the losses to increase as we continue the development of, and seek regulatory approvals for, our product candidates, and begin to commercialize any approved products. We are subject to all of the risks typically related to the development of new product candidates, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. Moreover, following the completion of this offering, we expect to incur additional costs associated with operating as a public company.

The expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions. However, we have based these estimates on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. The timing and amount of our operating expenditures and capital requirements will depend on many factors, including:

- the scope, timing, rate of progress and costs of our drug discovery, preclinical development activities, laboratory testing and clinical trials for our product candidates;
- the number and scope of clinical programs we decide to pursue;
- the scope and costs of manufacturing development and commercial manufacturing activities;
- the extent to which we acquire or in-license other product candidates and technologies;
- the cost, timing and outcome of regulatory review of 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;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- our efforts to enhance operational systems and our ability to attract, hire and retain qualified personnel, including personnel to support the development of our product candidates;
- the costs associated with being a public company; and
- the cost and timing associated with commercializing our product candidates, if they receive marketing approval.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Furthermore, our operating plans may change in the future, and we will continue to require additional capital to meet operational needs and capital requirements associated with such operating plans. If we raise additional funds by issuing equity securities, our stockholders may experience dilution. Any future debt financing into which we enter may impose upon us additional covenants that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our common stock, make

certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity that we raise may contain terms that are not favorable to us or our stockholders. If we are unable to raise additional funds when needed, we may be required to delay, reduce, or terminate some or all of our development programs and clinical trials. We may also be required to sell or license to others rights to our product candidates in certain territories or indications that we would prefer to develop and commercialize ourselves.

Adequate additional funding may not be available to us on acceptable terms or at all. Our failure to raise capital as and when needed could have a negative impact on our financial condition and our ability to pursue our business strategies. See the section of this prospectus titled “Risk Factors” for additional risks associated with our substantial capital requirements.

2017 Convertible Notes

In August 2017, we received $10.0 million in gross proceeds from the issuance of convertible notes, or 2017 convertible notes, and warrants to purchase Series B redeemable convertible preferred stock. Interest on the unpaid principal balance of the 2017 convertible notes accrues and compounds monthly from October 1, 2017 at a contractual rate of 2.5% per month and is payable at maturity. Unless converted, the 2017 convertible notes mature on the earlier of (1) December 1, 2020 and (2) the date of the consummation of a change of control.

The 2017 convertible notes include embedded derivatives that are required to be bifurcated and accounted for separately as a single, compound derivative instrument. The estimated fair value of this derivative instrument was immaterial as of the issuance date and as of June 30, 2018, due to the probability of occurrence of the underlying events being remote. The 2017 convertible notes have an annual effective interest rate of 38.18%. Interest expense, including amortization of debt discount and issuance costs for the year ended December 31, 2017 and six months ended June 30, 2018 was $1.1 million and $1.7 million, respectively.

Our obligations with respect to the 2017 convertible notes are secured by all of our tangible and intangible assets. The 2017 convertible notes include covenants that restrict our ability to issue capital stock, repurchase or redeem capital stock, dispose of assets, incur debt, incur liens and make distributions to stockholders, including dividends. As of December 31, 2017 and June 30, 2018, we were in compliance with regards to all covenants with respect to the 2017 convertible notes. The 2017 convertible notes have customary events of default.

After January 31, 2018, each holder of 2017 convertible notes may at any time, at its option, elect to convert the principal amount and accrued interest of such convertible notes into shares of Series B redeemable convertible preferred stock at a price of $5.00 per share. Upon the consummation of an IPO, the 2017 convertible notes’ outstanding principal balance and accrued but unpaid interest will be repaid, unless the holder elects, at its option, to convert into shares of common stock issued in such IPO at the conversion price equal to the issuance price of common stock issued in such IPO.

As additional consideration for the notes, we issued warrants to purchase an aggregate of 500,000 shares of Series B redeemable convertible preferred stock at the exercise price of $0.01, as adjusted for any stock splits, stock dividends, recapitalizations, reclassifications, combinations or similar transactions. Upon the consummation of this offering, those warrants will be converted into warrants to purchase shares of our common stock.

2018 Convertible Notes

In February 2018, we received $33.0 million in gross proceeds from the issuance of convertible notes, or the 2018 convertible notes, of which we issued $31.2 million and $1.8 million aggregate principal amounts on February 2, 2018 and February 23, 2018, respectively. Interest on the unpaid principal balance of the notes accrues from the date of issuance, and compounds monthly from February 28, 2018 at a rate of 6.0% per year and is payable at maturity. Unless converted, the 2018 convertible notes mature on the earlier of (1) December 1, 2020 and (2) the date of the consummation of a change of control.

The 2018 convertible notes include embedded derivatives that are required to be bifurcated and accounted for separately as a single, compound derivative instrument. The estimated fair value of this derivative instrument

was $6.6 million as of the issuance date and $7.4 million as of June 30, 2018. The 2018 convertible notes have an annual effective interest rate of 15.10% for the principal amount issued on February 2, 2018 and 15.45% for the principal amount issued on February 23, 2018. Interest expense, including amortization of debt discount and issuance costs for the six months ended June 30, 2018 was $1.5 million.

Our obligations with respect to the 2018 convertible notes are unsecured and subordinated to our obligations with respect to the 2017 convertible notes. The 2018 convertible notes include covenants that restrict our ability to issue capital stock, repurchase or redeem capital stock, dispose of assets, incur debt, incur liens and make distributions to stockholders, including dividends. As of June 30, 2018, we were in compliance with regards to all covenants with respect to the 2018 convertible notes. The 2018 convertible notes have customary events of default.

The 2018 convertible notes will automatically convert into shares of our common stock at a price equal to (1) 80% of the initial price to public in a qualified initial public offering if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public in a qualified initial public offering if such offering is completed on or after February 2, 2019. A qualified initial public offering is one in which we receive aggregate gross proceeds of at least $75.0 million or all of the 2017 convertible notes convert into shares of our common stock. In connection with an offering that does not constitute a qualified initial public offering, each holder of 2018 convertible notes may, at its option, elect to convert the principal amount and accrued interest of the 2018 convertible notes owned by such holder into shares of common stock at a price equal to (1) 80% of the initial price to public if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public if such offering is completed on or after February 2, 2019.

Summary Statement of Cash Flows

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods presented below:

	Years Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(in thousands)			
Net cash (used in) provided by:				
Operating activities	$(16,047)	$(17,655)	$(7,762)	$(15,707)
Investing activities	(771)	(209)	(42)	(38)
Financing activities	(120)	9,637	(87)	31,991
Net increase (decrease) in cash, cash equivalents and restricted cash	$(16,938)	$ (8,227)	$(7,891)	$ 16,246

Cash Flows from Operating Activities

Net cash used in operating activities was $15.7 million for the six months ended June 30, 2018. Cash used in operating activities was primarily due to the use of funds in our operations to develop KSI-301, resulting in a net loss of $16.3 million, adjusted by non-cash charges of $6.8 million offset by a change in operating assets and liabilities of $6.2 million. The non-cash charges primarily consisted of $1.7 million in loss due to change in fair value of redeemable convertible preferred stock warrant liability, $0.8 million in loss due to change in fair value of derivative instrument related to the convertible notes issued in February 2018, $3.3 million in non-cash interest expense and amortization of debt discount and issuance costs, $0.2 million of depreciation expense, and $0.7 million of stock-based compensation. The change in net operating assets and liabilities was primarily due to a decrease in accrued liabilities of $4.1 million mainly related to a decrease in accrued research and development and accrued compensation expenses, a decrease in accounts payable of $1.8 million due to the timing of vendor payments and an increase in prepaid and other assets of $0.3 million mainly due to an increase in advance payments.

Net cash used in operating activities was $7.8 million for the six months ended June 30, 2017. Cash used in operating activities was primarily due to the use of funds in our operations to develop KSI-301, resulting in a net

loss of $11.8 million, adjusted by non-cash charges of $0.4 million and change in operating assets and liabilities of $3.6 million. The non-cash charges primarily consisted of $0.2 million of depreciation expense and $0.1 million of stock-based compensation. The change in net operating assets and liabilities was primarily due to an increase in accrued liabilities of $1.8 million mainly related to an increase in accrued research and development and accrued compensation expenses, an increase in accounts payable of $1.4 million due to the timing of vendor payments and a decrease in prepaid and other assets of $0.4 million mainly due to amortization of prepaid expenses.

Net cash used in operating activities was $17.7 million for the year ended December 31, 2017. Cash used in operating activities was primarily due to the use of funds in our operations to develop KSI-301, resulting in a net loss of $27.9 million, adjusted by non-cash charges of $3.2 million offset by a change in operating assets and liabilities of $7.0 million. The non-cash charges primarily consisted of $1.3 million in expense due to change in fair value of redeemable convertible preferred stock warrant liability, $1.2 million in non-cash interest expense and amortization of debt discount and issuance costs, $0.5 million of depreciation and amortization, and $0.3 million of stock-based compensation. The change in net operating assets and liabilities was primarily due to an increase in accrued liabilities of $4.3 million mainly related to an increase in accrued research and development and accrued compensation expenses, an increase in accounts payable of $2.2 million due to the timing of vendor payments and a decrease in prepaid and other assets of $0.4 million mainly due to amortization of prepaid expenses.

Net cash used in operating activities was $16.0 million for the year ended December 31, 2016. Cash used in operating activities was due to the use of funds in our operations to develop our ABC Platform, resulting in a net loss of $17.1 million, offset by non-cash charges of $0.3 million of depreciation expense and $0.3 million of stock-based compensation expense, a decrease in prepaid expense and other current assets of $0.3 million, and an increase in accrued liabilities and other current assets of $0.2 million.

Cash Flows from Investing Activities

Net cash used in investing activities was less than $0.1 million for the six months ended June 30, 2018 and primarily related to the purchase of property and equipment.

Net cash used in investing activities was less than $0.1 million for the six months ended June 30, 2017 and primarily related to the purchase of property and equipment.

Net cash used in investing activities was $0.2 million for the year ended December 31, 2017 and primarily related to purchase of property and equipment.

Net cash used in investing activities was $0.8 million for the year ended December 31, 2016, which was related to $0.8 million used in the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $32.0 million for the six months ended June 30, 2018, which consisted primarily of $33.0 million of gross proceeds from issuance of convertible notes, offset by $0.8 million of deferred offering costs, $0.1 million of debt issuance costs, $0.1 million of principal payments under a capital lease agreement and less than $0.1 million payments related to tenant improvement allowance payable.

Net cash used in financing activities was $0.1 million for the six months ended June 30, 2017, which consisted primarily of principal payments under a capital lease agreement and payments related to tenant improvement allowance payable.

Net cash provided by financing activities was $9.6 million for the year ended December 31, 2017, which consisted primarily of $10.0 million of gross proceeds from issuance of convertible notes, offset by $0.2 million of debt issuance costs, $0.1 million of principal payments under a capital lease agreement and $0.1 million payments related to tenant improvement allowance payable.

Net cash used in financing activities was $0.1 million for the year ended December 31, 2016, which consisted primarily of principal payments under a capital lease agreement and payments related to tenant improvement allowance payable.

Contractual Obligations and Commitments

The following table summarizes our contractual obligations as of December 31, 2017:

	Payments Due by Period				
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
	(in thousands)				
Capital lease obligations(1)	$ 135	$ 61	$ —	$ —	$ 196
Operating lease obligations(2)	514	1,145	1,214	526	3,399
Manufacturing agreements(3)	7,429	3,432	—	—	10,861
Tenant improvement obligations(4)	118	191	191	117	617
2017 convertible notes, including interest(5)	—	25,578	—	—	25,578
Total	$ 8,196	$30,407	$1,405	$ 643	$40,651

(1) We lease certain laboratory equipment under non-cancelable lease agreements, which are required to be paid over the contractually agreed period.

(2) We lease our facility under a non-cancelable operating lease. In January 2013, we entered into a lease for our current laboratory and office space that commenced in October 2013 and expires in October 2018. In March 2016, we entered into a lease amendment that extended the lease term to October 31, 2023. The minimum lease payments above do not include any related common area maintenance charges or real estate taxes.

(3) We have entered into service agreements with a third-party CMO, pursuant to which the CMO agreed to perform activities in connection with the manufacturing process of certain compounds. Such agreements state that planned activities that are included in some signed work orders are binding and, therefore, obligate us to pay the full price of the work order upon satisfactory delivery of products and services. Per the terms of the agreements, we have the option to cancel signed orders at any time upon written notice, which may or may not be subject to payment of a cancellation fee depending on the timing of the written notice in relation to the commencement date of the work, with the maximum cancellation fee equal to the full price of the work order. Although the payment of the cancellation fee will generally be due at the scheduled commencement date, we may record the manufacturing expense and related obligation as an accrued liability at the time of cancellation.

(4) We have tenant improvement obligations under our facilities lease agreements, which are required to be paid over the contractually agreed period.

(5) We received $10.0 million in gross proceeds from the issuance of 2017 convertible notes and warrants to purchase Series B redeemable convertible preferred stock in August 2017. Interest on the unpaid principal balance of the 2017 convertible notes accrues from October 1, 2017 and compounds monthly from October 31, 2017 at a rate of 2.5% per month and is payable at maturity. Unless converted, the 2017 convertible notes mature on the earlier of (1) December 1, 2020 or (2) the date of the consummation of a change of control. If not converted or matured before December 1, 2020 we will repay $10.0 million principal and $15.6 million accrued interest.

We received $33.0 million in gross proceeds from the issuance of 2018 convertible notes in February 2018, which is not included in the above table. Interest on the unpaid principal balance of the 2018 convertible notes accrues from the date of issuance, and compounds monthly from February 28, 2018 at a rate of 6.0% per year and is payable at maturity. Unless converted, the 2018 convertible notes mature on the earlier of (1) December 1, 2020 and (2) the date of the consummation of a change of control. If not converted or matured before December 1, 2020, we will repay $33.0 million principal and $6.1 million accrued interest.

We enter into contracts in the normal course of business with third party contract organizations for preclinical studies and testing, manufacturing, and providing other services and products for operating purposes. These contracts generally provide for termination following a certain period after notice, and therefore we believe that our non-cancelable obligations under these agreements are not material.

We are also party to a cancellable assignment and license agreement that would require us to make milestone payments of up to $33.2 million and royalty payments on net sales of products utilizing KSI-201 and related technology. Such milestones and royalties are dependent on future activity or product sales and are not provided for in the table above as the timing and amounts, respectively, are not estimable.

Critical Accounting Policies, Significant Judgments and Use of Estimates

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

While our significant accounting policies are described in the notes to our consolidated financial statements, we believe that the following critical accounting policies are most important to understanding and evaluating our reported financial results.

Redeemable Convertible Preferred Stock

We record all shares of redeemable convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Company, or a liquidation event such as a merger, acquisition and sale of all or substantially all of our assets, each of which we refer to as a deemed liquidation event, proceeds will be distributed in accordance with the liquidation preferences set forth in the amended and restated certificate of incorporation unless the holders of redeemable convertible preferred stock have converted their redeemable convertible preferred shares into common stock. Therefore, the redeemable convertible preferred stock is recorded in mezzanine equity on the consolidated balance sheet as events triggering the liquidation preferences are not solely within our control. We have not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because it is uncertain whether or when an event would occur that would obligate us to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such a liquidation event will occur.

Redeemable Convertible Preferred Stock Warrants

We account for warrants to purchase shares of our redeemable convertible preferred stock as liabilities at their estimated fair value because these warrants may obligate us to transfer assets to the holders at a future date under certain circumstances, such as a merger, acquisition, reorganization, sale of all or substantially all of our assets, each a change of control event. The warrants are recorded at fair value upon issuance and are subject to remeasurement to fair value at each period end, with any fair value adjustments recognized in the consolidated statements of operations and comprehensive loss. We will continue to adjust the warrant liability for changes in fair value until the earlier of the exercise or expiration of the redeemable convertible preferred stock warrants, occurrence of a deemed liquidation event or conversion of redeemable convertible preferred stock into common stock.

If all outstanding shares of the series of redeemable convertible preferred stock for which the redeemable convertible preferred stock warrants are exercisable for are converted to shares of common stock or any other security in connection with a qualified IPO or otherwise, then after such conversion (1) the redeemable convertible preferred stock warrants shall become exercisable for such number of shares of common stock or such other security as is equal to the number of shares of common stock or such other security that each share of redeemable convertible preferred stock was converted into, multiplied by the number of shares subject to the redeemable convertible preferred stock warrants immediately prior to such conversion, and (2) the exercise price of the redeemable convertible preferred stock warrants shall automatically be adjusted to equal to the number obtained by dividing (a) the aggregate exercise price for which the redeemable convertible preferred stock warrants were exercisable immediately prior to such conversion by (b) the number of shares of common stock or such other security for which the redeemable convertible preferred stock warrants are exercisable immediately after such conversion. A Qualified IPO is our first sale of common stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended, at a per share public offering price (prior to underwriter commissions and expenses) of at least $10.00 (as adjusted for stock splits, combinations, dividends and the like) and that results in aggregate gross cash proceeds to us of an amount equal to or greater than $75.0 million (before deduction of underwriting discounts, commissions and expenses).

Derivative Instrument

The 2017 and 2018 convertible notes contain embedded features that provide the lenders with multiple settlement alternatives. Certain of these settlement features provide the lenders a right to a fixed number of our shares upon conversion of the notes, or the conversion option. Other settlement features provide the lenders the right or the obligation to receive cash or a variable number of our shares upon the completion of a capital raising transaction, change of control or our default, or the redemption features.

The 2017 convertible notes conversion option does not meet the requirements for separate accounting as an embedded derivative. However, the redemption features do meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument. The derivative instrument is recorded at fair value at inception and is subject to remeasurement to fair value at each balance sheet date, with any changes in fair value recognized in the consolidated statements of operations and comprehensive loss. The estimated fair value of the derivative instrument was immaterial as of the issuance date and as of June 30, 2018, due to the probability of occurrence of the underlying events being remote. We will continue to adjust the derivative instrument for changes in fair value until the earlier of the conversion or redemption of the 2017 convertible notes.

The 2018 convertible notes conversion option does not meet the requirements for separate accounting as an embedded derivative. However, the redemption features do meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument. The derivative instrument is recorded at fair value at inception and is subject to remeasurement to fair value at each balance sheet date, with any changes in fair value recognized in the consolidated statements of operations and comprehensive loss. The estimated fair value of the derivative instrument was $6.6 million as of the issuance date and $7.4 million as of June 30, 2018. We will continue to adjust the derivative instrument for changes in fair value until the earlier of the conversion or redemption of the 2018 convertible notes. We expect to record a non-cash charge in the third quarter of 2018 as a result of the final mark-to-market adjustment of the derivative instrument to fair value upon the completion of this offering.

Accrued Research and Development

Our preclinical study and clinical trial accruals are a component of research and development expenses and are based on patient enrollment and related costs at clinical investigator sites as well as estimates for the services received and efforts expended pursuant to contracts with multiple research institutions and CROs. We estimate preclinical study and clinical trial expenses based on level of services performed, progress of the studies, including the phase or completion of events, and contracted costs. The estimated costs of research and development provided, but not yet invoiced, are included in accrued liabilities and other current liabilities on the

balance sheet. If the actual timing of the performance of services or the level of effort varies from the original estimates, we will adjust the accrual accordingly. Payments made to CROs or CMOs under these arrangements in advance of the performance of the related services are recorded as prepaid expenses and other current assets until the services are rendered.

Stock-Based Compensation Expense

We use a fair value-based method to account for all stock-based compensation arrangements with employees including stock options and stock awards. Our determination of the fair value of stock options on the date of grant utilizes the Black-Scholes option-pricing model.

The fair value of the option granted is recognized on a straight-line basis over the period during which an optionee is required to provide services in exchange for the option award, known as the requisite service period, which usually is the vesting period. Prior to January 1, 2017, stock-based compensation expense recognized at fair value included the impact of estimated forfeitures. Upon the adoption of ASU 2016-09 for periods after January 1, 2017, we no longer record estimated forfeitures on share-based awards and, instead, have elected to record forfeitures as they occur.

Equity instruments issued to non-employees are recorded at their fair value using the Black-Scholes valuation model on the measurement date and are subject to periodic adjustments as the underlying equity instruments vest. The non-employee stock-based compensation expense was not material for all periods presented.

Estimates of the fair value of equity awards as of the grant date using valuation models such as the Black-Scholes option pricing model are affected by assumptions regarding a number of complex variables. Changes in the assumptions can materially affect the fair value and ultimately how much stock-based compensation expense is recognized. These inputs are subjective and generally require significant analysis and judgment to develop. Changes in the following assumptions can materially affect the estimate of the fair value of stock–based compensation:

- *Expected Term*—The expected term is calculated using the simplified method, which is available where there is insufficient historical data about exercise patterns and post-vesting employment termination behavior. The simplified method is based on the vesting period and the contractual term for each grant, or for each vesting-tranche for awards with graded vesting. The mid-point between the vesting date and the maximum contractual expiration date is used as the expected term under this method. For awards with multiple vesting-tranches, the times from grant until the mid-points for each of the tranches may be averaged to provide an overall expected term.
- *Expected Volatility*—For all stock options granted to date, the volatility data was estimated based on a study of publicly traded industry peer companies as we did not have any trading history for our common stock. For purposes of identifying these peer companies, we considered the industry, stage of development, size and financial leverage of potential comparable companies. For each grant, we measured historical volatility over a period equivalent to the expected term.
- *Expected Dividend*—The Black-Scholes valuation model valuation model calls for a single expected dividend yield as an input. We currently have no history or expectation of paying cash dividends on our common stock. Accordingly, we have estimated the dividend yield to be zero.
- *Risk-Free Interest Rate*—The risk-free interest rate is based on the yield available on U.S. Treasury zero-coupon issues similar in duration to the expected term of the equity-settled award.

Common Stock Valuations

The estimated fair value of the common stock underlying our stock options and stock awards was determined at each grant date by our board of directors, with input from management. All options to purchase shares of our common stock are intended to be exercisable at a price per share not less than the per-share fair value of our common stock underlying those options on the date of grant.

In the absence of a public trading market for our common stock, on each grant date, we develop an estimate of the fair value of our common stock based on the information known to us on the date of grant, upon a review of any recent events and their potential impact on the estimated fair value per share of the common stock, and in part on input from an independent third-party valuation firm. As is provided for in Section 409A of the U.S. Internal Revenue Code, or the Code, we generally rely on our valuations for up to twelve months unless we have experienced a material event that would have affected the estimated fair value per common share.

Our valuations of our common stock were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, or the Practice Aid.

The assumptions used to determine the estimated fair value of our common stock are based on numerous objective and subjective factors, combined with management judgment, including:

- external market conditions affecting the pharmaceutical and biotechnology industry and trends within the industry;
- our stage of development and business strategy;
- the rights, preferences and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the prices at which we sold shares of our redeemable convertible preferred stock;
- our financial condition and operating results, including our levels of available capital resources;
- the progress of our research and development efforts;
- equity market conditions affecting comparable public companies; and
- general U.S. market conditions and the lack of marketability of our common stock.

The Practice Aid identifies various available methods for allocating enterprise value across classes and series of capital stock to determine the estimated fair value of common stock at each valuation date. In accordance with the Practice Aid, we considered the following methods:

- *Option Pricing Method.* Under the option pricing method, or OPM, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The estimated fair values of the preferred and common stock are inferred by analyzing these options.
- *Probability-Weighted Expected Return Method.* The probability-weighted expected return method, or PWERM, is a scenario-based analysis that estimates value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class.

Based on our early stage of development and other relevant factors, we determined that a hybrid approach of the OPM and the PWERM methods was the most appropriate method for allocating our enterprise value to determine the estimated fair value of our common stock for valuations performed as of December 31, 2016, December 31, 2017, and March 16, 2018. In determining the estimated fair value of our common stock, our board of directors also considered the fact that our stockholders could not freely trade our common stock in the public markets. Accordingly, we applied discounts to reflect the lack of marketability of our common stock based on the weighted-average expected time to liquidity. The estimated fair value of our common stock at each grant date reflected a non-marketability discount partially based on the anticipated likelihood and timing of a future liquidity event.

Following the completion of this offering, our board of directors intends to determine the fair value of our common stock based on the closing quoted market price of our common stock on the date of grant.

Income Taxes

We provide for income taxes under the asset and liability method. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards, and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all of the tax benefits will not be realized.

We assess all material positions taken in any income tax return, including all significant uncertain positions, in all tax years that are still subject to assessment or challenge by relevant taxing authorities. Assessing an uncertain tax position begins with the initial determination of the position's sustainability and is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

As of each balance sheet date, unresolved uncertain tax positions must be reassessed, and we will determine whether (1) the factors underlying the sustainability assertion have changed and (2) the amount of the recognized tax benefit is still appropriate. The recognition and measurement of tax benefits requires significant judgment. Judgments concerning the recognition and measurement of a tax benefit might change as new information becomes available. Our policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Net operating loss carryforwards, or NOLs, and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service, or IRS, and may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50% as defined under Sections 382 and 383 in the Internal Revenue Code, which could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on our value immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. We have not determined whether there has been any cumulative ownership changes or the impact on the utilization of the loss carryforwards if such changes have occurred.

As of December 31, 2017, we had unrecognized tax benefits, all of which would affect income tax expense if recognized, before consideration of our valuation allowance. We do not expect that our uncertain tax positions will materially change in the next twelve months.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation through the Tax Act. The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering the U.S. corporate income tax rates and implementing a territorial tax system. The corporate tax rate will be reduced from 35% to 21% for tax years beginning after December 31, 2017. This rate change resulted in a $2.5 million reduction in our deferred tax assets from the prior year with a corresponding offset to valuation allowance. Under the Tax Act, net operating losses arising after December 31, 2017 do not expire and cannot be carried back. However, the Tax Act limits the amount of net operating losses that can be used annually to 80% of taxable income for periods beginning after December 31, 2017. Existing net operating losses arising in years ending on or before December 31, 2017 are not affected by these provisions.

The SEC released SAB 118 on December 22, 2017 to provide guidance in the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the tax reform. The ultimate impact of tax reform may differ from our accounting for the relevant matters of the Tax Act, due to changes in clarification and interpretive guidance that may be issued by the IRS and actions we may take in response to the Tax Act. Tax reform is highly complex and we will continue to assess the impact that various provisions will have on our business. Any subsequent adjustment to these amounts will be recorded to current tax expense when the analysis is complete. Accordingly, we recorded a provisional charge for the

remeasurement of deferred taxes at 21% as of December 31, 2017, with a corresponding offset to our valuation allowance. We consider the accounting of the deferred tax re-measurements to be complete. However, ongoing guidance and accounting interpretation are expected in the near term and we expect to complete our analysis within the measurement period in accordance with SAB 118.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission, or SEC.

JOBS Act Accounting Election

The Jumpstart Our Business Startups Act of 2012, or JOBS Act, permits an "emerging growth company" such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until such pronouncements are made applicable to private companies, unless we otherwise irrevocably elect not to avail ourselves of this exemption. However, we have chosen to irrevocably "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to not take advantage of the extended transition period for complying with new or revised accounting standards is irrevocable.

Recent Accounting Pronouncements

See the sections titled "Summary of Significant Accounting Policies—Recent Accounting Pronouncements" in Note 2 to our consolidated financial statements included elsewhere in this prospectus for additional information.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates or exchange rates. As of June 30, 2018, we had cash and cash equivalents of $17.6 million, consisting of cash held in bank accounts and money market funds denominated in U.S. dollars. Due to the nature of our cash equivalents, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash and cash equivalents.

We do not believe that inflation, interest rate changes or exchange rate fluctuations had a significant impact on our results of operations for any periods presented herein.

BUSINESS

Overview

We are a clinical stage biopharmaceutical company specializing in novel therapeutics to treat chronic, high-prevalence retinal diseases. Our most advanced product candidate is KSI-301, a biologic therapy built with our antibody biopolymer conjugate platform, or ABC Platform, which is designed to maintain potent and effective drug levels in ocular tissues. We believe that KSI-301, if approved, has the potential to become an important anti-VEGF therapy in wet age-related macular degeneration, or wet AMD, and diabetic retinopathy, or DR. KSI-301 and our ABC Platform were developed at Kodiak, and we own worldwide rights to those assets, including composition of matter patent protection for KSI-301. We have applied our ABC Platform to develop additional product candidates beyond KSI-301, including KSI-501, our bispecific anti-IL-6/VEGF bioconjugate. We intend to progress these and other product candidates to address high-prevalence ophthalmic diseases.

We initiated our first-in-human, Phase 1 clinical study of KSI-301 in the United States in nine patients in July 2018. We have successfully dosed all patients at the pre-planned dose levels and reached the primary safety and tolerability endpoint of the study. No patients in the Phase 1 study have experienced any serious adverse events. There have been no drug-related adverse events, no dose limiting toxicities and, notably, no intraocular inflammation observed at any dose. Improvements in best corrected visual acuity, or BCVA, and reductions in macular thickness on optical coherence tomography imaging, or OCT, have been observed at all dose levels. This suggests that KSI-301, a large antibody biopolymer conjugate, is biologically active at all dose levels tested. Having successfully met the primary endpoint of safety and tolerability in the Phase 1 study, with the additional observations around bioactivity, we plan to further evaluate the highest dose tested of KSI-301, 5 mg, in a series of global studies in wet AMD and DR, including diabetic macular edema, or DME.

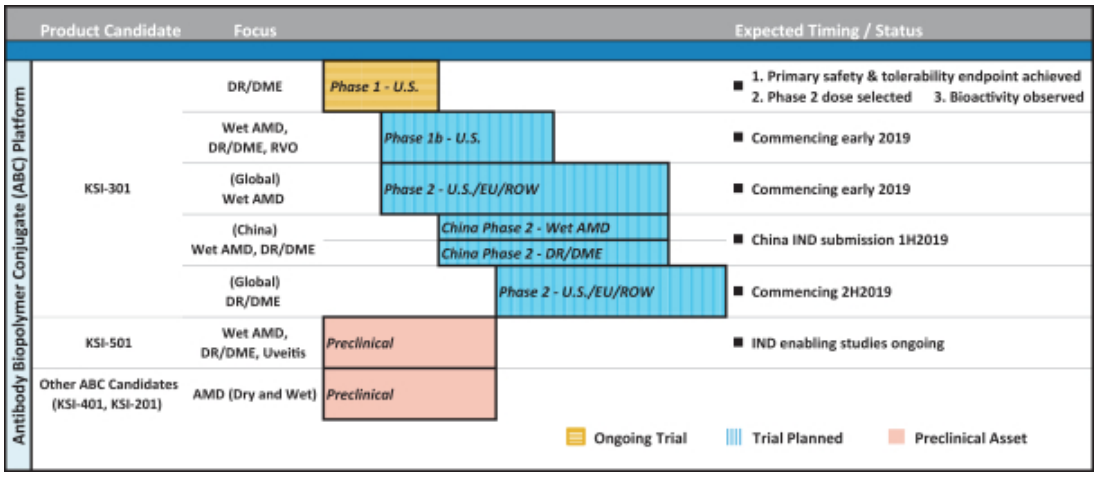
We expect to be dosing patients in a global Phase 2 study of KSI-301 in the United States in early 2019, and clinical trial applications to ex-U.S. regulatory authorities for this study are in progress. This randomized, controlled study in approximately 400 treatment nalve wet AMD patients will evaluate the non-inferiority of intravitreal KSI-301 administered as infrequently as every 16 weeks versus EYLEA (aflibercept) administered on its every 8-week labeled regimen. FDA has indicated that this Phase 2 study, if successful, can be supportive of a marketing application for KSI-301 as one of two pivotal studies in wet AMD required for approval in the United States. We also plan to initiate a Phase 2 clinical trial of KSI-301 in the U.S. and EU in DR patients. We additionally plan to initiate two Phase 2 studies in China, one in wet AMD and one in DR, and we are planning for these studies to have the same clinical design frameworks as our U.S. and EU studies. In parallel to initiating our Phase 2 studies, we intend to expand the scope of our Phase 1 study into a Phase 1b open label study to evaluate the treatment effect and safety of sequential doses of KSI-301 with more intensive ophthalmic imaging and ocular pharmacokinetic assessments.

Target Indications

Our initial target indications for KSI-301 are wet AMD and DR. Wet AMD is a chronic and progressive disease of the central portion of the retina, known as the macula, which is responsible for sharp central vision and color perception. It is caused by abnormal blood vessels that grow underneath the retina and leak blood and fluid into the macula, causing visual distortion and acute vision loss, which can be permanent. Wet AMD is the leading cause of severe vision loss in adults over the age of 50 in the United States and the EU. We estimate the combined prevalence of wet AMD in the United States and the EU to be approximately 2.9 million people. DR is a disease resulting from diabetes, in which chronically elevated blood sugar levels cause progressive damage to blood vessels in the retina. DR is the leading cause of blindness in working age adults in the United States and the EU. We estimate that the number of people in the United States and the EU with DR in 2015 was approximately 28.5 million.

Ongoing and Planned Clinical Development

The following chart summarizes our clinical development plan for our lead product candidate and our other product candidates:



Current Standard of Care for Wet AMD and DR

Overexpression of vascular endothelial growth factor, or VEGF, in ocular tissues is central to the pathogenesis and clinical manifestations of wet AMD and DR. VEGF is a protein produced by cells that stimulates the formation of new blood vessels, a process called neovascularization, and induces vascular permeability. In wet AMD and DR, fluid that exits from blood vessels causes swelling, or edema, of the retina and loss of vision. This loss of vision can be reversed if treated early with an anti-VEGF agent to suppress VEGF signaling. Delayed treatment or undertreatment can result in permanent retinal damage and blindness. To reach effective ocular tissue concentrations, these agents must be injected into the vitreous humor, the jelly-like substance that fills the area between the lens and retina. These injections must occur at regular intervals in order to maintain anti-VEGF effects.

Lucentis (ranibizumab), marketed by Genentech, Inc., a subsidiary of the Roche Group, in the United States and by Novartis AG outside the United States, and EYLEA (aflibercept), marketed by Regeneron Pharmaceuticals, Inc. in the United States and by Bayer HealthCare LLC outside the United States, are anti-VEGF therapies that have become the standard of care for treating wet AMD and severe forms of DR based on pivotal clinical studies in which Lucentis was injected every four weeks and EYLEA was injected every eight weeks (after three initial monthly doses in the case of wet AMD and after five initial monthly doses in the case of DR with DME). Avastin (bevacizumab), marketed for non-ocular indications by Genentech in the United States and by Roche outside of the United States, is an anti-VEGF cancer therapy that shares structural characteristics with Lucentis and is commonly used off-label to treat wet AMD and DR through intravitreal injection dosed every four weeks.

Annual worldwide sales of Lucentis and EYLEA for all indications totaled approximately $9.6 billion in 2017. We believe that a substantial majority of these sales were in connection with the treatment of wet AMD and DR. Avastin, which is currently approved and marketed for the treatment of cancer, is also used off-label to treat wet AMD and DR. We estimate that off-label Avastin represents approximately 60% of the U.S. wet AMD market by volume. We believe that an improved anti-VEGF therapy could further increase both adoption of approved therapies and extend the duration patients remain on treatment, and thus the total addressable market opportunity in wet AMD and DR could be substantial.

Limitations of Current Anti-VEGF Therapies

The limitations of current anti-VEGF therapies include:

- *Existing anti-VEGF therapies block VEGF activity effectively but have limited durability.* We believe current anti-VEGF therapies maintain potent and effective drug levels in ocular tissues for three to six weeks after injection on average. But typical treatment intervals in real-world clinical practice are longer. When a patient's dosing cycle is extended beyond the durability of the anti-VEGF agent, and the amount of drug remaining in the eye falls below therapeutic levels, the disease can progress and cause cumulative and permanent retinal damage. Most wet AMD and DR patients will require protracted anti-VEGF therapy, possibly for life. Under these circumstances, strict adherence to the manufacturer's labeled treatment regimen of every four weeks for Lucentis and every eight weeks for EYLEA is challenging.
- *Real-world utilization of current anti-VEGFs results in undertreatment, which diminishes effectiveness.* A divergence between the efficacy of Lucentis and EYLEA in pivotal clinical trials and in the real world is evidenced in multiple studies and is increasingly recognized as an important unmet medical need. A 2017 report by the Angiogenesis Foundation suggested that the burden involved in monthly visits for evaluation and treatment causes patients and physicians to extend treatment intervals, which in turn results in undertreatment and visual outcomes that fall short of the results seen in clinical trials. For example, Lucentis was tested and failed to successfully extend the treatment interval to 12-week dosing, with patients going back to pre-treatment baseline or even losing vision at the end of the first year of treatment, on average. The Lucentis U.S. product labeling refers to this regimen as an option which is "not as effective" as monthly dosing. Recently, the FDA allowed an update to EYLEA's labeling to allow 12-week dosing, but only in the second year of treatment (after one full year of intensive treatment). The labeling refers to it as "not as effective as the recommended every 8-week dosing." Even a small deviation from per label dosing can be devastating for vision. Missing as few as one or two injections in a year from EYLEA's recommended dosing, results in almost one line of vision lost.
- *Patients are not sustaining visual acuity gains over the long term.* Following exit from tightly controlled clinical trials into the real-world environment, patients, on average, lose all the gains in visual acuity that had been previously achieved.
- *Damage caused by these retinal diseases may be irreversible if anti-VEGF therapy is not initiated early in the disease progression.* A study in patients with diabetic macular edema, or DME, a severe form of DR, found that undertreatment in the early course of patients' disease may reduce the patients' ability to respond to anti-VEGF therapies.

KSI-301: Our Lead Product Candidate

Our lead product candidate, KSI-301, is a novel, clinical stage anti-VEGF biological agent that combines inhibition of a known pathway with a potentially superior ocular durability profile compared to currently marketed drugs for wet AMD and DR.

KSI-301 is a bioconjugate comprised of two components. The first component is a humanized anti-VEGF monoclonal antibody which binds to human VEGF. The antibody component is designed to be pharmacologically similar to Lucentis. The second component of KSI-301 is an optically clear phosphorylcholine-based biopolymer which is stably attached to the antibody and which is intended to augment the stability and residence time of the bioconjugate in the eye without compromising its anti-VEGF activity.

We believe that KSI-301 can be a highly differentiated treatment with an improved durability profile compared to current anti-VEGF therapies because of its design features and the associated performance benefits we have observed with KSI-301 in pre-clinical studies. These design features include (1) an ultrahigh molecular weight of 950 kDa versus 48 kDa (Lucentis) and 115 kDa (EYLEA) to increase intraocular durability, (2) a phosphorylcholine-based antibody biopolymer conjugate to increase ocular tissue bioavailability while preserving bioactivity, along with increased stability, and (3) an increased formulation strength to deliver higher

molar doses of anti-VEGF (7x versus Lucentis and 3.5x versus EYLEA). We believe these qualities of KSI-301 have the potential to translate into clinically meaningful advantages over currently available therapies.

As a result, we believe that KSI-301 will (1) keep patients on mechanism for longer than currently available anti-VEGF therapies, thereby preventing repeated undertreatment through overextension of treatment intervals, (2) match the required frequency of injections to keep the patient's disease quiescent with the frequency of visits that patient and physician behavior suggest is achievable in clinical practice and (3) sustain the strong visual acuity gains of the early intensive treatment phase over the long term and outside of clinical trial contexts. By addressing the primary causes of undertreatment, KSI-301 has the potential to improve and sustain visual acuity outcomes in patients with neovascular conditions of the retina such as wet AMD and DR.

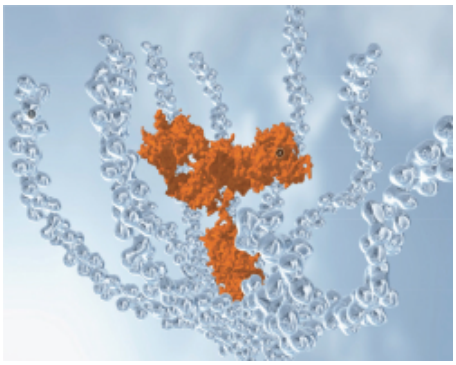


Figure: The structure of KSI-301. The branched phosphorylcholine-based biopolymer is optically clear. The bioactive antibody component is represented by the darker portion in the middle of the image. The two components are stably attached to each other, forming bioconjugate KSI-301.

Clinical Development

KSI-301 Phase 1 Clinical Study

We submitted our IND to the FDA in June 2018 for the use of KSI-301 in patients with retinal vascular diseases (including wet AMD and DR). We initiated our first-in-human, Phase 1, single ascending dose clinical study of KSI-301 in the United States in nine patients with center-involved diabetic macular edema in July 2018. Objectives of this study included assessment of ocular and systemic safety, tolerability, and establishment of a maximum tolerated dose. Three dose levels of KSI-301 were evaluated: 1.25 mg, 2.5 mg, and 5 mg, with 3 patients per cohort. We have successfully dosed all patients at the pre-planned dose levels and reached the primary safety and tolerability endpoint of the study, which occurred after each patient reached the 14-day follow up period following the single injection of KSI-301. No patients in the Phase 1 study have experienced any serious adverse events. There have been no drug-related adverse events, no dose limiting toxicities and, notably, no intraocular inflammation observed at any dose. Improvements in best corrected visual acuity, or BCVA, and reductions in macular thickness on optical coherence tomography imaging, or OCT, have been observed at all dose levels.

The Phase 1 trial in a heavily pre-treated patient population, with eight of nine DME patients having previously received anti-VEGF therapy, was designed to evaluate safety, yet biological activity of our antibody biopolymer conjugate was demonstrated across all dose cohorts. The interim data which are still undergoing source document verification are shown in the figure below.

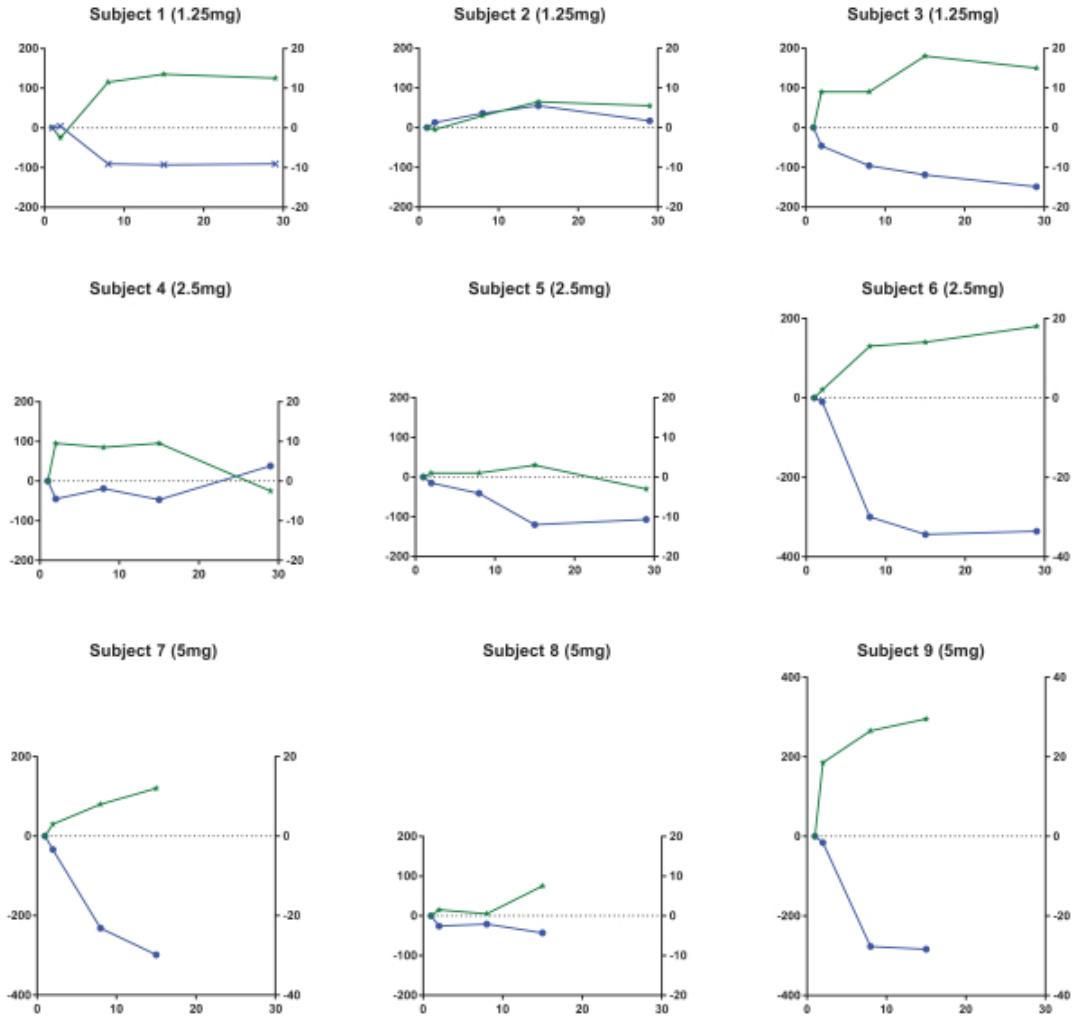


Figure-Individual patient data from KSI-301 Phase 1 study. Change from baseline over time (days post-injection – x-axis) in best corrected visual acuity score (blue line, right y-axis, in number of letters, *higher* is better) and central subfield thickness on OCT imaging (green line, left y-axis, in microns, *lower* is better).

KSI-301 Planned Phase 1b and Phase 2 Clinical Studies

Having successfully met the primary endpoint of safety and tolerability in the Phase 1 study, with the additional observations around bioactivity, we plan to further evaluate the highest dose tested of KSI-301, 5 mg, in a series of global studies in wet AMD and DME/DR.

We expect to be dosing patients in a global Phase 2 study of KSI-301 in the United States in early 2019, and clinical trial applications to ex-U.S. regulatory authorities for this study are in progress. This randomized,

controlled study in approximately 400 treatment naïve wet AMD patients will evaluate the non-inferiority of intravitreal KSI-301 administered as infrequently as every 16 weeks versus EYLEA (aflibercept) administered on its every 8-week labeled regimen (after three loading doses). FDA has indicated that this Phase 2 study, if successful, can be supportive of a marketing application for KSI-301 as one of two pivotal studies in wet AMD required for approval in the United States.

We also plan to initiate a Phase 2 randomized controlled clinical study of KSI-301 in DME/DR patients in the U.S. and E.U. We also expect this study to evaluate the non-inferiority of KSI-301 administered on an every 12 week or less frequent dosing schedule versus EYLEA administered on its every 8-week (labeled) regimen (after five loading doses). We plan to initiate dosing in this study by the end of 2019.

We additionally plan to initiate two Phase 2 studies in China, one in wet AMD and one in DR, and we are planning for these studies to have the same clinical design frameworks as our U.S./EU studies. We plan to file the IND in China in the first half of 2019 and initiate dosing in the second half of 2019.

In parallel to initiating our Phase 2 studies, we intend to expand the scope of the Phase 1 study into a Phase 1b open label study to evaluate the treatment effect and safety of sequential doses of KSI-301 in approximately 30 to 45 patients with wet AMD, DME/DR and macular edema due to retinal vein occlusion, or RVO, another important but less-common retinal vascular disease for which both EYLEA and Lucentis are FDA-approved. In the Phase 1b study, we intend to conduct more intensive ophthalmic imaging and ocular pharmacokinetic assessments over the 36-week treatment duration to define the profile of KSI-301 in the context of existing and emerging data in the field.

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on developing and commercializing therapeutics for the treatment of ophthalmic diseases. The key elements of our strategy are:

- *Complete clinical development of KSI-301 for wet AMD and DR.* We are devoting a significant portion of our resources and business efforts to the clinical development of KSI-301 for wet AMD and DR. We anticipate initiating a Phase 2 wet AMD study of KSI-301 in the U.S. and EU in early 2019 to evaluate the non-inferiority of intravitreal KSI-301 administered as infrequently as every 16-weeks versus EYLEA. The FDA has indicated this study, KSI-CL-102, if successful, can be supportive of a marketing application for KSI-301. We also plan to initiate a Phase 2 clinical trial of KSI-301 in the U.S. and EU in DR patients. We also plan to initiate two Phase 2 studies in China, one in wet AMD and one in DR, and we are planning for these studies to have the same clinical design frameworks as our U.S. and EU studies. In parallel to our Phase 2 programs, we are expanding the scope of our Phase 1 study into a Phase 1b open label design to evaluate the safety and treatment effect of sequential doses of KSI-301 in patients with wet AMD and DR.
- *Establish market acceptance of KSI-301 in wet AMD and DR.* We believe that if KSI-301 is approved and is shown to have comparable efficacy and improved durability to other anti-VEGF therapies, it will compete favorably with other marketed products for wet AMD and DR. In addition, we believe KSI-301 may potentially expand the market reach to patients not currently on approved standard of care therapies or not currently on therapy at all.
- *Seek to expand the use of KSI-301 in DR beyond DME.* We intend to explore the use of KSI-301 in the treatment of all subtypes of DR patients. Currently marketed anti-VEGFs are used primarily to treat late and advanced manifestations of DR, particularly DME. We believe that the improved durability of KSI-301 has the potential to not only improve the standard of care but also expand the patient population that receives anti-VEGF therapy to include patients with less severe forms of DR for whom frequent injections may be a barrier to adoption.
- *Commercialize KSI-301 with our own specialty sales force.* KSI-301 is wholly-owned by us. If KSI-301 receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the

medical procedures involving retinal diseases, are sufficiently concentrated that we will be able to effectively promote KSI-301 with a sales and marketing group of fewer than 200 people. We expect to explore collaboration, distribution or other marketing arrangements with one or more third parties to commercialize KSI-301 in markets outside the United States.

- *Advance the development of our other ABC product candidates.* We intend to continue deploying capital to selectively develop our own portfolio of product candidates based on our ABC Platform (including bispecific inhibitors such as KSI-501). We may partner with biotechnology and pharmaceutical companies to further develop our ABC Platform and product candidates.
- *Discover and develop future product candidates for areas of unmet need.* We intend to continue our discovery efforts and deepen our pipeline of medicines for high prevalence ophthalmic diseases. We may opportunistically in-license or acquire the rights to complementary products, other product candidates and technologies to aid in the treatment of a range of ophthalmic diseases, principally diseases of the retina.

Market Opportunity

Wet AMD

Overview of Wet AMD

AMD is a common eye condition affecting people of age 55 years and older with a reported prevalence of approximately 11 million people in the United States and 170 million people globally. It is a progressive disease affecting the central portion of the retina, known as the macula, which is the region of the eye responsible for sharp, central vision and color perception. The likelihood of AMD progression and associated vision loss increases with age.

Wet AMD is an advanced form of AMD characterized by neovascularization and fluid leakage under the retina. It is the leading cause of severe vision loss in patients over the age of 50 in the United States and the EU, with a reported prevalence of approximately 1.25 million people and an annual incidence of approximately 200,000 people in the United States. The likelihood of disease progression increases with age, so the prevalence and incidence of wet AMD is projected to accelerate in countries with aging populations. It has additionally been observed that approximately 50% of patients presenting with wet AMD in one eye will develop wet AMD in the other eye within five years, leading to a relatively significant number of patients requiring treatment in both eyes. While wet AMD represents only 10% of the number of cases of AMD overall, it is responsible for 90% of AMD-related severe vision loss. In many eyes with wet AMD, the disease can progress quickly with rapid loss of central vision needed for activities such as reading and driving. Untreated or undertreated wet AMD results in blood vessel leakage, fluid in the macula, and ultimately scar tissue formation, which can lead to permanent vision loss, or even blindness, as a result of the scarring and retinal deformation that occur during periods of non-treatment or undertreatment.

Current Therapies for Wet AMD

The standard of care treatments for wet AMD are two anti-VEGF drugs, Lucentis (ranibizumab) and EYLEA (aflibercept). Lucentis (ranibizumab), marketed by Genentech, Inc., a subsidiary of the Roche Group, in the United States and by Novartis AG outside the United States, is a recombinant humanized monoclonal antibody fragment that binds to and inhibits VEGF proteins in the eye and was approved in the United States in 2006 and in Europe in 2007. EYLEA (aflibercept), marketed by Regeneron Pharmaceuticals, Inc. in the United States and by Bayer HealthCare LLC outside the United States, is a recombinant fusion protein containing portions of the human VEGF receptor that binds to soluble VEGF and was approved in the United States in 2011 and in Europe in 2012. These drugs became the standard of care for treating wet AMD based on pivotal clinical trials in which Lucentis was injected every four weeks and EYLEA was injected every eight weeks (after three initial monthly loading doses). Since its approval, EYLEA has been widely adopted largely due to a durability advantage compared to Lucentis, but both agents were effective in improving visual acuity in the first months of the treatment period and sustaining this gain throughout the duration of their respective clinical trials. Avastin

(bevacizumab), marketed for non-ocular indications by Genentech in the United States and by Roche outside of the United States, is an anti-VEGF cancer therapy that shares structural characteristics with Lucentis and is commonly used off-label as a monthly, intravitreal injection for wet AMD.

Total Market for Wet AMD

Annual worldwide sales of Lucentis and EYLEA for all indications totaled approximately $9.6 billion in 2017. We believe a substantial majority of these sales were in connection with the treatment of wet AMD and DR. Avastin, which is currently approved and marketed for the treatment of cancer, is also used off-label to treat wet AMD and DR. We estimate that off-label Avastin represents approximately 60% of the U.S. wet AMD market by volume. We believe that an improved anti-VEGF therapy could further increase both adoption of approved therapies and extend the duration patients remain on treatment, and thus the total addressable market opportunity in wet AMD and DR could be substantial.

With an improved anti-VEGF therapy, we believe the total addressable market opportunity in wet AMD could be substantially greater than sales of Lucentis and EYLEA in wet AMD and DR. A clinically meaningful durability advantage over existing treatments could increase long-term compliance rates and maintain patients on a consistent and FDA approved treatment regimen for this chronic condition. Furthermore, we believe that an anti-VEGF therapy that is more durable than Avastin may reduce the relative weight of cost as a deciding factor for patients and providers who currently favor Avastin and expand the market for “branded” treatments.

Diabetic Retinopathy

Overview of Diabetic Retinopathy

DR is an eye disease resulting from diabetes, in which chronically elevated blood sugar levels cause damage to blood vessels in the retina. There are two major types of DR:

- *Non-proliferative DR, or NPDR*. NPDR is an earlier, more typical stage of DR and can progress into more severe forms of DR over time if untreated and if exposure to elevated blood sugar levels persists.
- *Proliferative DR, or PDR*. PDR is a more advanced stage of DR than NPDR. It is characterized by retinal neovascularization and, if left untreated, leads to permanent damage and blindness.

DME, which occurs when fluid accumulates in the macula due to leaking blood vessels, can develop at any stage of DR. PDR, together with DME, are the primary causes of vision-threatening DR, or VTDR. VTDR is the leading cause of blindness among people with diabetes and the leading cause of blindness among working age adults in the United States and the EU. Patients with mild or moderate NPDR who have not developed DME are characterized as patients with non-vision threatening DR, or NVTDR.

Current Therapies for DR

PDR has historically been treated with laser therapy. In recent years, use of anti-VEGF therapies has emerged as a complementary first-line treatment for PDR. Lucentis and EYLEA are also approved for the treatment of DME with or without PDR. In April 2017, Lucentis’ approval was expanded to include all forms of DR, whether or not the patient also has DME. The approval was based on the demonstration that treatment with Lucentis results in more patients experiencing improvement of their diabetic retinopathy severity (disease regression). In March 2018, Regeneron announced results from its ongoing study in which EYLEA demonstrated it can reverse disease progression in patients with moderately severe to severe NPDR when administered on average 4.4 times over 24 weeks.

The first-line interventions for NVTDR are observation, lifestyle changes and treatment of underlying diabetes. In practice, anti-VEGF therapies are not commonly prescribed for patients with NVTDR. However, as illustrated in the figure below, results from the RISE and RIDE trials for Lucentis showed that anti-VEGF therapies can slow disease progression in patients with NPDR as well.

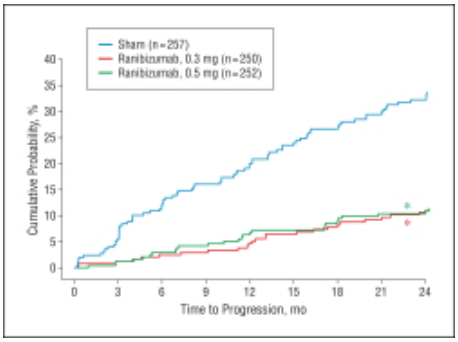


Figure: Time to disease worsening (DR progression as defined by a composite endpoint) from baseline in DME patients with NPDR treated with sham procedures vs. Lucentis.

Total Market for DR

According to the Center for Disease Control, or CDC, and National Institutes of Health, or NIH, (1) an estimated 30 million people in the United States have diabetes, with approximately 1.5 million additional people in the United States diagnosed with diabetes each year, and (2) 285 million people worldwide have diabetes. We estimate that the number of people in the United States and the EU with DR in 2015 was approximately 28.5 million. According to the NIH, the number of Americans with DR is expected to nearly double from 2010 to 2050. The CDC estimates that approximately 900,000 Americans are affected by VTDR. We believe a substantial majority of the $9.6 billion in sales of Lucentis and EYLEA in 2017 were for the treatment of wet AMD and DR. Furthermore, we believe that the frequent injections required by current anti-VEGF therapies may dissuade patients with mild or asymptomatic forms of DR from accepting treatment. A more durable agent such as KSI-301 could be attractive for these untreated patients and extend the anti-VEGF market to include patients with NVTDR.

Limitations of Current Anti-VEGF Therapies

The underlying pathophysiology of both wet AMD and DR are responsive to anti-VEGF drugs. Both conditions suffer from the limitations of current anti-VEGF therapies such as limited on-mechanism durability and frequent dosing intervals. On-mechanism durability is a function of the time that therapeutic levels are sustained in the ocular tissues. Data suggest that the effectiveness of Lucentis and EYLEA in clinical practice is inferior to the results seen in well-controlled clinical studies, an observation attributed to insufficiently frequent dosing and resulting undertreatment even, in the case of EYLEA, with its labeled eight-week regimen. Other studies show that while patients may benefit from anti-VEGF therapies in the early treatment phase, they may fail to sustain their visual acuity gains over the long term. Clinical studies have also shown that non-treatment or undertreatment with anti-VEGF agents in the months or years after disease onset may reduce the benefit of anti-VEGF therapies once therapy is initiated. These factors contribute to permanent and unnecessary vision loss for many patients.

Existing anti-VEGF therapies block VEGF activity effectively but have limited durability.

Wet AMD and DR are chronic and progressive diseases that require protracted treatment, possibly for life. Currently available anti-VEGF agents have relatively short durability. To maintain effective drug levels in the eye, existing anti-VEGF treatments must be administered on a frequent and sustained schedule. Lucentis was approved based on a monthly dosing interval. EYLEA was approved based on a dosing interval of every eight

weeks (following three initial, monthly loading doses). The most accepted sign of disease activity in wet AMD for retina specialists worldwide is recurrent accumulation of fluid in the macula, as determined by evaluating the retinal thickness and anatomic appearance with optical coherence tomography, or OCT. As can be seen in the figure below, when EYLEA or Lucentis are dosed on a Q4W (once every four weeks) regimen, the retinal thickness remains stable between doses, as measured on OCT. However, when EYLEA dosing is shifted to its Q8W (once every eight weeks) labeled regimen, the retina expands and contracts as it begins to swell with fluid before its next retreatment, exhibiting a seesaw pattern that we refer to as OCT flutter. This suggests that, although vision outcomes are comparable on average between fixed-interval 4-weekly and 8-weekly dosing, EYLEA's durability and ability to maintain disease control as measured by OCT is less than the approved 8-week per-label dosing.

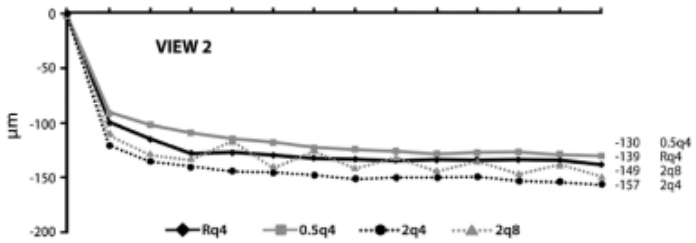


Figure: Retinal thickness (y-axis), measured in nanometers, decreases upon treatment with EYLEA. Rq4 = Lucentis every four weeks; 0.5q4 = EYLEA 0.5mg every four weeks; 2q4 = EYLEA 2mg every four weeks; 2q8 = EYLEA 2mg every eight weeks.

The clinical implication is that when a patient's dosing cycle is extended beyond the durability of the anti-VEGF agent and the amount of drug remaining in the eye falls below therapeutic levels, disease activity can recur. At this point, the disease can progress and begin to cause cumulative and possibly permanent retinal damage. To this point, the EYLEA product labeling in the United States notes that "some patients may need every 4-week (monthly) dosing after the first 12 weeks (3 months)."

Additional evidence of the recognition of limited durability is seen in the FDA's evaluation of both Lucentis and EYLEA. Lucentis was tested for its potential to reach quarterly dosing in a Phase 3b study; it failed to successfully deliver the same efficacy results as monthly dosing. The FDA did accept dosing every three months after three initial monthly loading doses in the Lucentis product labeling, with the following wording: "Although not as effective, patients may be treated with 3 monthly doses followed by less frequent dosing with regular assessment. In the 9 months after three initial monthly doses, less frequent dosing with 4-5 doses on average is expected to maintain visual acuity while monthly dosing may be expected to result in an additional average 1-2 letter gain. Patients should be assessed regularly." The loss of one line of vision translates into patients going back to baseline or even losing vision at the end of the first year of treatment, on average. Furthermore, the required wording of regular assessments means that the high burden of frequent office visits remains. For EYLEA, recently, the FDA updated the product labeling to allow 12-week dosing but only in the second year of treatment, after one full year of intensive treatment. The labeling refers to it as "not as effective as the recommended every 8-week dosing." For both Lucentis and EYLEA, the recommended fixed interval dosing of monthly and bimonthly, respectively, appear to result in the best and most consistent visual acuity results, with all flexible or less-frequent dosing intervals labeled by FDA as "not as effective."

Real-world utilization of current anti-VEGF therapies results in undertreatment which diminishes effectiveness.

Extended treatment intervals caused by the burden of frequent treatments causes undertreatment and visual outcomes that fall short of the results seen in pivotal clinical trials.

Compared to Lucentis' pivotal trials in wet AMD, ANCHOR and MARINA, where initial vision gains are maintained with monthly dosing over two years, a variety of studies have shown that the initial gains (if achieved) are not maintained, on average, after the initial loading phase.

This is clearly seen in AURA, a multi-country real-world practice study of Lucentis. The visual acuity improvement seen in AURA falls significantly short of the visual acuity improvement that patients showed in MARINA and ANCHOR. A gradual loss of the initial vision gains can be seen as early as three months after initiation of treatment as depicted in the graph below. A key finding in AURA is that populations that received less frequent anti-VEGF treatment tended to experience less improvement in visual acuity, on average, as illustrated in the table below.

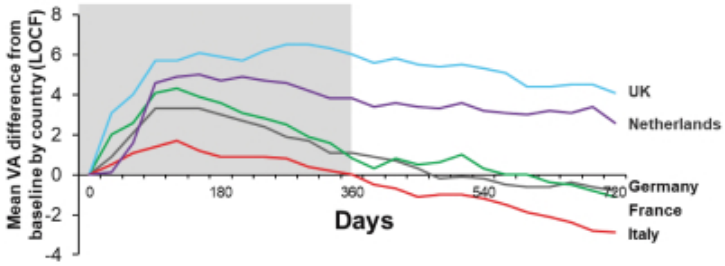


Figure: Vision gains seen in the AURA study over time for all patients by country (adapted from Holz et al).
***Last observation carried forward analysis.**

Country	N	Mean injections in full 2 years	Change in VA score to day 90*	Change in VA score to year 1*	Change in VA score to year 2*	Mean VA score at year 2*
UK	410	9.0	5.7	6.0	4.1	59.0
The Netherlands	350	8.7	4.6	3.8	2.6	52.4
France	398	6.3	4.1	0.8	-1.1	54.4
Germany	420	5.6	3.3	1.1	-0.8	51.9
Italy	365	5.2	1.4	0	-2.9	62.7

Table: Summary of changes in visual acuity (VA) score from baseline and number of injections over two years, per country.
***Last observation carried forward analysis.**

Consistent with the AURA study, an observational study following patients who completed the SEVEN UP and HORIZON trials for Lucentis in wet AMD showed a correlation between the number of injections and level of visual acuity benefit. Patients who received 11 or more injections during the period from four to eight years after they exited the pivotal clinical trial were more likely to experience improved vision (average gain of 3.9 letters) than patients who received six to ten injections during the same period (average loss of 6.9 letters).

	No injections (n=26)	1-5 injections (n=11)	6-10 injections (n=11)	[3]11 injections (n=14)
Letter change:				
SEVEN UP vs HORIZON exit	-8.7	-10.8	-6.9	+3.9[1]

1 $p<0.05$

Table: Mean letter change from HORIZON to SEVEN UP by total number of anti-VEGF treatments.

The implication of these data is that in clinical practice and outside of clinical studies, patients are receiving fewer injections than the labeled regimens for Lucentis (12 per year) and EYLEA (seven to eight in the first year and six in subsequent years). In 2017, the Angiogenesis Foundation reported that in routine clinical practice, 65% of wet AMD patients receive six or fewer injections during the first year of treatment. Likewise, a recent publication from the American Academy of Ophthalmology's IRIS (Intelligent Research In Sight) patient registry showed that, in 13,859 U.S. patients with wet AMD, the average number of injections in the first year of treatment was approximately six.

As illustrated in the top right of the figure below, data regarding long-term anti-VEGF treatment show that visual acuity outcomes are positively correlated with number of injections, with the greatest benefit seen when therapies are used at 10.5 or more injections per year reflecting high intensity, fixed Q4W or Q8W dosing.

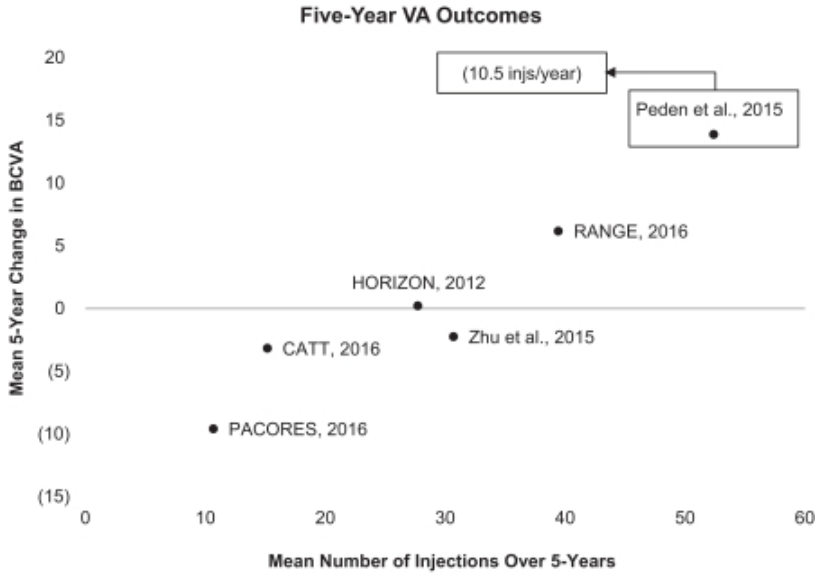


Figure: Five-year visual acuity outcomes versus injection frequency for three or more years in AMD.

In real-world practice, even a small deviation from per-labeled dosing can result in significant vision loss. In the PERSEUS Study, the real-world effectiveness of EYLEA was evaluated in patients treated per-label (regular treatment) compared to patients treated irregularly. Patients treated regularly received a mean of 7.4 injections compared to 5.2 in the irregular treatment group. The initial vision gains seen after the loading doses started to decrease at month four, with vision returning, on average, to almost baseline in the irregularly treated patients, as shown in the graph below. The difference in vision of 4.6 letters gained between the two groups is statistically significant, and, more importantly represents almost a line (five eye chart letters) of vision difference on average, which is recognized in the field as clinically meaningful. Additionally, in this study, the majority of patients (70.5%) did not receive regular treatment.

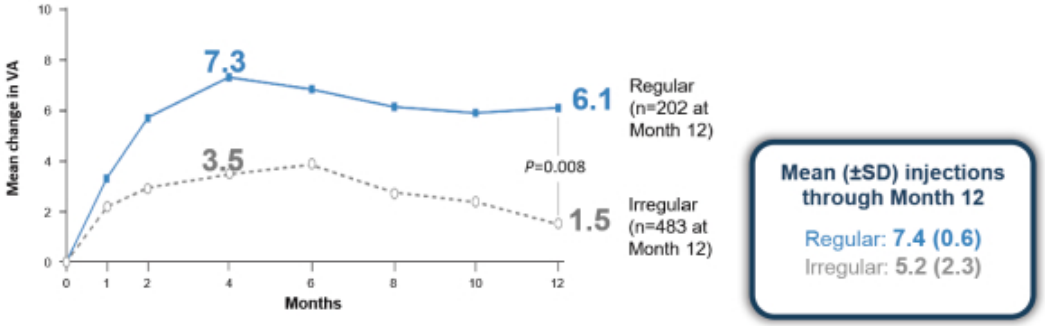


Figure: mean change in visual acuity for regularly and irregularly treated patients in the PERSEUS Study (effectiveness set)

Real-world outcomes of anti-VEGF treatment in patients with DME show similar patterns to wet AMD. For instance, a recently published report of electronic health records real-world data from 15,608 DME patient eyes

showed that patients on average receive fewer injections over 12 months and have meaningfully worse visual acuity outcomes compared to randomized controlled trials.

Patients are not sustaining visual acuity gains over the long term.

Patients treated with anti-VEGF agents can sustain visual acuity gains over time if they adhere to a tighter dose frequency. Results from the VIEW 1 extension study demonstrate that it is possible for patients treated with anti-VEGF agents to sustain visual acuity gains over time, as long as patients adhere to a tighter dose frequency that is closer to the labeled regimen. In the early intensive treatment phase, patients in VIEW 1 achieved a ten-letter visual acuity gain, which they then maintained over two years on a Q8W regimen. At the end of two years, patients shifted into a less-intensive clinical monitoring regimen and into a more flexible dosing regimen in which they were required to maintain at least Q12W (once every 12 weeks) dosing. In this hybrid setting, patients showed a slow but steady decrease in average visual acuity from ten letters to seven letters; however, their average visual acuity did not drop to pretreatment levels or below.

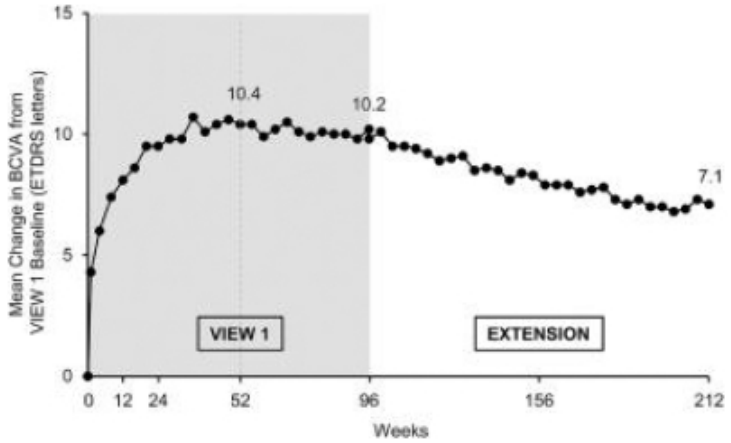


Figure: Mean visual acuity and 95% confidence interval for 647 patients in the Comparison of Age-Related Macular Degeneration Treatments Trials Follow-up Study: (A) overall and by drug assigned in the clinical trial and (B) overall and by dosing regimen assigned in the clinical trial. PRN = "as needed."

As mentioned above, AURA and many other real-world practice studies show that the vision gains seen in tightly controlled clinical trials are not transferrable to clinical practice. A United Kingdom study of approximately 93,000 Lucentis injections reviewed EMRs of thousands of patients treated outside the context of clinical trials. On average, patients received a median of 5, 4, and 4 injections of Lucentis over years one, two and three, respectively. The study found that although patients showed early improvement, they regressed, on average, to pretreatment levels by the end of year two with continued deterioration below their starting visual acuity by year three, as shown in the chart below.

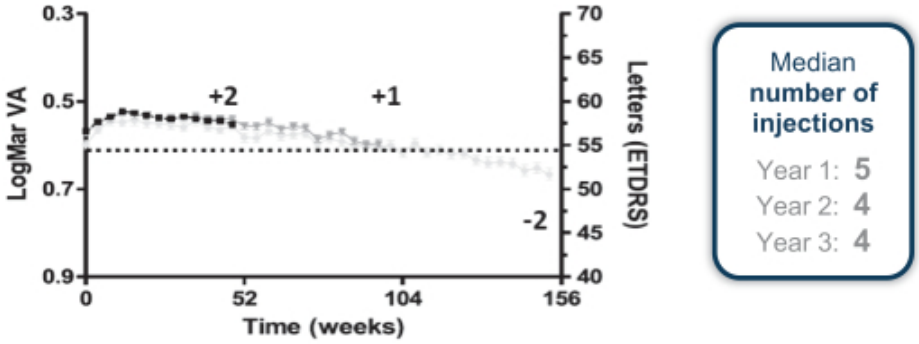


Figure: Mean visual acuity (VA), as measured by letter score, over time comparing patients with follow-up of at least 1, 2 or 3 years.

More importantly, with many patients losing vision, during the study follow-up many patients experienced new sight impairment (29.6%, 41%, 48.7% and 53.7% in years one, two, three and four, respectively) and even new cases of blindness (5.1%, 8.6%, 12% and 15.6% in years one through four, respectively).

In the United States, an EMR study of 7,650 eyes treated with Lucentis and EYLEA outside of the clinical trial setting showed that these therapies improved patients' visual acuity less in practice than they do in clinical trials. Further, by the end of the first year of treatment, patients' average visual acuity had deteriorated below their pretreatment levels.

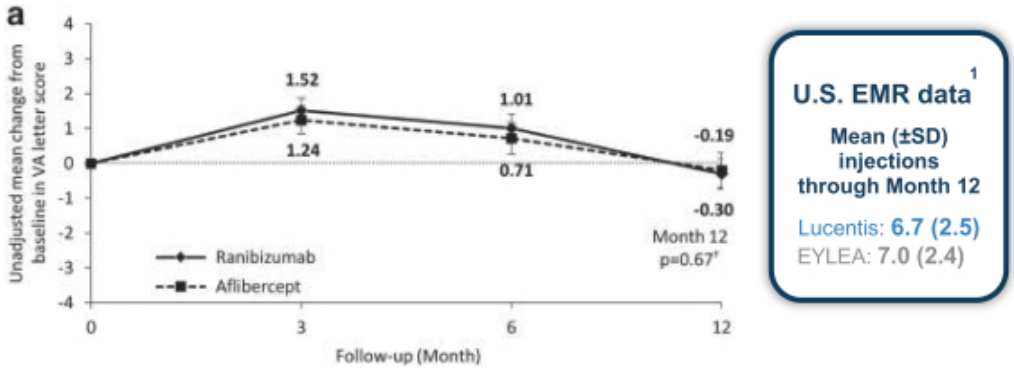


Figure: Mean change in visual acuity (VA) letter score at 3, 6 and 12 months in the first year of treatment.
VA was lower at 12 months than at the beginning of treatment.

When patients leave the tightly controlled clinical trial environment, their eyesight, on average, falls to pretreatment levels. In practice, anti-VEGF therapies are not delivering the level of benefit that their pivotal clinical trials suggested. In the pivotal Lucentis trials MARINA and ANCHOR, patients were able to gain and maintain vision gains with monthly dosing over two years. After exiting the clinical trials, patients were followed in the HORIZON study with as needed dosing (Pro Re Nata or PRN) for three more years. Gradual vision decline can be seen immediately after exiting the trials, returning to pre-treatment baseline vision before the end of the third year of follow-up in HORIZON.

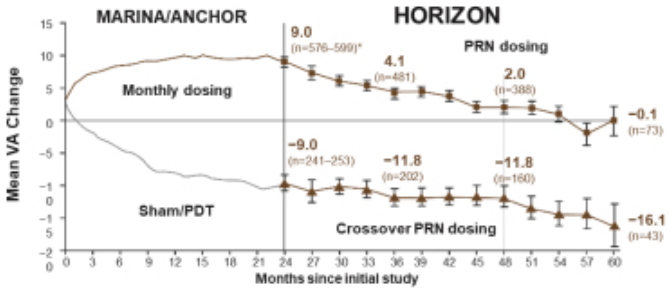
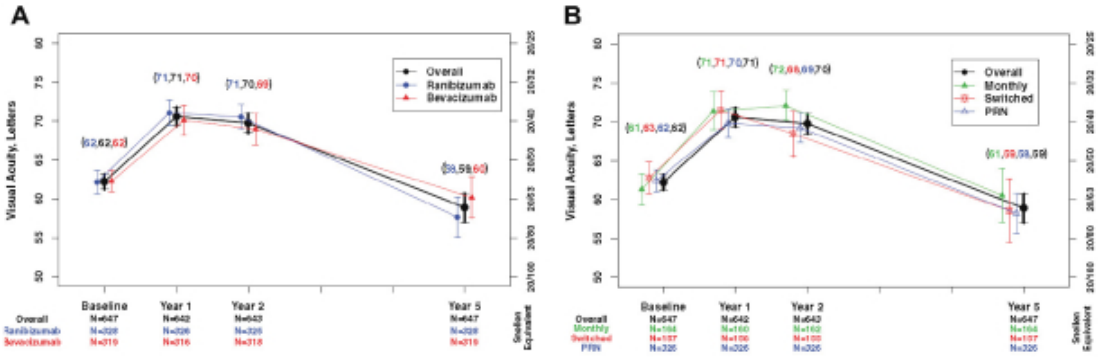


Figure: Mean change in visual acuity (VA) letter score in MARINA and ANCHOR (years one and two) and in HORIZON (years three to five).
VA gradually decreased immediately after the patients exited monthly dosing in a clinical trial setting.

A study funded by the National Eye Institute followed patients who left the tightly controlled clinical trial environment into clinical practice and showed that these patients, on average, lost all the gains in visual acuity that they obtained while enrolled in the trial.



Undertreatment in the early course of patients' disease risks the patients' ability to benefit from anti-VEGF therapies after the passage of time.

After disease onset, how soon patients receive appropriate treatment is important to whether they can respond to treatment. Failure to appropriately treat neovascularization in the early period may reduce patients' ability to respond to anti-VEGF therapies as the disease progresses, possibly leading to irreversible damage. In the RIDE/RISE clinical studies of Lucentis in DR, patients who received Lucentis saw an increase in visual acuity of 10 to 12 letters at month 24. Patients who received sham treatment (a procedure that is intended to mimic a therapy in a clinical trial as closely as possible without having any actual efficacy) for 24 months saw no benefit. At the 24-month mark, the patient arms were crossed over, such that the patients who had initially received sham treatment now began to receive Lucentis. These patients were only able to improve by four letters by year three. The interpretation is that the unchecked disease progression in the initial period damaged the retina to such an extent that patients were subsequently unable to respond to Lucentis to the same degree as patients treated with Lucentis earlier in their disease process.

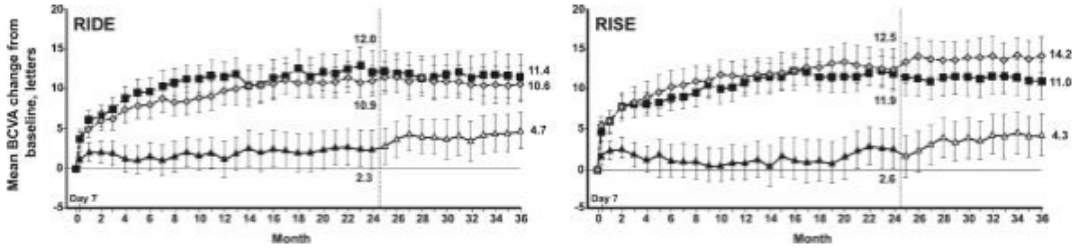


Figure: At 36 months, patients who received Lucentis 0.5mg experienced a mean best corrected visual acuity (BCVA) change from baseline of 11.4 letters and 11.0 letters in RIDE and RISE, respectively. Patients who received sham treatment for 24 months and then crossed over to Lucentis 0.5mg experienced a diminished benefit in mean best corrected visual acuity change from baseline at 36 months of 4.7 letters and 4.3 letters in RIDE and RISE, respectively.

Conclusions

There is a significant and urgent unmet medical need to find better therapeutic options for patients with neovascular diseases of the retina that can:

- keep patients on mechanism for longer than currently available anti-VEGF therapies, thereby preventing repeated undertreatment by overextending treatment intervals and thus avoiding latent recurrence of retinal edema;

- match the required frequency of injections to keep the patient's disease quiescent with the frequency of visits that patient and physician behavior suggest is achievable in practice;
- sustain the strong visual acuity gains of the early intensive treatment phase over the long term and outside of clinical trial contexts; and
- provide a tolerable treatment regimen even for patients who are early in the course of their disease, so they can achieve the maximal benefit of anti-VEGF therapy.

In the 2018 Preferences and Trends Survey conducted by the American Society of Retina Specialists, retina specialists worldwide cited both reduced treatment burden and long-acting durability as the greatest unmet needs regarding wet AMD treatment.

Our Lead Product Candidate: KSI-301

Our lead product candidate, KSI-301, is a novel, clinical stage anti-VEGF biological agent that combines inhibition of a known pathway with a potentially superior on-mechanism durability profile compared to currently marketed drugs for wet AMD and DR. By addressing the primary causes of undertreatment, KSI-301 has the potential to improve and sustain visual acuity outcomes in patients with neovascular conditions of the retina such as wet AMD and DR.

Components of KSI-301

KSI-301 is a bioconjugate comprised of two novel components. The first component is a recombinant, full-length humanized anti-VEGF monoclonal antibody. The second component is a branched, optically clear phosphorylcholine biopolymer. The antibody is conjugated to the biopolymer in a one-to-one ratio through a stable and site-specific chemical linkage to form the antibody biopolymer conjugate. The molecular weight of KSI-301 is approximately 950,000 Daltons (Dalton is a standard measure of molecular weight), of which approximately 150,000 Daltons are attributable to the antibody component and 800,000 Daltons are attributable to the biopolymer component. It is well-established that substances, when injected intravitreally, with a smaller molecular weight will be cleared from ocular tissues more quickly than larger substances.

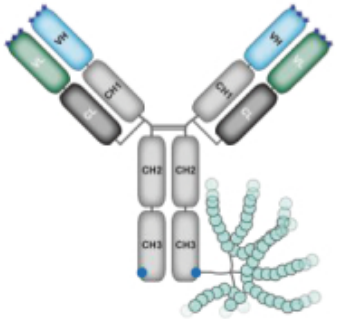


Figure: Functional structure of the KSI-301 antibody biopolymer conjugate. CH – constant heavy, CL – constant light, VH – variable heavy, VL – variable light, « – Complementarity Determining Regions (CDR).

Antibody Intermediate

The antibody intermediate of KSI-301 consists of a humanized anti-VEGF antibody. KSI-301 behaves pharmacologically similar to Lucentis by inhibiting VEGF-mediated neovascularization and vascular permeability.

Biopolymer Intermediate

The biopolymer component is a branched, optically clear phosphorylcholine biopolymer. Phosphorylcholine is a naturally occurring phospholipid head group present on the external surface of mammalian cellular membranes. Phosphorylcholine demonstrates physiological inertness that has been attributed to its molecular structure, where a permanent positive charge on the nitrogen group is equally balanced by a negative charge on the phosphate, yielding a net neutral charge over a wide range of conditions. Because of these biophysical properties, phosphorylcholine-based materials demonstrate super-hydrophilic properties in which they bind large amounts of water molecules very tightly, to create what we call "structured water." Phosphorylcholine is used successfully in marketed medical materials as the key water control monomer, in particular as a hydrogel in certain contact lenses and as a polymeric surface coating in certain cardiac drug-eluting stents. In these applications, phosphorylcholine containing monomers are polymerized via "uncontrolled" free radical polymerization. For an external hydrogel application (contact lens) and an internal surface coating application (drug eluting stent), control of molecular weight and architecture are not important performance attributes. Kodiak's objective was to incorporate phosphorylcholine into well-controlled biomaterials to use as conjugates for soluble, injectable medicines such as biopharmaceuticals. In such an application, control of molecular weight and architecture are important manufacturing and performance parameters. Therefore, we used controlled "living" polymerization techniques to build precise, star-shaped, high molecular weight, well-characterized phosphorylcholine-based biopolymers that preserve functional chemistry for subsequent conjugation to biologically active proteins and, once conjugated, bring a highly structured water environment into close proximity with the bioactive antibody's target binding regions.

Characteristics of KSI-301

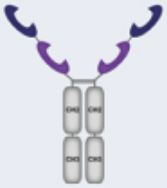
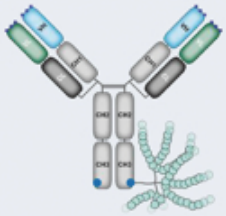
We believe that KSI-301 can be a highly differentiated treatment with an improved durability and bioavailability profile compared to current anti-VEGF therapies due to the following design features and resulting performance benefits we have observed with KSI-301 in our preclinical development:

- Design feature: KSI-301's ultra-high molecular weight of 950,000 Daltons as compared to 115,000 for EYLEA, 48,000 for Lucentis and 27,000 for brolucizumab
    - Associated performance benefits:
        - 3x improvement in key ocular pharmacokinetic parameters of KSI-301, as compared to the standard of care anti-VEGF agents
        - >100x ocular concentration advantage at two months post-dosing of KSI-301, as compared to the standard of care anti-VEGF agents
- Design feature: KSI-301's phosphorylcholine-based ABC Platform
    - Associated performance benefits:
        - 4x increase in key target ocular tissue bioavailability, as compared to EYLEA
        - Same or increased bioactivity, as compared to the standard of care anti-VEGF agents
        - Increased stability and resistance to degradation of bioconjugates compared to therapeutic proteins
- Design feature: KSI-301's increased formulation strength of 50 mg/mL as compared to 40 mg/mL for EYLEA and 10 mg/mL for Lucentis, as measured by weight of protein moiety
    - Associated performance benefits:
        - 3.5x and 7x higher number of anti-VEGF binding sites per dose, as compared with EYLEA and Lucentis, respectively

We believe that the aggregated effects of these properties will afford KSI-301 a longer on-mechanism durability that will more closely match the frequency of physician visits that is realistic for patients in clinical practice.

Trajectories in Field of Medicines Development for Retinal (Intravitreal) Therapies

Since the initial FDA approval of Lucentis in 2006 as a monthly therapy for wet AMD, efforts have been made to improve the durability of intravitreal anti-VEGF therapy. Primarily, two parameters have been varied: size of molecule and amount of injected dose. First, increasing molecular weight, which can increase durability or ocular pharmacokinetics, or PK, in the eye because a larger molecule can lead to a slower exit from the eye. For example, Lucentis has a molecular weight of 48 kDa whereas EYLEA, approved in 2011, has a molecular weight of 115 kDa. The second parameter is increasing the formulation strength (concentration) to increase the effective dose of anti-VEGF, given the limited volume of medicine that can be injected intravitreally in a single administration. This increases effective durability by keeping drug concentrations in the eye above a minimal threshold for longer periods of time. For example, EYLEA has a 2x molar equivalence to Lucentis. In designing KSI-301, we addressed both parameters: first, increasing the molecular weight to 950 kDa through our ABC approach, and second, increasing the molar strength through a high concentration formulation of 50 mg/mL (by weight of protein). Of note, some recently developed therapeutic candidates have leveraged one parameter at the expense of the other. For example, brolucizimab was tested in Phase 3 (data available in 2017) at a high concentration and thus high injected dose level, giving it a high molar strength (22x of Lucentis), but with a molecular weight of only 27 kDa the duration of each molecule in the eye is less than that of Lucentis. Clinically, the Phase 3 result was that roughly half of patients were able to be maintained on 12 week dosing, and the remainder required 8 week (or more frequent) dosing. We believe our design decisions for KSI-301 may provide increased durability. The following figure illustrates these concepts.

Drug:	Brolucizumab	Lucentis	EYLEA	KSI-301
Format	scFv fragment	Fab fragment	VEGFR1/2 Fc-fusion protein	Antibody Biopolymer Conjugate (ABC)
Molecular structure				
Molecular weight	26 kDa	48 kDa	115 kDa	950 kDa
Clinical dose	6.0 mg	0.3-0.5 mg	2.0 mg	5.0 mg (intended)
Equivalent molar dose	22	1	2	7
Equivalent ocular PK	<1	1	1.5	3
Equivalent ocular concentration at 3 months	<1	1	10^3	10^6

scFv – single chain fragment variable CH – constant heavy, CL – constant light, Fab – fragment antigen-binding, Fc – fragment crystallizable, VEGFR – vascular endothelial growth factor receptor, VH – variable heavy, VL – variable light, – CDR regions. PK – pharmacokinetics. Equivalent values are showed as fold changes relative to Lucentis.

Affinity for and Inhibition of VEGF

The therapeutic activity of KSI-301 is driven by its antibody component, OG1950, which (1) binds to VEGF and (2) prevents VEGF from carrying out its functions that promote neovascularization and increase vascular permeability. Our preclinical tests have demonstrated that OG1950 and KSI-301 bind to VEGF with similar affinity, which indicates that, despite the size and complex architecture of the biopolymer intermediate, the biopolymer does not interfere with antibody binding.

Table: Binding kinetics of OG1950 and KSI-301 to huVEGF-A165 by SPR or KinExA analysis.

Molecule	Platform (°C)	Kon (M)	Koff (M)	KD (pM)
OG1950	Biacore(25°)	$5.31x10^{6}$	$4.48x10^{-5}$	9.02
	KinExA(37°)	$5.09x10^{5}$	$1.75x10^{-6}$	3.43
KSI-301	Biacore(25°)	$3.19x10^{6}$	$5.33x10^{-5}$	17.0
	KinExA(37°)	$2.69x10^{5}$	$1.82x10^{-6}$	6.75

°C = degrees Celsius; K_D = dissociation constant

We have also tested OG1950 and KSI-301 in vitro alongside other anti-VEGF biologics to test their respective abilities to inhibit VEGF from binding to VEGF receptors. As shown in the figure and table below, while KSI-301 and OG1950 have similar IC50 (the concentration at which binding is reduced by half) compared to EYLEA, KSI-301 consistently demonstrates a higher maximal inhibition than EYLEA or Lucentis. Of note, KSI-301 improved maximal inhibition more than OG1950, suggesting that the special nature of our antibody biopolymer conjugate synergistically improves the bioactivity of the antibody intermediate acting alone.

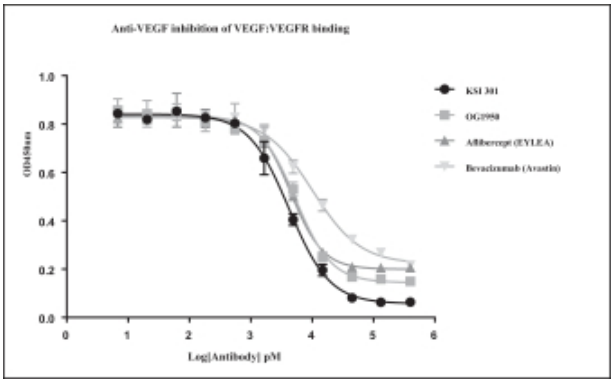


Figure: Inhibition of VEGF binding to VEGF receptors by anti-VEGF agents.

Molecule	IC50 (nM)	Maximal inhibition (%)
KSI-301	3.72±0.74	93.89±1.41
OG1950	3.97±1.19	83.72±3.13
Ranibizumab (Lucentis)	8.60±1.29	70.67±2.36
Aflibercept (EYLEA)	4.50±0.14	74.96±1.84
Bevacizumab (Avastin)	10.29±0.70	73.08±4.20

Table: Average IC50 and maximal inhibition of anti-VEGF agents. IC50 values measured in nanomoles (nM) and calculated from concentration of anti-VEGF agents. All values shown as average with standard deviation.

Inhibition of VEGF-Mediated Processes

Based on its ability to bind and inhibit VEGF, KSI-301 is expected to behave pharmacologically similar to Lucentis, EYLEA and Avastin to decrease the leakage of blood proteins and fluid into the retina. In fact, *in vitro* testing of KSI-301 against Lucentis, EYLEA and Avastin in their respective ability to inhibit VEGF-mediated endothelial cell proliferation (a key component of neovascularization) in primary human retina microvascular endothelial cells, or HRMVECs, showed that KSI-301 inhibited proliferation to approximately the same degree as EYLEA and with greater potency than Lucentis or Avastin. In addition, KSI-301 displayed a superior maximal inhibition of VEGF-mediated proliferation relative to EYLEA and Avastin.

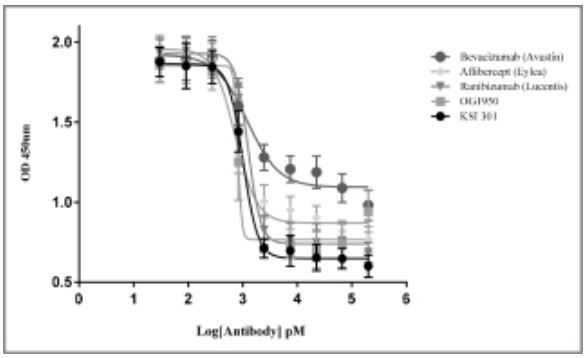


Figure: Effects of KSI-301, Lucentis, EYLEA and Avastin on HRMVEC proliferation.

Molecule	IC50 (nM)	Maximal Inhibition (%)
KSI-301	0.96±0.18	64.74±2.36
OG1950	0.85±0.07	58.92±5.30
Ranibizumab (Lucentis)	1.25±0.14	60.96±2.53
Aflibercept (EYLEA)	0.74±0.10	53.93±4.91
Bevacizumab (Avastin)	1.25±0.36	38.98±6.18

Table: IC50 Values and maximal inhibition of anti-VEGF agents on VEGF-mediated proliferation of HRMVECs. IC50 values were calculated from concentration of anti-VEGF agents. All values shown as average with standard deviation.

To mimic *in vivo* conditions where endothelial cells and pericytes coexist in blood vessels, a three-dimensional co-culture of HRMVECs and human mesenchymal pericytes, or HMPs, grown on beads was established. This model was then used to test the ability of KSI-301 to inhibit VEGF-mediated vascular sprouting compared to Lucentis and EYLEA. The average number of sprouts per bead and the length per sprout were analyzed under each treatment condition.

As shown in the figures below, at maximal anti-VEGF inhibition the average sprout length of cultures treated with KSI-301 was substantially less than that of the control (481 compared with 990 microns) and comparable to Lucentis and EYLEA (505 and 428 microns respectively). The average number of sprouts per bead for cultures treated with KSI-301 was 11.5, which was comparable to 13.3 and 13.0 sprouts per bead observed for the cultures treated with Lucentis and EYLEA, respectively.

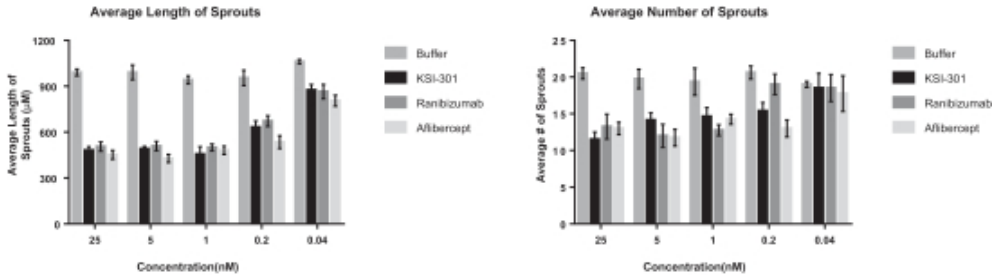


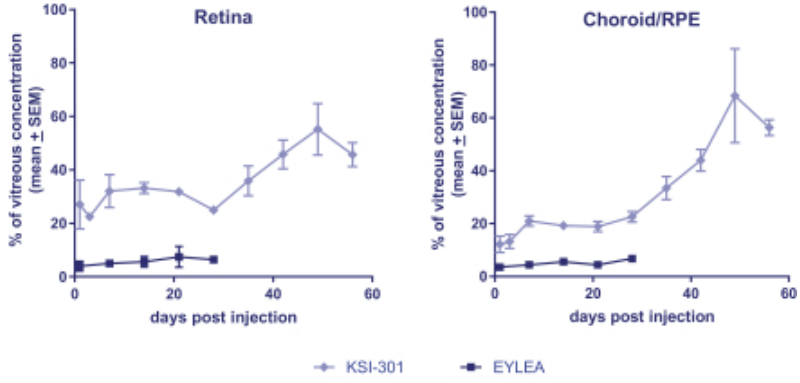
Figure: Effects of KSI-301 and other anti-VEGF molecules on length and number of vascular sprouts in 3-dimensional culture.

Extended Ocular Half-Life versus Standard of Care Agents

The addition of the biopolymer intermediate increases the size of the biologic, thereby extending the ocular half-life of the molecule beyond that of standard of care anti-VEGF agents. Preclinical studies with KSI-301 in the well-established rabbit ocular pharmacokinetics model have demonstrated that KSI-301 has ocular tissue half-lives of 10+ days in the retina and 12.5+ days in the choroid. This is in comparison to published data for ocular tissue half-lives for Lucentis of 2.9 days and EYLEA of 4-5 days.

Enhanced Ocular Tissue Bioavailability versus EYLEA

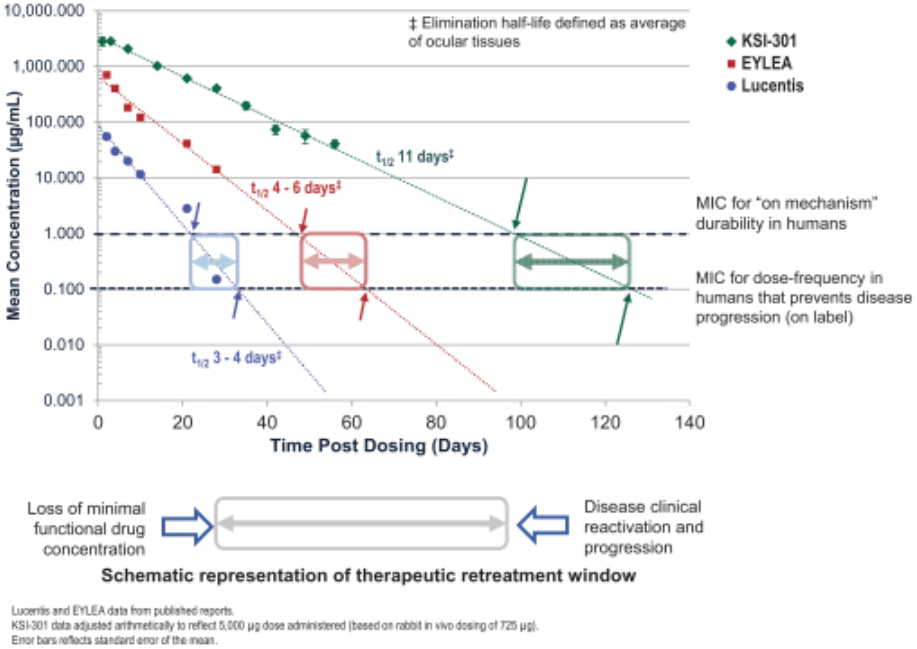
The data also show that KSI-301, despite its large size, penetrates ocular tissues well and has a retina and choroid ocular tissue biodistribution that is more than four-fold higher than EYLEA.



Modeling On-Mechanism Durability and Human Dose Frequency

In order to estimate the impact of high potency and extended ocular half-life on durability of effect, we used a pharmacokinetic and pharmacodynamic model that overlays rabbit ocular tissue pharmacokinetic profiles of intravitreally injected anti-VEGF therapeutics and correlates the drug levels with (1) human OCT data to define a rabbit minimal inhibitory concentration to maintain human on-mechanism durability that corresponds with human OCT outcomes, and (2) human dose frequency to define a rabbit minimal inhibitory concentration to support a dose frequency in humans which corresponds to the ability to maintain visual acuity outcomes over the

long-term. Specifically, we overlay the ocular tissue pharmacokinetic profiles of Lucentis at 0.5 mg dose (the marketed dose in wet AMD), EYLEA at 2.0mg dose (the marketed dose), and bioconjugate KSI-301 at 5.0 mg dose (our selected dose), as separately tested.



Our modeling suggests a single dose of KSI-301 can stay above both on-mechanism and "dosing" minimal inhibitory concentrations for longer than 12 weeks. A minimal inhibitory concentration is the minimum concentration of a drug that still has the desired therapeutic effect. The implication is that KSI-301 may on average keep the retina dry for longer than 12 weeks after dosing, allowing patients to be dosed in regular 12-week intervals or less frequently and still maintain anti-VEGF mediated visual acuity gains over the long term. This contrasts with overextending the treatment interval beyond a point where retinal swelling recurs as observed in EYLEA's VIEW 2 Phase 3 clinical trial (as described above).

KSI-301 has demonstrated superior stability compared to typical protein therapeutics

Stability studies have shown that KSI-301 bioconjugate is stable in ex vivo vitreous for at least 4 months at 37°C. Further, forced degradation studies at the extreme condition of 64°C have shown that KSI-301 bioconjugate remains in solution and is optically clear for at least 48 hours whereas the precursor antibody protein precipitated forming an opaque white suspension within several hours.

Toxicology Profile

KSI-301 has demonstrated an attractive safety profile in GLP monkey toxicology studies. When dosed bilaterally via intravitreal injection at 2.5 mg or 0.5 mg per eye every four weeks, data to date show KSI-301 is well tolerated through seven doses. A dose-related anterior segment and posterior segment mild inflammatory response was observed and was not associated with other ocular abnormalities. The anterior segment response declined during the interval between doses and generally the finding was not present one-week post dose. No drug induced systemic toxicity was observed. Additionally KSI-301 was well tolerated up to the highest dose of 5 mg/kg when dosed intravenously every four weeks through ten weeks. To date, this well tolerated profile in monkeys for KSI-301 is more favorable than that of Lucentis and EYLEA.

With EYLEA in GLP monkey toxicology studies, EYLEA formulations and, to a lesser extent, vehicle controls typically resulted in a mild anterior segment/vitreous inflammatory response. The severity was usually trace to mild with some occasions of moderate-severe, particularly in the low dose and also at 2 mg/eye and 4 mg/eye. Vitreal cells (generally mild) were observed in the majority of eyes through the dosing phase in all groups including controls. Some instances of moderate-severe were observed, but this was not persistent. At the end of the dosing phase, there was a test article-related increased incidence of epithelial erosion/ulceration often accompanied by chronic-active inflammation of the nasal turbinates in animals given 2 mg/eye and 4 mg/eye.

With Lucentis in GLP monkey toxicology studies, no drug-induced systemic toxicity was observed, but a strong dose-related inflammatory response was observed at all dose levels in all studies. Findings included multifocal perivenous hemorrhages, multifocal perivascular sheathing, inflammatory cell infiltrates (neutrophils, macrophages, plasma cells, lymphocytes, or eosinophils) in various ocular tissues, a cataractogenic effect was noted at dose levels of 1 mg/eye and 2 mg/eye. Fundus photography showed abnormal findings including venous dilatation and tortuosity, venous beading, possible peripapillary retinal thickening, macular thickening, possible papillary swelling, and avascular papillary tufts.

KSI-301 Commercialization

We currently have no sales, marketing or commercial product distribution capabilities and have no experience as a company in marketing products. We intend to build our own commercialization capabilities over time.

If KSI-301 receives marketing approval, we plan to commercialize it in the United States with our own focused, specialty sales force. We believe that retinal specialists in the United States, who perform most of the medical procedures involving diseases of the back of the eye, are sufficiently concentrated that we will be able to effectively promote KSI-301 to these specialists with a sales and marketing group of fewer than 200 persons.

We expect to use a variety of types of collaboration, distribution and other marketing arrangements with one or more third parties to commercialize KSI-301 in markets outside the United States.

KSI-301 Manufacturing

We believe it is important to our business and success to have a reliable, high-quality clinical drug supply. As we mature as a company and approach commercial stage operations, securing reliable high-quality commercial drug supply will be critical.

We do not currently own or operate facilities for product manufacturing, storage, distribution or testing.

We rely on third-party contract manufacturers, or CMOs, to manufacture and supply our clinical materials to be used during the development of our product candidates. We have established relationships with several CMOs, including Lonza AG, or Lonza, for the manufacture of KSI-301, as well as certain of our other product candidates.

We currently do not need commercial manufacturing capacity. When and if this becomes relevant, we intend to evaluate both third-party manufacturers as well as building out internal capabilities and capacity. We may choose one or both options, or a combination of the two.

The process for manufacturing KSI-301 consists of conjugating our antibody intermediate with our biopolymer intermediate. Our antibody intermediate is produced in a recombinant GS-CHO (Glutamine Synthetase—Chinese Hamster Ovary) cell line in a protein-free and animal component-free medium. Our biopolymer intermediate is synthesized via a multi-step controlled “living” polymerization process, purified and formulated. Following conjugation of the intermediates, the bioconjugate drug substance is further purified, concentrated, and stored.

To date, we have relied primarily on Lonza for the manufacture of KSI-301, and we believe we have sufficient cGMP drug substance to support our planned Phase 2 clinical development. The manufacture of KSI-301, like other biologic products, is complex and we have actively worked with Lonza to develop and refine

our manufacturing process. As our need for KSI-301 increases in connection with future clinical trials and, if approved, commercial quantities, we anticipate continued interaction with Lonza to refine and scale our manufacturing process. Our agreement with Lonza for the manufacture of KSI-301 is effective until 2020, subject to customary termination provisions. We have also identified multiple other CMOs that we believe would be capable of implementing and validating our manufacturing process for KSI-301 should the need arise.

ABC Platform

We believe that our ABC Platform is well suited to extend the durability of soluble, injectable retinal medicines, while at the same providing for other useful benefits. We intend to develop additional drug candidates by applying our ABC Platform in other significant areas of unmet medical need in retina and ophthalmic disease.

We believe our ABC Platform differentiates us and has the potential to fuel a pipeline of differentiated, non-biosimilar product candidates in high-prevalence ophthalmic diseases. In addition to KSI-301, we have leveraged our ABC Platform to build a pipeline of potential product candidates, including:

- KSI-201, a recombinant, mammalian cell expressed dual inhibitor antibody biopolymer bioconjugate, for the treatment of wet AMD;
- KSI-401, a recombinant, mammalian cell expressed antibody biopolymer conjugate, for the treatment of dry AMD; and
- KSI-501, a recombinant, mammalian cell expressed dual inhibitor antibody biopolymer conjugate, for the treatment of wet AMD and DR.

cGMP master cell banks for both KSI-201 and KSI-401 have been completed, and we continue to evaluate each of the foregoing product candidates in various stages of development.

Overview of KSI-501

Overview of KSI-501

In addition to angiogenesis, inflammation has been implicated in the pathogenesis of a number of retinal diseases. Anti-inflammatory therapies such as steroids have been effective in treating both uveitis (a spectrum of diseases with intraocular inflammation as a defining characteristic) and DME. Similarly, genetically inherited variations in the interleukin 6, or IL-6, gene have been associated with higher PDR incidence in patients with type 2 diabetes. Moreover, disease progression in AMD, DR and RVO have been reported to be associated with increased serum and/or ocular levels of IL-6. Additionally, chronic inflammatory cells have been seen on the surface of the basement membrane behind the retina in eyes with wet AMD. Interestingly, IL-6 has been implicated in resistance to anti-VEGF treatments in DME patients. This in part is believed to be an indirect result of IL-6 mediated upregulation of VEGF expression as well as more direct VEGF-independent angiogenic functions mediated by IL-6 signaling that occur in the presence of VEGF inhibitors.

Our KSI-501 product candidate is a dual inhibitor Trap-Antibody-Fusion, or TAF, bioconjugate molecule designed to target concurrent inflammation and abnormal angiogenesis observed in the pathogenesis of retinal vascular diseases. KSI-501 acts through an anti-VEGF mechanism similar to EYLEA and an anti-inflammatory mechanism that targets the potent cytokine IL-6. Similar to KSI-301, KSI-501 uses the ABC Platform and is a bioconjugate of the TAF protein conjugated to our phosphorylcholine-based biopolymer. Preclinical binding and functional studies demonstrate that the TAF protein binds specifically and simultaneously to its intended targets. We believe that this dual inhibition may provide a superior treatment option for patients with retinal vascular diseases and in particular those patients with diseases known to have a high inflammatory component such as DME, as well as in ocular inflammatory diseases such as uveitis.

Components of KSI-501

KSI-501 is a bioconjugate of a dual inhibitor TAF protein and a phosphorylcholine-based biopolymer. The protein portion of KSI-501 has two VEGF binding domains from human VEGF receptors which together act as a

trap or soluble receptor decoy to bind the most abundant isoforms of VEGF. The anti-VEGF trap domains are fused to a high-affinity IgG1 antibody that binds with high specificity and affinity to IL-6 and disrupts the ligand's association with its cognate IL-6 receptor. Moreover, the Fc domain has been engineered to reduce immune effector function and facilitate site-specific conjugation to our phosphorylcholine-based biopolymer.

Notably, this IgG1 antibody sequence is identical to that from KSI-301, except for the six CDR regions that mediate target binding and which are specific for binding to the IL-6 target. Retaining the IgG1 frameworks across ABC Platform-derived product candidates enables "platform capability" which simplify manufacturing and product development. KSI-501, furthermore, uses the same cGMP biopolymer intermediate as KSI-301.

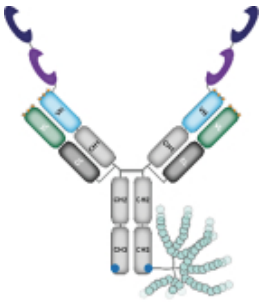


Figure: Functional structure of the KSI-501 antibody biopolymer conjugate. CH – constant heavy, CL – constant light, VH – variable heavy, VL – variable light, – Complementarity Determining Regions (CDR).

Characteristics of KSI-501

We believe that KSI-501 can be a highly differentiated treatment due to its dual mechanism of action, with an improved durability and bioavailability profile due to the ABC Platform component. In addition, there are currently no IL-6 inhibitors approved for use in the eye.

We incorporated the following design features into KSI-501:

- Binds with high affinity to the most abundant isoforms of VEGF
- Engineered to remove a protease hotspot to prevent cleavage in Chinese Hamster Ovary, or CHO, mammalian expression systems, which may improve potency and formulation stability

Design Feature: KSI-501's anti-IL-6 domain

- Affinity matured, humanized anti-IL-6 IgG1 that binds with high affinity to IL-6 and inhibits binding of IL-6 to its cognate receptor
- IgG1 Fc domain engineered to reduce immune effector functions

Design Feature: KSI-501's phosphorylcholine-based ABC Platform

- Ultra-high molecular weight of 1,000,000 Daltons for improved ocular pharmacokinetics
- Same IgG1 framework sequences and same phosphorylcholine-based biopolymer as KSI-301 and other ABC Platform-derived product candidates to simplify manufacturing and product development
- Other benefits of the ABC Platform such as enhanced tissue access to key ocular tissues and bioconjugate stability

Note that the in vitro data shown below are generated using the TAF (protein) of KSI-501, without conjugation to our ABC biopolymer. Results using KSI-501 may be different, but experience with a structurally similar prior molecule, KSI-201, has shown that these individual components, i.e. trap antibody fusion protein and biopolymer, can function together simultaneously as a dual inhibitor bioconjugate. Prior experiences with bioconjugates KSI-201 and KSI-301 have also demonstrated that the biopolymer portion does not interfere with the bioactivity of the protein portion.

Affinity and concurrent binding to VEGF and IL-6

Preclinical studies indicate that the TAF portion of KSI-501 binds with high affinity to both VEGF and IL-6, as measured by SPR analysis (Table). Importantly, binding of each molecule has no effect on the binding of the other, and KSI-501 can bind to both molecules as shown below. Thus, we believe our dual inhibitor can simultaneously inhibit both of its targets with high potency.

Table: Binding kinetics of TAF portion of KSI-501 to huVEGF-A165 or IL-6 by SPR analysis.

Molecule	Kon (M)	Koff (M)	KD (pM)
IL-6	$3.72x10^{6}$	$4.06x10^{-4}$	109
VEGF-A165	$1.07x10^{7}$	$1.63x10^{-4}$	15.2

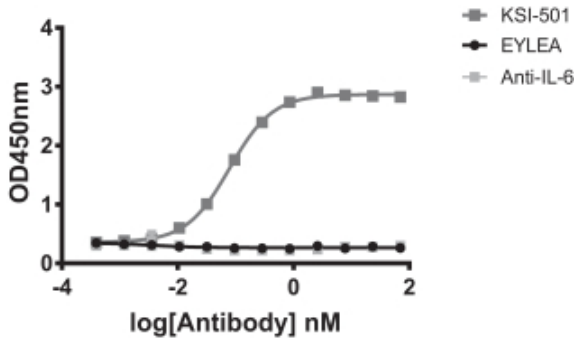


Figure: TAF of KSI-501 simultaneously binds to IL-6 and VEGF by sandwich ELISA, which only shows a signal if a compound binds to both IL-6 and VEGF concurrently.

Inhibition of VEGF and IL-6

KSI-501 was designed to inhibit both VEGF and IL-6 mediated signaling that occur after the ligands bind to their respective receptors. The figure below shows that the TAF protein of KSI-501 effectively prevents VEGF from stimulating downstream VEGFR2 signaling in a reporter assay in a comparable manner to EYLEA, while anti-IL-6 alone served as a negative control.

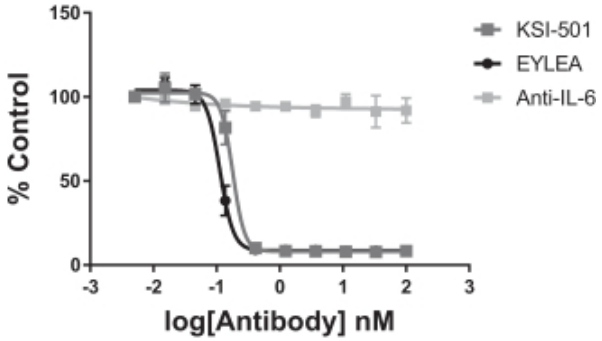


Figure: VEGF stimulated reporter assay with increasing concentrations of anti-VEGF inhibitors

The figure below shows that the control anti-IL-6 antibody and TAF protein of KSI-501 effectively compete with IL-6R for binding to plate-bound IL-6 and therefore inhibit this specific antigen-receptor interaction. The IC50 values for the control anti-IL-6 monoclonal antibody and the TAF protein are comparable (anti-IL-6 = 0.36 nM, KSI-501 = 0.47 nM), while EYLEA had no effect.

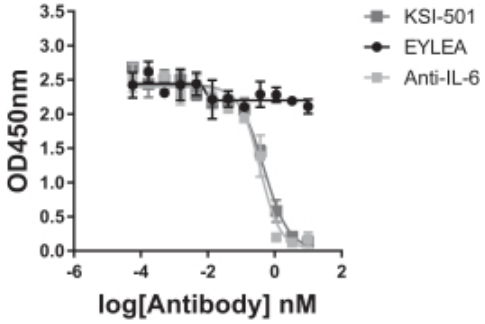


Figure: ELISA measuring IL-6 binding to IL-6R in the presence of increasing concentrations of anti-IL-6 inhibitors

Together, these data indicate that the TAF protein of KSI-501 inhibits both VEGF and IL-6 from binding their cognate receptors as effectively as the monotherapies. Importantly, these data also demonstrate that the TAF protein of KSI-501 can simultaneously block downstream signaling mediated by both VEGF and IL-6.

IL-6 and VEGF mediated proliferation of HUVECs

The ability of the TAF protein of KSI-501 to inhibit IL-6 and VEGF mediated angiogenic functions was tested in a Human Vascular Endothelial Cell, or HUVEC, proliferation assay as shown in the figure below. Importantly, the concentrations of VEGF and IL-6 used to stimulate proliferation were below the saturation point for each individual stimulant and under these conditions VEGF and IL-6 showed some synergy for growth. The presence of TAF protein significantly attenuated proliferation to approximately 50% of maximal growth, while neither EYLEA nor control anti-IL-6 alone had quantifiable effects. These data provide supporting evidence that KSI-501 can synergistically abrogate endothelial cell proliferation that is driven by concurrent inflammatory and VEGF mediated signaling.

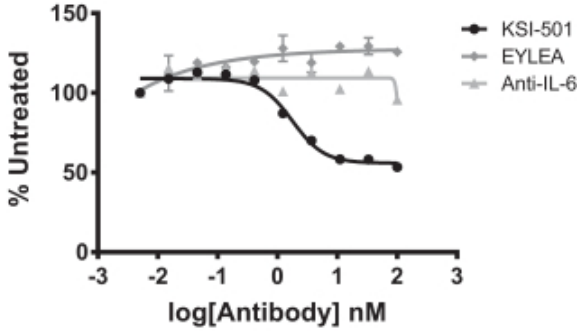


Figure: VEGF/IL-6 mediated HUVEC proliferation in the presence of inhibitors

IL-6 and VEGF mediated tubule formation of HUVECs:

TAF protein of KSI-501 was also tested in an endothelial cell tubule formation assay. Treatment of HUVECs seeded on an extracellular basement membrane matrix (Matrigel) with VEGF and IL-6 together stimulate tubule formation to a higher degree than either treatment alone. The TAF protein of KSI-501 demonstrated superior inhibition of this tubule formation when compared to EYLEA or control anti-IL-6 antibody.

Furthermore, quantification of the effects of each inhibitor on twenty parameters of HUVEC tubule formation show that the TAF protein significantly inhibited 17 of 20 angiogenic parameters versus control (compared to 4 of 20 for EYLEA and 7 of 20 for control anti-IL-6 antibody). TAF protein was statistically better than EYLEA and anti-IL-6 control in 12 of 20 parameters.

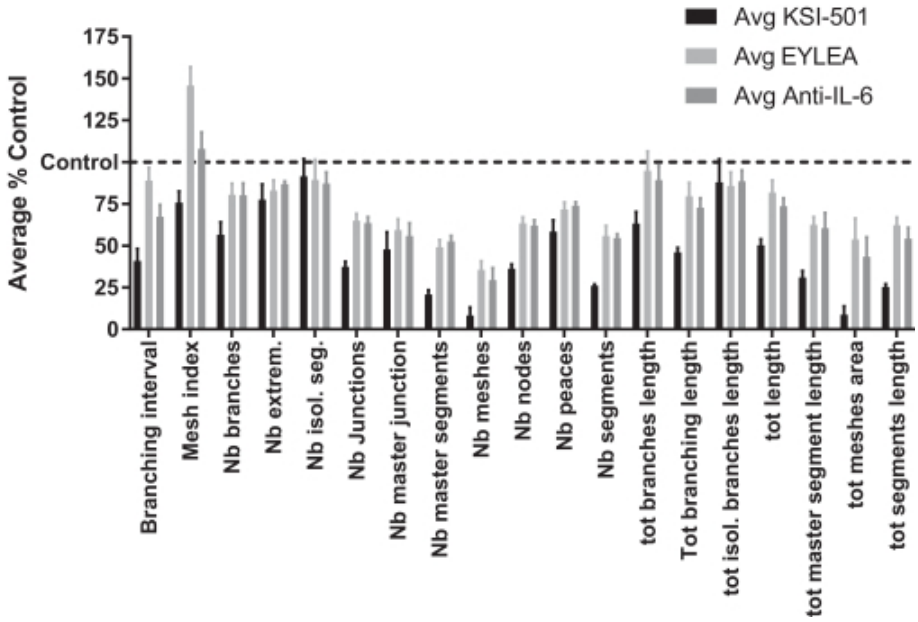


Figure: Quantification of IL-6/VEGF mediated HUVEC tubule formation in the presence or absence of inhibitor molecules using the Angiogenesis Analyzer plugin for ImageJ

Together, these data show that the TAF protein of KSI-501 can simultaneously bind IL-6 and VEGF to inhibit their downstream angiogenic signaling pathways. We believe that this novel dual inhibitor can provide an alternative option for the treatment of retinal vascular diseases, especially those that have a high inflammatory component and/or that do not respond adequately to anti-VEGF treatments alone.

Research and Development

We have committed, and expect to continue to commit, significant resources to enhancing our ABC Platform and developing new product candidates. We have assembled experienced research and development teams at our Palo Alto, California location with scientific, clinical and regulatory personnel. As of September 1, 2018, we had 23 employees primarily engaged in research and development. Of these employees, 12 hold a Ph.D. degree or M.D. (or equivalent) degree. From time to time we engage individuals to assist with certain research and development activities on a contractual basis for limited time periods. Our research and development expenses for the years ended December 31, 2016 and 2017 were $14.1 million and $22.0 million, respectively.

Competition

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. While we believe that our technologies, knowledge, experience and scientific resources provide us with competitive advantages, we face potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

Our potential competitors include large pharmaceutical and biotechnology companies, and specialty pharmaceutical and generic or biosimilar drug companies. Many of our competitors have significantly greater financial and human resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient enrollment for clinical trials, as well as in acquiring products, product candidates or other technologies complementary to our programs.

The key competitive factors affecting the success of KSI-301, if approved, are likely to be its efficacy, safety, method and frequency of administration, on-mechanism durability of therapeutic effect, convenience, price, the level of generic competition and the availability of coverage and reimbursement from government and other third-party payors. The method of administration of KSI-301, intravitreal injection, is commonly used to administer ophthalmic drugs for the treatment of severe disease and is generally accepted by patients facing the prospect of severe visual loss or blindness. However, a therapy that offers a less invasive method of administration might have a competitive advantage over one administered by intravitreal injection, depending on the relative safety of the other method of administration.

The current standard of care for wet AMD and advanced stages of DR is monotherapy administration of anti-VEGF drugs, principally Avastin, Lucentis and EYLEA, which are well-established therapies and are widely accepted by physicians, patients and third-party payors. Physicians, patients and third-party payors may not accept the addition of KSI-301 to their current treatment regimens for a variety of potential reasons, including:

- if they do not wish to incur the additional cost of KSI-301;
- if they perceive the addition of KSI-301 to be of limited benefit to patients;
- if they wish to treat with more than an anti-VEGF drug;
- if sufficient coverage and reimbursement are not available;
- if they do not perceive KSI-301 to have a favorable risk-benefit profile.

We are developing KSI-301 as an alternative to existing anti-VEGF drugs, including Avastin, Lucentis and EYLEA. Accordingly, KSI-301 would directly compete with these therapies. While we believe KSI-301 will compete favorably with existing anti-VEGF drugs, future approved standalone or combination therapies for wet AMD with demonstrated improved efficacy over KSI-301 or currently marketed therapies with a favorable safety profile and any of the following characteristics might pose a significant competitive threat to us:

- a mechanism of action that does not involve VEGF;
- a duration of action that obviates the need for frequent intravitreal injection;
- a method of administration that avoids intravitreal injection; and
- significant cost savings or reimbursement advantages compared to KSI-301 and other anti-VEGF therapies.

Our commercial opportunity could be reduced or eliminated if one or more of our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. A drug with greater convenience than KSI-301 might make such a drug more attractive to physicians and patients. An anti-VEGF gene therapy product might substantially reduce the number and frequency of intravitreal injections when treating wet AMD or DR, making KSI-301 unattractive to physicians and patients. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected because in many cases insurers or other third-party payors seek to encourage the use of generic products.

In addition to currently available therapies, we are aware of a number of products in preclinical research and clinical development by third parties to treat wet AMD and DR. We expect that product candidates currently in clinical development, or that could enter clinical development in the near future, that inhibit the function of VEGF or inhibit the function of both VEGF and other factors, could represent significant competition if approved. These product candidates may provide efficacy, safety, convenience and other benefits that are not provided by currently marketed therapies. For example, we are aware that Novartis is developing brolucizumab, an anti-VEGF single-chain antibody fragment for the treatment of wet AMD, which recently completed two Phase 3 studies versus EYLEA. In these trials, brolucizumab met the primary efficacy endpoint of noninferiority to EYLEA in mean change in best-corrected visual acuity from baseline to week 48. In addition, Allergan is developing a competing anti-VEGF therapy, abicipar, which is part of a new class of drugs called DARPin therapies that uses genetically modified antibody proteins. Positive topline data from Allergan's Phase 3 studies for abicipar in wet AMD were recently reported with a 15% incidence rate of ocular inflammation, and full data are expected to be presented in 2018. There are also several companies and research organizations pursuing treatments targeting other molecular targets, potential gene therapy treatments, stem cell transplant treatments and medical devices for the treatment of wet AMD and DR.

Because there are a variety of means to treat wet AMD and DR, our patents and other proprietary protections for KSI-301 will not prevent development or commercialization of product candidates that are different from KSI-301.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority.

U.S. Drug Development

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations, and biologics under the FDCA, the Public Health Service Act, or PHSA, and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or post-market may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Any future product candidates must be approved by the FDA through either a new drug application, or NDA, or a biologics license application, or BLA, process before they may be legally marketed in the United States. The process generally involves the following:

- completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with good laboratory practice, or GLP, requirements;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, or ethics committee at each clinical trial site before each trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, good clinical practice, or GCP, requirements and other clinical trial-related regulations to establish the safety and efficacy of the investigational product for each proposed indication;
- submission to the FDA of an NDA or BLA;
- a determination by the FDA within 60 days of its receipt of an NDA or BLA to accept the filing for review;
- satisfactory completion of a FDA pre-approval inspection of the manufacturing facility or facilities where the drug or biologic will be produced to assess compliance with current good manufacturing practices, or cGMP, requirements to assure that the facilities, methods and controls are adequate to preserve the drug or biologic's identity, strength, quality and purity;
- potential FDA audit of the preclinical and/or clinical trial sites that generated the data in support of the NDA or BLA;
- FDA review and approval of the NDA or BLA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug or biologic in the United States; and
- compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy, or REMS, and the potential requirement to conduct post-approval studies.

The data required to support an NDA or BLA are generated in two distinct developmental stages: preclinical and clinical. The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for any future product candidates will be granted on a timely basis, or at all.

Preclinical Studies and IND

The preclinical developmental stage generally involves laboratory evaluations of drug chemistry, formulation and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans, and must become effective before human clinical trials may begin.

Preclinical studies include laboratory evaluation of product chemistry and formulation, as well as in vitro and animal studies to assess the potential for adverse events and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations for safety/toxicology studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, to the FDA as part of an IND. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time, the FDA raises concerns or questions related to one or more proposed clinical trials and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures,

subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of an NDA or BLA. The FDA will accept a well-designed and well-conducted foreign clinical study not conducted under an IND if the study was conducted in accordance with GCP requirements and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Clinical trials in the United States generally are conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the drug.
- Phase 2 clinical trials involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.
- Phase 3 clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. These trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA or BLA.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the drug, findings from animal or in vitro testing that suggest a significant risk for human subjects and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure.

Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug or biologic has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated check points based on

access to certain data from the trial. Concurrent with clinical trials, companies usually complete additional animal studies and also must develop additional information about the chemistry and physical characteristics of the drug or biologic as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product and, among other things, companies must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that our product candidates do not undergo unacceptable deterioration over their shelf life.

NDA/BLA Review Process

Following completion of the clinical trials, data are analyzed to assess whether the investigational product is safe and effective for the proposed indicated use or uses. The results of preclinical studies and clinical trials are then submitted to the FDA as part of an NDA or BLA, along with proposed labeling, chemistry and manufacturing information to ensure product quality and other relevant data. In short, the NDA or BLA is a request for approval to market the drug or biologic for one or more specified indications and must contain proof of safety and efficacy for a drug or safety, purity and potency for a biologic. The application may include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational product to the satisfaction of FDA. FDA approval of an NDA or BLA must be obtained before a drug or biologic may be marketed in the United States.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each NDA or BLA must be accompanied by a user fee. FDA adjusts the PDUFA user fees on an annual basis. According to the FDA's fee schedule, effective through September 30, 2018, the user fee for an application requiring clinical data, such as an NDA or BLA, is $2,421,495. PDUFA also imposes an annual product fee for human drugs and biologics (approximately $97,750) and an annual establishment fee (approximately $512,200) on facilities used to manufacture prescription drugs and biologics. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs or BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews all submitted NDAs and BLAs before it accepts them for filing, and may request additional information rather than accepting the NDA or BLA for filing. The FDA must make a decision on accepting an NDA or BLA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA or BLA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has ten months, from the filing date, in which to complete its initial review of a new molecular-entity NDA or original BLA and respond to the applicant, and six months from the filing date of a new molecular-entity NDA or original BLA designated for priority review. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs or BLAs, and the review process is often extended by FDA requests for additional information or clarification.

Before approving an NDA or BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA also may audit data from clinical trials to ensure compliance with GCP requirements. Additionally, the FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions, if any. The FDA is not bound by recommendations of an advisory committee, but it considers such recommendations when making decisions on approval. The FDA likely will reanalyze the clinical trial data,

which could result in extensive discussions between the FDA and the applicant during the review process. After the FDA evaluates an NDA or BLA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the NDA or BLA identified by the FDA. The Complete Response Letter may require additional clinical data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

Expedited Development and Review Programs

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs and biologics that meet certain criteria. Specifically, new drugs and biologics are eligible for fast track designation if they are intended to treat a serious or life threatening condition and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to both the product and the specific indication for which it is being studied. The sponsor can request the FDA to designate the product for fast track status any time before receiving NDA or BLA approval, but ideally no later than the pre-NDA or pre-BLA meeting.

Any product submitted to the FDA for marketing, including under a fast track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it treats a serious or life-threatening condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies.

A product may also be eligible for accelerated approval, if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, or IMM, that is reasonably likely to predict an effect on IMM or other clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug or biologic receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. If the FDA concludes that a drug or biologic shown to be effective can be safely used only if distribution or use is restricted, it may require such post-marketing restrictions, as it deems necessary to assure safe use of the product.

Additionally, a drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints. The benefits of breakthrough therapy designation include the same benefits as fast track designation, plus intensive guidance from the FDA to ensure an efficient drug development program. Fast track designation, priority review, accelerated approval and breakthrough therapy designation do not change the standards for approval, but may expedite the development or approval process.

Abbreviated Licensure Pathway of Biological Products as Biosimilar or Interchangeable

The Patient Protection and Affordable Care Act, or PPACA, or Affordable Care Act, or ACA, signed into law in 2010, includes a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated approval pathway for biological products shown to be highly similar to an FDA-licensed reference biological product. The BPCIA attempts to minimize duplicative testing, and thereby lower development costs and increase patient access to affordable treatments. An application for licensure of a

biosimilar product must include information demonstrating biosimilarity based upon the following, unless the FDA determines otherwise:

- analytical studies demonstrating that the proposed biosimilar product is highly similar to the approved product notwithstanding minor differences in clinically inactive components;
- animal studies (including the assessment of toxicity); and
- a clinical study or studies (including the assessment of immunogenicity and pharmacokinetics or pharmacodynamics) sufficient to demonstrate safety, purity and potency in one or more conditions for which the reference product is licensed and intended to be used.

In addition, an application must include information demonstrating that:

- the proposed biosimilar product and reference product utilize the same mechanism of action for the condition(s) of use prescribed, recommended, or suggested in the proposed labeling, but only to the extent the mechanism(s) of action are known for the reference product;
- the condition or conditions of use prescribed, recommended, or suggested in the labeling for the proposed biosimilar product have been previously approved for the reference product;
- the route of administration, the dosage form, and the strength of the proposed biosimilar product are the same as those for the reference product; and
- the facility in which the biological product is manufactured, processed, packed or held meets standards designed to assure that the biological product continues to be safe, pure, and potent.

Biosimilarity means that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components; and that there are no clinically meaningful differences between the biological product and the reference product in terms of the safety, purity, and potency of the product. In addition, the law provides for a designation of “interchangeability” between the reference and biosimilar products, whereby the biosimilar may be substituted for the reference product without the intervention of the health care provider who prescribed the reference product. The higher standard of interchangeability must be demonstrated by information sufficient to show that:

- the proposed product is biosimilar to the reference product;
- the proposed product is expected to produce the same clinical result as the reference product in any given patient; and
- for a product that is administered more than once to an individual, the risk to the patient in terms of safety or diminished efficacy of alternating or switching between the biosimilar and the reference product is no greater than the risk of using the reference product without such alternation or switch.

FDA approval is required before a biosimilar may be marketed in the United States. However, complexities associated with the large and intricate structures of biological products and the process by which such products are manufactured pose significant hurdles to the FDA’s implementation of the law that are still being worked out by the FDA. For example, the FDA has discretion over the kind and amount of scientific evidence—laboratory, preclinical and/or clinical—required to demonstrate biosimilarity to a licensed biological product.

The FDA intends to consider the totality of the evidence, provided by a sponsor to support a demonstration of biosimilarity, and recommends that sponsors use a stepwise approach in the development of their biosimilar products. Biosimilar product applications thus may not be required to duplicate the entirety of preclinical and clinical testing used to establish the underlying safety and effectiveness of the reference product. However, the FDA may refuse to approve a biosimilar application if there is insufficient information to show that the active ingredients are the same or to demonstrate that any impurities or differences in active ingredients do not affect the safety, purity or potency of the biosimilar product. In addition, as with BLAs, biosimilar product applications will not be approved unless the product is manufactured in facilities designed to assure and preserve the biological product’s safety, purity and potency.

The submission of a biosimilar application does not guarantee that the FDA will accept the application for filing and review, as the FDA may refuse to accept applications that it finds are insufficiently complete. The FDA will treat a biosimilar application or supplement as incomplete if, among other reasons, any applicable user fees assessed under the Biosimilar User Fee Act of 2012 have not been paid. In addition, the FDA may accept an application for filing but deny approval on the basis that the sponsor has not demonstrated biosimilarity, in which case the sponsor may choose to conduct further analytical, preclinical or clinical studies and submit a BLA for licensure as a new biological product.

The timing of final FDA approval of a biosimilar for commercial distribution depends on a variety of factors, including whether the manufacturer of the branded product is entitled to one or more statutory exclusivity periods, during which time the FDA is prohibited from approving any products that are biosimilar to the branded product. The FDA cannot approve a biosimilar application for twelve years from the date of first licensure of the reference product. Additionally, a biosimilar product sponsor may not submit an application for four years from the date of first licensure of the reference product. A reference product may also be entitled to exclusivity under other statutory provisions. For example, a reference product designated for a rare disease or condition (an “orphan drug”) may be entitled to seven years of exclusivity, in which case no product that is biosimilar to the reference product may be approved until either the end of the twelve-year period provided under the biosimilarity statute or the end of the seven-year orphan drug exclusivity period, whichever occurs later. In certain circumstances, a regulatory exclusivity period can extend beyond the life of a patent, and thus block biosimilarity applications from being approved on or after the patent expiration date. In addition, the FDA may under certain circumstances extend the exclusivity period for the reference product by an additional six months if the FDA requests, and the manufacturer undertakes, studies on the effect of its product in children, a so-called pediatric extension.

The first biological product determined to be interchangeable with a branded product for any condition of use is also entitled to a period of exclusivity, during which time the FDA may not determine that another product is interchangeable with the reference product for any condition of use. This exclusivity period extends until the earlier of: (1) one year after the first commercial marketing of the first interchangeable product; (2) 18 months after resolution of a patent infringement against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; (3) 42 months after approval of the first interchangeable product, if a patent infringement suit against the applicant that submitted the application for the first interchangeable product is still ongoing; or (4) 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued.

Post-Approval Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping requirements, requirements to report adverse experiences, and comply with promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations (known as “off-label use”) and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such uses. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy, or REMS, to assure the safe use of the product. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

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

The FDA strictly regulates marketing, labeling, advertising, and promotion of products that are placed on the market. Drugs and biologics may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Other U.S. Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in the United States in addition to the FDA, including the Centers for Medicare & Medicaid Services, other divisions of the Department of Health and Human Services, the Department of Justice, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments.

For example, in the United States, sales, marketing and scientific and educational programs also must comply with state and federal fraud and abuse laws. These laws include the federal Anti-Kickback Statute, which makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce or reward referrals, including the purchase, recommendation, order or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. Moreover, the ACA provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act.

Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities also are potentially subject to federal and state consumer protection and unfair competition laws.

The distribution of biologic and pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with any of these laws or regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (1) changes to our manufacturing arrangements; (2) additions or modifications to product labeling; (3) the recall or discontinuation of our products; or (4) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

U.S. Patent-Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of FDA approval of any future product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Act. The Hatch-Waxman Act permits restoration of the patent term of up to five years as compensation for patent term lost during product development and FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent-term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA.

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of a NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for a NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

A reference biological product is granted twelve years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. "First licensure" typically means the initial date the particular product at issue was licensed in the United States. Date of first licensure does not include the date of licensure of (and a new period of exclusivity is not available for) a

biological product if the licensure is for a supplement for the biological product or for a subsequent application by the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest, or other related entity) for a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device or strength, or for a modification to the structure of the biological product that does not result in a change in safety, purity, or potency. Therefore, one must determine whether a new product includes a modification to the structure of a previously licensed product that results in a change in safety, purity, or potency to assess whether the licensure of the new product is a first licensure that triggers its own period of exclusivity. Whether a subsequent application, if approved, warrants exclusivity as the "first licensure" of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

European Union Drug Development

As in the United States, medicinal products can be marketed only if a marketing authorization from the competent regulatory agencies has been obtained.

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the EU, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the member state regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU countries where the trial is to be conducted by two distinct bodies: the National Competent Authority, or NCA, and one or more Ethics Committees, or ECs. Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

The EU clinical trials legislation currently is undergoing a transition process mainly aimed at harmonizing and streamlining clinical-trial authorization, simplifying adverse-event reporting procedures, improving the supervision of clinical trials and increasing their transparency. Recently enacted Clinical Trials Regulation EU No 536/2014 ensures that the rules for conducting clinical trials in the EU will be identical. In the meantime, Clinical Trials Directive 2001/20/EC continues to govern all clinical trials performed in the EU.

European Union Drug Review and Approval

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

- The Community MA is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use, or CHMP, of the European Medicines Agency, or EMA, and is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU.
- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member States through the Mutual Recognition

Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State, or RMS. The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics, or SPC, and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling, or packaging proposed by the RMS, the product is subsequently granted a national MA in all the Member States (i.e., in the RMS and the Member States Concerned).

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

People's Republic of China Drug Regulation

China heavily regulates the development, approval, manufacturing and distribution of drugs, including biologics. The specific regulatory requirements applicable depend on whether the drug is made and finished in China, which is referred to as a domestically manufactured drug, or made abroad and imported into China in finished form, which is referred to as an imported drug, as well as the approval or "registration" category of the drug. For both imported and domestically manufactured drugs, China typically requires regulatory approval for a clinical trial, or CTA, prior to submitting an application for marketing approval. For a domestically manufactured drug, there is also a requirement for a drug manufacturing license for a facility in China.

In 2017, the drug regulatory system entered a new and significant period of reform. The State Council and the China Communist Party jointly issued the Opinion on Deepening the Reform of the Regulatory Approval System to Encourage Innovation in Drugs and Medical Devices, or the Innovation Opinion. The expedited programs and other advantages under this and other recent reforms encourage drug manufacturers to seek market approval in China first, manufacture domestically, and develop drugs in high priority disease areas.

To implement the regulatory reform introduced by the Innovation Opinion, the China Drug Authority, or CDA, is currently revising the fundamental laws, regulations and rules regulating pharmaceutical products and the industry, which include the framework law known as the PRC Drug Administration Law, or DAL. The DAL is also generally implemented by a set of regulations issued by the State Council referred to as the DAL Implementing Regulation. The CDA has its own set of regulations implementing the DAL; the primary one governing clinical trial applications, marketing approval, and license renewal and amendment is known as the Drug Registration Regulation. However, the implementing regulations for many of the reforms in the Innovation Opinion had not been announced, and therefore, the details in the implementation of the regulatory changes remained uncertain in some respects.

Regulatory Authorities and Recent Government Reorganization

In the PRC, the CDA is the primary regulator for pharmaceutical products and businesses. It regulates almost all of the key stages of the life-cycle of pharmaceutical products, including nonclinical studies, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution, and pharmacovigilance (i.e., post-marketing safety reporting obligations). The Center for Drug Evaluation, or CDE, which is under the CDA, conducts the technical evaluation of each drug and biologic application for safety and effectiveness.

The National Health and Family Planning Commission, or NHFPC, formerly known as the Ministry of Health, or MOH, is China's chief healthcare regulator. It is primarily responsible for overseeing the operation of medical institutions, which also serve as clinical trial sites, and regulating the licensure of hospitals and other medical personnel. NHFPC plays a significant role in drug reimbursement. Furthermore, the NHFPC and its local counterparts at or below the provincial-level of local government also oversee and organize public medical institutions' centralized bidding and procurement process for pharmaceutical products. This is the chief way that public hospitals and their internal pharmacies acquire drugs.

China has recently reorganized the agencies that regulate drugs, healthcare, and the state health insurance plans, although it is still not entirely clear what effect on policy these changes will ultimately have in terms of making the drug approval process more efficient. The drug regulatory agency, CFDA, is merged into a State Administration on Market Regulation, or SAMR, along with other agencies that regulate consumer protection, product quality and anti-monopoly. The drug, device and cosmetic regulatory functions of CFDA is put under the CDA, which is subordinate to the SAMR. The National Health Commission, or the NHC, will be the healthcare regulator replacing the NHFPC, and a new, separate State Medical Insurance Bureau will focus on regulating reimbursement under the state-sponsored insurance plans.

Pre-Clinical and Clinical Development

The CDA requires both pre-clinical and clinical data to support registration applications for imported and domestic drugs. Pre-clinical work, including pharmacology and toxicology studies, must meet the GLP, issued in July 2017. The CDA accredits GLP labs and requires that nonclinical studies on chemical drug substances and preparations and biologics that are not yet marketed in China be conducted there. There are no approvals required from the CDA to conduct pre-clinical studies.

Registration Categories

Prior to engaging with the CDA on research and development and approval, an applicant will need to determine the registration category for its drug candidate (which will ultimately need to be confirmed with the CDA), which will determine the requirements for its clinical trial and marketing application. There are five categories for small molecule drugs: Category 1 (“innovative drugs”) refers to drugs that have a new chemical entity that has not been marketed anywhere in the world, Category 2 (“improved new drugs”) refers to drugs with a new indication, dosage form, route of administration, combination, or certain formulation changes not approved in the world, Categories 3 and 4 are for generics that reference an innovator drug (or certain well-known generic drugs) marketed either abroad or in China, respectively, and Category 5 refers to originator or generic drugs that have already been marketed abroad but are not yet approved in China (*i.e.*, many imported drugs).

Therapeutic biologics follow a similar categorization, with Category 1 being new to the world, but with fifteen product-specific categories. Like with small molecule drugs, Category 1 for biologics is also for innovative biologics that have not been approved inside or outside of China. A clear regulatory pathway for biosimilars does not yet exist, but the CDA may soon develop one in its revision of implementing rules pursuant to the Innovation Opinion. We have not yet discussed with the CDA the categorization of any of our product candidates, including KSI-301.

Expedited Programs – Priority Evaluation and Approval Programs to Encourage Innovation

The CDA has adopted several expedited review and approval mechanisms since 2009 and created additional expedited programs in recent years that are intended to encourage innovation. Applications for these expedited programs can be submitted after the CTA is admitted for review by the CDE. If admitted to one of these expedited programs, an applicant will be entitled to more frequent and timely communication with reviewers at the CDE, expedited review and approval, and more agency resources throughout the approval process.

Clinical Trials and Marketing Approval

Upon completion of pre-clinical studies, a sponsor typically needs to conduct clinical trials in China for registering a new drug in China. The materials required for this application and the data requirements are determined by the registration category. The CDA has taken a number of steps to increase efficiency for approving CTAs, and it has also significantly increased monitoring and enforcement of GCP to ensure data integrity.

Trial Approval

All clinical trials conducted in China must be approved and conducted at hospitals accredited by the CDA. For imported drugs, proof of foreign approval is required prior to the trial, unless the drug has never been

approved anywhere in the world. In addition to a standalone China trial to support development, imported drug applicants may establish a site in China that is part of an international multicenter trial, or IMCT, at the outset of the global trial. Domestically manufactured drugs are not subject to foreign approval requirements, and in contrast to prior practice, the CDA has recently indicated its intent to permit those drugs to conduct development via an IMCT as well.

In 2015, the CDA began to issue an umbrella approval for all phases (typically three) of a new drug clinical trial, instead of issuing approval phase by phase. For certain types of new drug candidates, clinical trial applications may be prioritized over other applications, and put in a separate expedited queue for approval. Other trials that are not part of these expedited lines could still wait up to a year for approval to conduct the trial.

The Innovation Opinion also introduces a notification system for new drug clinical trial approval. In other words, trials can proceed if after certain fixed period of time (possibly 60 days), the applicant has not received any objections from the CDE, as opposed to the lengthier current clinical trial pre-approval process in which the applicant must wait for affirmative approval. The Innovation Opinion also promises to expand the number of trial sites by truncating the timeline for accreditation by converting it from a pre-approval procedure into a notification procedure. These reforms will require implementing law and regulations in order to proceed in practice. The CDA proposed implementing legislation in 2017 but it has not yet been finalized.

Clinical Trial Process and Good Clinical Practices

Typically drug clinical trials in China have three phases. Phase 1 refers to the initial clinical pharmacology and human safety evaluation studies. Phase 2 refers to the preliminary evaluation of a drug candidate's therapeutic efficacy and safety for target indication(s) in patients. Phase 3 (often the pivotal study) refers to clinical trials to further verify the drug candidate's therapeutic efficacy and safety on patients with target indication(s) and ultimately provide sufficient evidence for the review of drug registration application. The CDA requires that the different phases of clinical trials in China receive ethics committee approval prior to approval of the CTA and comply with GCP. The CDA conducts inspections to assess GCP compliance and will cancel the CTA if it finds substantial issues.

The CDA may reduce requirements for trials and data, depending on the drug and the existing data. The CDA has granted waivers for all or part of trials, but it is now planning to take a more official position on the acceptance of foreign data to support an application. The foreign data must meet the CDA's requirements, including, for drugs that have never been approved before in China, having sufficient Chinese ethnic data. The precise requirements are not yet clear.

New Drug Application (NDA) and Approval

Upon completion of clinical trials, a sponsor may submit clinical trial data to support marketing approval for the drug. For imported drugs, this means issuance of an import license. Again, the applicant must submit evidence of foreign approval, unless it is an innovative drug that has never been approved anywhere in the world.

Domestically manufactured drugs must similarly submit data in support of a drug approval number. Under the current regime, upon approval of the registration application, the CDA will first issue a new drug certificate to the applicant. Only when the applicant is equipped with relevant manufacturing capability will the CDA issue a Drug Approval Serial Number, which is effectively the marketing approval allowing the holder to market/commercialize the drug in China.

Under the authorization of the Standing Committee of the National People's Congress, the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder Mechanism on May 26, 2016, which provides a detailed pilot plan for the marketing authorization holder system, or MAH pilot program. Domestically established research institutions (including domestic companies) can apply through an MAH pilot program if they are established in one of 10 designated provinces (including Beijing and Shanghai) in China. The MAH pilot program permits research institutions and individuals to develop and hold the marketing approvals for drugs without holding a drug manufacturing license. The marketing authorization holders, or MAHs, may engage contract manufacturers and distributors.

The MAH pilot program is set to run until November 2018. The Innovation Opinion indicates that China will strive to implement the MAH system nationally as soon as possible by amending the DAL. The CDA has proposed revisions to accomplish this purpose, but the timeline to finalize these proposals is still unclear.

New Drug Monitoring Period

Currently, new varieties of domestically produced drugs approved under Categories 1 or 2 in China may be placed under a monitoring period for three to five years. Category 1 innovative drugs will be monitored for five years. During the monitoring period, the CDA will not approve another CTA from another applicant for the same type of drug, except if another sponsor has an approved CTA at the time that the monitoring period is initiated it may proceed with its trial and become part of the period. Therefore, by blocking other CTAs, the monitoring period can act as a type of market exclusivity.

Acceptance of Foreign Clinical Trial Studies

On July 10, 2018, the CDA issued the Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data, or the Guidance Principles, as one of the implementing rules for the Innovation Opinion. According to the Guidance Principles, sponsors may use the data of foreign clinical trials to support drug registration in China, provided that sponsors must ensure the authenticity, completeness and accuracy of foreign clinical trial data and such data must be obtained consistent with the relevant requirements under the Good Clinical Trial Practice (GCP) of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH). Sponsors must also comply with other relevant sections of the Drug Registration Regulation when applying for drug registrations in China using foreign clinical trial data.

Post-Marketing Surveillance

The manufacturer or marketing authorization holder of marketing approval is primarily responsible for pharmacovigilance, including quality assurance, adverse reaction reporting and monitoring, and product recalls. Distributors and user entities (e.g., hospitals) are also required to report, in their respective roles, adverse reactions of the products they sell or use, and assist with the manufacturer of the product recall. A drug that is currently under the new drug monitoring period has to report all adverse drug reactions (as opposed to just serious adverse reactions) for that period.

Advertising and Promotion of Pharmaceutical Products

China has a strict regime for the advertising of approved medicines. No unapproved medicines may be advertised. The definition of an advertisement is very broad, and does not exclude scientific exchange. It can be any media that directly or indirectly introduces the product to end users. There is no clear line between advertising and any other type of promotion.

Other PRC national- and provincial-level laws and regulations

We are subject to changing regulations under many other laws and regulations administered by governmental authorities at the national, provincial and municipal levels, some of which are or may become applicable to our business. For example, regulations control the confidentiality of patients' medical information and the circumstances under which patient medical information may be released for inclusion in our databases, or released by us to third parties. The privacy of human subjects in clinical trials is also protected under regulations, e.g., the case report forms must avoid disclosing names of the human subjects.

These laws and regulations governing both the disclosure and the use of confidential patient medical information may become more restrictive in the future, including restrictions on transfer of healthcare data. The Cybersecurity Law that took effect in 2017 designates healthcare as a priority area that is part of critical information infrastructure, and China's cyberspace administration is trying to finalize a draft rule on cross-border transfer of personal information.

Coverage and Reimbursement

Sales of our products will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. In the United States no uniform policy of coverage and reimbursement for drug or biological products exists. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for any of our products will be made on a payor-by-payor basis. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price-controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. For example, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Adoption of general controls and measures, coupled with the tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceutical drugs.

The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price, or AMP, to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits. The Centers for Medicare & Medicaid Services, or CMS, have proposed to expand Medicaid rebate liability to the territories of the United States as well.

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

For a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer. As of 2010, the ACA expanded the

types of entities eligible to receive discounted 340B pricing, although, under the current state of the law, with the exception of children's hospitals, these newly eligible entities will not be eligible to receive discounted 340B pricing on orphan drugs. In addition, as 340B drug prices are determined based on AMP and Medicaid rebate data, the revisions to the Medicaid rebate formula and AMP definition described above could cause the required 340B discount to increase.

As noted above, the marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. An increasing emphasis on cost containment measures in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

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

Intellectual Property

We strive to protect and enhance the proprietary technology, inventions, and improvements that are commercially important to our business, including seeking, maintaining, and defending patent rights. We seek to protect our proprietary position by, among other methods, filing patent applications in the United States and in jurisdictions outside of the United States related to our proprietary technology, inventions, improvements, and product candidates that are important to the development and implementation of our business. We also rely on trade secrets and know-how relating to our proprietary technology and product candidates and continuing innovation to develop, strengthen, and maintain our proprietary position in the field. Although we are not party to any material in-license agreements as of the date of this prospectus, we may in the future pursue in-licensing opportunities to strengthen our proprietary position in the field. We additionally rely on data exclusivity, market exclusivity, and patent term extensions when available, and may seek and rely on regulatory protection afforded through orphan drug designations. Our commercial success may depend in part on our ability to obtain and maintain patent and other proprietary protection for our technology, inventions, and improvements; to preserve the confidentiality of our trade secrets; to defend and enforce our proprietary rights, including our patents; and to operate without infringing the valid and enforceable patents and other proprietary rights of third parties.

We have prosecuted numerous patents and patent applications and possess know-how and trade secrets relating to the development and commercialization of our ABC Platform and product candidates, including related manufacturing processes and technology. As of August 30, 2018, we were the assignee of record for approximately three U.S. issued patents, and approximately nine U.S. pending patent applications directed to certain of our proprietary technology, inventions, and improvements and our most advanced product candidates, as well as approximately 12 patents issued in jurisdictions outside of the United States and approximately 51 patent applications pending in jurisdictions outside of the United States that, in many cases, are counterparts to the foregoing U.S. patents and patent applications. We also have one pending PCT application. For example, these patents and patent applications include claims directed to:

- therapeutic proteins and biologically active agents conjugated to a biopolymer, which comprise our ABC Platform;

- specific therapeutics, including KSI-301; and
- components of our therapeutics.

The following patents and patent applications (including anticipated 20 year expiration dates, which could be altered by, for example, a disclaimer, patent term adjustment or patent term extension) relate to KSI-301 and/or ABC Platform:

Patent and Patent Application Numbers	Anticipated U.S. Expiration Date	Description of Representative U.S. Claims
US 8,846,021, US Appl. No. 14/456,875, EP Patent No. 1988910, JP Patent No. 5528710, JP Patent No. 5745009, and foreign applications in certain jurisdictions claiming priority to PCT/US2007/005372	2/28/2027	Representative claims include conjugates
US Appl. No. 15/368,376, AU Patent No. 2011239434, and foreign applications in certain jurisdictions claiming priority to PCT/US2011/032768	4/15/2031	Representative claims include conjugates
US 8,765,432, US Appl. No. 15/099,234, AU Patent No. 2010330727, EP Patent No. 2512462, CN Patent No. ZL201080062252.7, JP Patent No. 5760007, JP Patent No. 5990629, MX Patent No. 346423, KR Patent No. 10-1852044, MO Patent No. J/002943, and foreign applications in certain jurisdictions claiming priority to PCT/US2010/061358	5/10/2030	Representative claims include copolymers and methods of making copolymers (ABC Platform specifically)
US Appl. No. 14/916,180 and foreign applications in certain jurisdictions claiming priority to PCT/US2014/054622	9/8/2034	Representative claims include polymers and method of making polymers
US Appl. No. 15/394500 and foreign applications in certain jurisdictions claiming priority to PCT/US2016/069336	12/29/2036	Representative claims include antibody and antibody conjugate claims, as well as methods of making and using the conjugates.

In the normal course of business, we intend to pursue, when possible, composition, method of use, dosing and formulation patent protection, as well as manufacturing and drug development processes and technology. The patents and patent applications we have filed outside of the United States are in Europe, Japan, and various other jurisdictions.

Individual patents extend for varying periods of time, depending upon the date of filing of the patent application, the date of patent issuance, and the legal term of patents in the countries in which they are obtained. Generally, patents issued for applications filed in the United States are effective for 20 years from the earliest effective filing date. In addition, in certain instances, a patent term can be extended to recapture a portion of the term effectively lost as a result of the FDA regulatory review period. The restoration period cannot be longer than five years and the total patent term, including the restoration period, must not exceed 14 years following FDA approval. The duration of patents outside of the United States varies in accordance with provisions of applicable local law, but typically is also 20 years from the earliest effective filing date.

Our issued U.S. patents will expire on dates ranging from 2027 to 2035. If patents are issued on our pending patent applications, the resulting patents are projected to expire on dates ranging from 2027 to 2038. However, the actual protection afforded by a patent varies on a product-by-product basis, from country-to-country, and

depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country, and the validity and enforceability of the patent.

We have filed 18 trademark applications. These include two applications that have matured to registration in the United States, one of which has been cancelled. Ten of our applications have matured to registration, of which six are in China, and one is in each of the European Union, Japan, Singapore and Switzerland. We have six pending trademark applications, of which five are in the United States and one is in Canada. We also may rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets are difficult to protect. We seek to protect our technology and product candidates, in part, by entering into confidentiality agreements with those who have access to our confidential information, including our employees, contractors, consultants, collaborators, and advisors. We also seek to preserve the integrity and confidentiality of our proprietary technology and processes by maintaining physical security of our premises and physical and electronic security of our information technology systems. Although we have confidence in these individuals, organizations, and systems, agreements or security measures may be breached and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or may be independently discovered by competitors. To the extent that our employees, contractors, consultants, collaborators, and advisors use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. For this and more comprehensive risks related to our proprietary technology, inventions, improvements and products, please see the section on “Risk Factors—Risks Related to Intellectual Property.”

We are also a party to an assignment and license agreement with a former collaborator, whereby we were assigned and non-exclusively licensed certain intellectual property relating to KSI-201 and related technology. Under this agreement, we agreed to use commercially reasonable efforts to develop, obtain regulatory approval for and commercialize KSI-201, and will owe milestone payments to our former collaborator upon the achievement of certain milestones related to KSI-201, as well as a low single digit percentage royalty on net sales of KSI-201. The assignment and license agreement includes customary termination provisions, including the right of the company to terminate for convenience and the right of either party to terminate for cause.

Employees

As of September 1, 2018, we had 28 employees, all of whom were full-time and around 23 of whom were engaged in research and development activities. Approximately 12 of our employees hold Ph.D. or M.D. degrees. Substantially all our employees are located in Palo Alto, California. None of our employees is represented by a labor union or covered under a collective bargaining agreement.

Facilities

Our corporate headquarters are located in Palo Alto, California, where we lease approximately 11,000 square feet of office, research and development, engineering and laboratory space pursuant to a lease agreement which commenced in October 2013 and would expire in October 2018. In March 2016, we executed a third lease amendment agreement that became effective March 31, 2016 and extended the lease term until October 31, 2023. This facility houses all our personnel. We believe that our existing facilities are adequate for our near-term needs but expect to need additional space as we grow. We believe that suitable additional or alternative space would be available as required in the future on commercially reasonable terms.

Legal Proceedings

As of the date of this prospectus, we are not a party to any material legal proceedings. In the normal course of business, we may be named as a party to various legal claims, actions and complaints. We cannot predict whether any resulting liability would have a material adverse effect on our financial position, results of operations or cash flows.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of our executive officers and directors as of September 7, 2018:

Name	Age	Position
Executive Officers		
Victor Perlroth, M.D.	45	Chief Executive Officer, President and Chairman of the Board
Jason Ehrlich, M.D., Ph.D.	42	Chief Medical Officer and Chief Development Officer
John A. Borgeson	57	Senior Vice President and Chief Financial Officer
Hong Liang, Ph.D.	46	Senior Vice President, Discovery Medicine
Non-Employee Directors		
Felix J. Baker, Ph.D. (2)(3)	49	Director
Bassil I. Dahiyat, Ph.D. (1)(2)(3)	47	Director
Richard S. Levy, M.D. (1)(3)	61	Director
Robert A. Profusek (2)(3)	68	Director

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

(3) Member of the Nominating and Corporate Governance Committee

Executive Officers

Victor Perlroth, M.D. co-founded Kodiak Sciences in 2009 and is our Chairman and Chief Executive Officer. Previously, Dr. Perlroth served as Venture Partner and then Entrepreneur in Residence at MPM Capital, a dedicated healthcare venture capital investment firm. In 2003, Dr. Perlroth co-founded Avidia Inc., a biopharmaceuticals drug discovery and development company which was acquired by Amgen Inc., where he served as General Manager and Vice President of Corporate Development. In this role, at various times he had broad management responsibility across both corporate and research and development activities. Previously, Dr. Perlroth worked at Guzik Technical Enterprises, an industry-leading provider of test equipment to the hard disk drive industry, where he was Chief Operating Officer. Dr. Perlroth earned his M.D. and M.B.A. degrees from Stanford University and an A.B. in Molecular Biology *summa cum laude* from Princeton University.

We believe Dr. Perlroth's years of management experience in the pharmaceutical industry as well as his extensive understanding of our business, operations, and strategy qualify him to serve on our board of directors.

Jason Ehrlich, M.D., Ph.D. joined Kodiak as our Chief Medical Officer and Chief Development Officer in September 2018. Dr. Ehrlich, an ophthalmologist, is passionate about improving outcomes for patients with vision-threatening eye diseases through the development of innovative medicines. He is internationally recognized for his leadership and expertise in ophthalmic drug development. Prior to joining Kodiak, Dr. Ehrlich served in an executive capacity as Global Head, Clinical Ophthalmology at Genentech, a member of the Roche Group of pharmaceutical companies. In roles of increasing responsibility at Genentech and Roche from July 2008 to August 2018, Dr. Ehrlich's efforts as lead clinician for Lucentis in diabetic eye disease resulted in a unanimous FDA Advisory Committee vote and the first-ever FDA approval of an intraocular drug for diabetic macular edema; he then championed further expanding the Lucentis labeling into all forms of diabetic retinopathy, resulting in another first-ever FDA approval. Dr. Ehrlich guided the integration of the ophthalmic drug delivery company ForSIGHT VISION4 into Genentech/Roche after its acquisition, including oversight of the successful Phase II study of the ranibizumab Port Delivery System. In his work, Dr. Ehrlich has participated in or overseen numerous supplemental biologics license applications and both FDA and European health authority interactions. He led the global development of lampalizumab, including design and execution of the pivotal Phase III program that included over 1,800 patients, over 275 sites, and more than 20 countries. He also oversaw his team's effort to secure FDA approvals of Lucentis in its prefilled syringe and for choroidal

neovascularization due to pathologic myopia, and the successful transition to global Phase III development of RO6867461, a novel bispecific antibody for retinal vascular disease. Dr. Ehrlich completed his Ophthalmology residency at Stanford University School of Medicine, earned his M.D. and Ph.D. degrees from Stanford through the NIH-funded Medical Scientist Training Program, and received his A.B. in Molecular Biology *summa cum laude* from Princeton University.

John A. Borgeson is our Senior Vice President and Chief Financial Officer and has served in this position since January 2016. Mr. Borgeson brings over 25 years of pharmaceutical industry experience in finance, strategy and operations on a global scale. From January 2013 until December 2015, Mr. Borgeson led finance for a variety of private biotech companies, including Labrys Biologics, Inc., which was acquired by Teva Pharmaceuticals. Previously, Mr. Borgeson was a Vice President of Finance at Pfizer Inc. and a member of Pfizer's Global Finance and Business Operations Leadership Team. Mr. Borgeson's roles at Pfizer included finance head for Pfizer's biotherapeutics and bioinnovation group and corporate tax executive with responsibility for the United States and Europe. Mr. Borgeson started his career as an auditor with Ernst & Young and is a certified public accountant (inactive). He has an M.B.A. from R.I.T. and an undergraduate degree from the School of Management at the University at Buffalo (S.U.N.Y.).

Hong Liang, Ph.D. is our Senior Vice President, Discovery Medicine and has served in this position since December 2015. Dr. Liang has 20 years of experience in research and development in protein therapeutics. Prior to joining Kodiak, Dr. Liang worked at the Rinat Laboratory of Pfizer Inc. in roles with increasing levels of responsibility from August 2009 to December 2015, most recently as Senior Director, focusing on antibody biologics design and discovery through Phase 3 clinical development as well the application of translational biomarkers to drug development. Dr. Liang trained as a postdoctoral fellow at Stanford University, earned a Ph.D. degree at Northwestern University, and completed requirements in Biology at the University of Science and Technology of China.

Board of Directors

Felix J. Baker, Ph.D. has served as one of our directors since September 2015 and as chair of our compensation committee and a member of our nominating and corporate governance committee since September 2018. Dr. Baker is Co-Managing Member of Baker Bros. Advisors LP. Dr. Baker and his brother, Julian Baker, started their fund management careers in 1994 when they co-founded a biotechnology investing partnership with the Tisch Family. In 2000, they founded Baker Bros. Advisors LP. Dr. Baker currently also serves on the boards of directors of three public companies: Seattle Genetics, Inc., Genomic Health, Inc. and Alexion Pharmaceuticals, Inc. From October 2000 to June 2015, Dr. Baker additionally served on the board of directors of Synageva BioPharma Corp. Dr. Baker holds a B.S. and a Ph.D. in Immunology from Stanford University, where he also completed two years of medical school.

We believe Dr. Baker's experience as a board member and investor in many successful biotechnology companies qualify him to serve on our board of directors.

Bassil I. Dahiyat, Ph.D. has served as a member of our board of directors since June 2018 and as chair of our audit committee and a member of our compensation committee and nominating and corporate governance committee since September 2018. Dr. Dahiyat has served as President and Chief Executive Officer of Xencor, Inc., a biopharmaceutical company, since February 2005. Dr. Dahiyat co-founded Xencor in 1997, served as its Chief Executive Officer from 1997 to 2003 and served as its Chief Scientific Officer from 2003 to 2005. In 2005, Dr. Dahiyat was recognized as a technology pioneer by the World Economic Forum. Additionally, Dr. Dahiyat was named one of 2003's Top 100 Young Innovators by MIT's Technology Review magazine for his work on protein design and its development for therapeutic applications and has received awards from the American Chemical Society, the Controlled Release Society and the California Institute of Technology. Dr. Dahiyat currently serves on Xencor's board of directors. Dr. Dahiyat holds a Ph.D. in Chemistry from the California Institute of Technology and B.S. and M.S.E. degrees in Biomedical Engineering from Johns Hopkins University.

We believe Dr. Dahiyat's significant experience in the pharmaceutical industry and executive management experience qualify him to serve on our board of directors.

Richard S. Levy, M.D. has served as a member of our board of directors since June 2018 and a member of our audit committee and nominating and corporate governance committee since September 2018. Since December 2016, Dr. Levy has served as a senior advisor of Baker Bros. Advisors LP, a registered investment advisor focused on long-term investments in life sciences companies on behalf of major university endowments and foundations. From January 2009 to April 2016, Dr. Levy served as Executive Vice President and Chief Drug Development Officer of Incyte Corporation, a pharmaceutical company, where he previously served as Senior Vice President of Drug Development from August 2003 to January 2009. Prior to joining Incyte, Dr. Levy served as Vice President, Biologic Therapies, at Celgene Corporation, a biopharmaceutical company, from 2002 to 2003. From 1997 to 2002, Dr. Levy served in various executive positions with DuPont Pharmaceuticals Company, first as Vice President, Regulatory Affairs and Pharmacovigilance, and thereafter as Vice President, Medical and Commercial Strategy. Dr. Levy served at Sandoz, a predecessor company of Novartis, from 1991 to 1997 in positions of increasing responsibility in clinical research and regulatory affairs. Prior to joining the pharmaceutical industry, Dr. Levy served as an Assistant Professor of Medicine at the UCLA School of Medicine. Dr. Levy currently serves on the board of directors of Madrigal Pharmaceuticals Inc. and of Aquinox Pharmaceuticals. Dr. Levy is board certified in Internal Medicine and Gastroenterology and received his A.B. in Biology from Brown University, his M.D. from the University of Pennsylvania School of Medicine, and completed his training in Internal Medicine and Gastroenterology at the Hospital of the University of Pennsylvania and a fellowship in Gastroenterology and Hepatology at UCLA.

We believe Dr. Levy's significant experience in the pharmaceutical industry and medical training qualify him to serve on our board of directors.

Robert A. Profusek has served as one of our directors since June 2018, as our lead independent director since August 2018 and as chair of our nominating and corporate governance committee and a member of our compensation committee since September 2018. Mr. Profusek is a partner of the Jones Day law firm where he is the global chair of the firm's mergers and acquisitions practice. His law practice focuses on mergers, acquisitions, takeovers, restructurings and corporate governance matters. Mr. Profusek is also the lead independent director of Valero Energy Corporation, a publicly traded international manufacturer and marketer of transportation fuels and other petrochemical products, and CTS Corporation, a publicly traded designer and manufacturer of sensors, actuators and electronic components. He served as a director of the managing general partner of Valero L.P. (now known as NuStar Energy L.P.) from 2001 to 2005. Mr. Profusek holds a B.A. from Cornell University and a J.D. from New York University.

We believe Mr. Profusek is qualified to serve as a board member because of his expertise in legal matters, including corporate governance; capital markets expertise attained through his extensive experience in mergers and acquisitions and financing activities; managerial experience attained through his leadership roles with Jones Day; and the knowledge and experience he has attained through his service as a director of other public companies.

Board Composition and Risk Oversight

Our board of directors is currently composed of five members. Each of our directors other than Dr. Perlroth is independent within the meaning of the independent director guidelines of the Nasdaq Global Market. All of the directors other than Dr. Perlroth were initially elected to our board of directors pursuant to a voting agreement that will terminate automatically by its terms upon the completion of a qualified initial public offering. Our certificate of incorporation and bylaws to be in effect upon the completion of this offering provide that the number of our directors shall be at least one and will be fixed from time to time by resolution of our board of directors. There are no family relationships among any of our directors or executive officers.

Immediately prior to the completion of this offering, our board of directors will be divided into three classes of directors. At each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose terms are then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during the years 2019 for the Class I directors, 2020 for the Class II directors and 2021 for the Class III directors.

- Our Class I directors will be Dr. Levy and Mr. Profusek.

- Our Class II director will be Dr. Dahiyat.
- Our Class III directors will be Drs. Perlroth and Baker.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control. See the section of this prospectus titled "Description of Capital Stock—Anti-Takeover Effects of Delaware and Our Certificate of Incorporation and Bylaws" for a discussion of other anti-takeover provisions found in our certificate of incorporation.

Our board of directors has an active role, as a whole and also at the committee level, in overseeing the management of our risks. The board of directors is responsible for general oversight of risks and regular review of information regarding our risks, including credit risks, liquidity risks and operational risks. Our compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. Our audit committee is responsible for overseeing the management of our risks relating to accounting matters and financial reporting. Our nominating and corporate governance committee is responsible for overseeing the management of our risks associated with the independence of our board of directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire board of directors is regularly informed through discussions from committee members about such risks. Our board of directors believes its administration of its risk oversight function has not affected the board of directors' leadership structure.

Director Independence

Upon the completion of this offering, we anticipate that our common stock will be listed on the Nasdaq Global Market. Under the rules of the Nasdaq Global Market, independent directors must comprise a majority of a listed company's board of directors within a specified period of the completion of this offering. In addition, the rules of the Nasdaq Global Market require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Exchange Act. Under the rules of the Nasdaq Global Market, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries.

In August 2018, our board of directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that, other than Dr. Perlroth, none of our directors has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of the Nasdaq Global Market. In September 2018, our board of directors also determined that Dr. Dahiyat and Dr. Levy, who comprise our audit committee; Dr. Baker, Mr. Profusek, and Dr. Dahiyat, who comprise our compensation committee; and Mr. Profusek, Dr. Baker, Dr. Levy, and Dr. Dahiyat, who comprise our nominating and corporate governance committee, satisfy the independence standards for those committees established by applicable SEC rules and the rules of the Nasdaq Global Market. In making this determination, our board of directors considered the relationships that each non-employee director has with us and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director.

Board Leadership Structure

Dr. Perlroth, our chief executive officer, is also the chairman of our board of directors. Our board of directors determined that having our chief executive officer also serve as the chairman of our board of directors provides us with optimally effective leadership and is in our best interests and those of our stockholders. Dr. Perlroth co-founded our company, and our board of directors believes that Dr. Perlroth's years of management experience in the pharmaceutical industry as well as his extensive understanding of our business, operations, and strategy make him well qualified to serve as chairman of our board.

In August 2018, our board of directors appointed Mr. Profusek to serve as our lead independent director. As lead independent director, Mr. Profusek will preside over periodic meetings of our independent directors, serve as a liaison between the chairman of our board of directors and the independent directors and perform such additional duties as our board of directors may otherwise determine and delegate.

Board Committees

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and the responsibilities described below.

Audit Committee

The members of our audit committee are Dr. Dahiyat and Dr. Levy, each of whom is a non-employee member of our board of directors. Our audit committee chairman, Dr. Dahiyat, is our audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of the Sarbanes-Oxley Act of 2002, and possesses financial sophistication, as defined under the rules of the Nasdaq Global Market. Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems. Our audit committee operates under a written charter that specifies its duties and responsibilities and satisfies the applicable listing standards of the Nasdaq Global Market. Our board of directors has determined that each of Dr. Dahiyat and Dr. Levy is independent for audit committee purposes, as that term is defined in the rules of the SEC and the applicable Nasdaq rules, and have sufficient knowledge in financial and auditing matters to serve on the audit committee. We intend to rely on the phase-in provisions of Rule 10A-3 of the Exchange Act and the Nasdaq transition rules applicable to companies completing an initial public offering, and we plan to have an audit committee comprised entirely of at least three directors that are independent for purposes of serving on an audit committee within one year after our listing.

Our audit committee will:

- approve the hiring, discharging and compensation of our independent registered public accounting firm;
- oversee the work of our independent registered public accounting firm;
- approve engagements of the independent registered public accounting firm to render any audit or permissible non-audit services;
- review the qualifications, independence and performance of the independent registered public accounting firm;
- review our consolidated financial statements and review our critical accounting policies and estimates;
- review the adequacy and effectiveness of our internal controls; and
- review and discuss with management and the independent registered public accounting firm the results of our annual audit, our quarterly consolidated financial statements and our publicly filed reports.

Compensation Committee

The members of our compensation committee are Dr. Baker, Mr. Profusek and Dr. Dahiyat. Dr. Baker is the chairman of our compensation committee. Our compensation committee oversees our compensation policies,

plans and benefits programs. Our compensation committee operates under a written charter that specifies its duties and responsibilities and satisfies the applicable listing standards of the Nasdaq Global Market. The compensation committee will:

- review and recommend policies relating to compensation and benefits of our officers and employees;
- review and approve corporate goals and objectives relevant to compensation of our chief executive officer and other senior officers;
- evaluate the performance of our officers in light of established goals and objectives;
- recommend compensation of our officers based on its evaluations; and
- administer the issuance of stock options and other awards under our stock plans.

Nominating and Corporate Governance Committee

The members of our nominating and corporate governance committee are Mr. Profusek, Dr. Baker, Dr. Levy and Dr Dahiyat. Mr. Profusek is the chairman of our nominating and corporate governance committee. Our nominating and corporate governance committee oversees and assists our board of directors in reviewing and recommending nominees for election as directors. Our nominating and corporate governance committee operates under a written charter that specifies its duties and responsibilities and satisfies the applicable listing standards of the Nasdaq Global Market. The nominating and corporate governance committee will:

- evaluate and make recommendations regarding the organization and governance of the board of directors and its committees;
- assess the performance of members of the board of directors and make recommendations regarding committee and chair assignments;
- recommend desired qualifications for board of directors membership and conduct searches for potential members of the board of directors; and
- review and make recommendations with regard to our corporate governance guidelines.

Our board of directors may from time to time establish other committees.

Director Compensation

For the year ended December 31, 2017, neither of Drs. Perlroth or Baker, our two directors then serving, received compensation or reimbursement in connection with their service on our board of directors and Dr. Baker did not hold any option awards at December 31, 2017.

In September 2018, we adopted an Outside Director Compensation Policy, which will become effective on the date of effectiveness of the registration statement of which this prospectus forms a part. This Outside Director Compensation Policy was developed, with input from our independent compensation consultant firm, Compensia, Inc., or Compensia, regarding practices and compensation level at comparable companies. It is designed to attract, retain, and reward non-employee directors.

Cash Compensation

Under the Outside Director Compensation Policy, our non-employee directors will be eligible to receive annual cash compensation for service on our board of directors and committees of our board of directors as follows subject to the limits in our 2018 Equity Incentive Plan:

- $40,000 for service as an outside director;
- $30,000 for service as non-executive chairperson of the board of directors;
- $24,000 for service as lead independent director;

- $20,000 for service as chairperson of the audit committee;
- $9,000 for service as a member of the audit committee;
- $13,000 for service as chairperson of the compensation committee;
- $6,500 for service as a member of the compensation committee;
- $9,000 for service as chairperson of the nominating and corporate governance committee; and
- $5,000 for service as a member of the nominating and corporate governance committee.

All cash payments to non-employee directors will be paid quarterly in arrears on a prorated basis.

Equity Compensation

Initial Options. Subject to the limits in our 2018 Equity Incentive Plan, each person who first becomes a non-employee director (other than a person that ceases to be an employee of ours but remains a director of ours) on or following the effective date of the outside director compensation policy will be granted an option to purchase shares of our common stock with a grant date value of approximately $400,000 ("initial option"), which grant will be effective on the first trading date on or after the date on which such person first becomes a non-employee director on or following the effective date of the outside director compensation policy, whether through election by our stockholders or appointment by our board of directors to fill a vacancy. Each initial option will vest as to 1/3rd of the shares subject to the initial option on the one-year anniversary of the date of grant and as to 1/36th of the shares subject to the initial option each month thereafter, in each case, subject to continued service through each applicable vesting date.

Annual Options. Subject to the limits in our 2018 Equity Incentive Plan, each non-employee director will be automatically granted, on the date of each annual meeting of our stockholders following the effective date of the outside director compensation policy, an option to purchase shares of our common stock with a grant date value of approximately $150,000 ("annual option"). Each annual option will fully vest on the earlier of (1) the one-year anniversary of the date of grant of the annual option or (2) the day prior to the date of the next annual meeting of our stockholders that occurs following the grant of such annual option, in each case, subject to continued service through the applicable vesting date.

We also will continue to reimburse our outside directors for reasonable, customary and documented travel expenses incurred in connection with attending board and board committee meetings.

In connection with their joining our board of directors in 2018, each of our non-employee directors (other than Dr. Baker) was granted an option to purchase 50,000 shares of our common stock with an exercise price of $5.38 per share. Each of these options vests as to 1/3rd of the shares subject to the option on the one-year anniversary of the vesting start date and as to 1/36th of the shares subject to the option each month thereafter, in each case, subject to continued service through each applicable vesting date. In determining the size and terms of these awards, our board of directors considered such factors as it determined appropriate, including, the market data and recommendations provided by Compensia, the compensation level of non-employee directors at comparable companies, the expected timing of the issuance of future equity awards to them under the Outside Director Compensation Policy, and the expected future contributions of these non-employee directors to our company.

Code of Business Conduct and Ethics

In August 2018, we adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of business conduct and ethics will become effective on the date of effectiveness of the registration statement of which this prospectus forms a part. Following this offering, a copy of the code will be posted on the investor section of our website.

Compensation Committee Interlocks and Insider Participation

The members of our compensation committee are Dr. Baker, Mr. Profusek and Dr. Dahiyat. None of the members of our compensation committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our board of directors or compensation committee. See the section of this prospectus titled “Certain Relationships and Related Party Transactions” for additional information.

Limitation of Liability and Indemnification Matters

Our certificate of incorporation and bylaws provide for the indemnification of our directors and officers to the fullest extent permitted under the Delaware General Corporation Law. In addition, our certificate of incorporation provides that our directors shall not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director and that if the Delaware General Corporation Law is amended to authorize corporate action further limiting the personal liability of directors, then the liability of our directors shall be limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

As permitted by the Delaware General Corporation Law, we have entered into separate indemnification agreements with each of our directors and certain of our officers that require us, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors or officers. We expect to obtain and maintain insurance policies under which our directors and officers are insured, within the limits and subject to the limitations of those policies, against certain expenses in connection with the defense of, and certain liabilities that might be imposed as a result of, actions, suits or proceedings to which they are parties by reason of being or having been directors or officers. The coverage provided by these policies may apply whether or not we would have the power to indemnify such person against such liability under the provisions of the Delaware General Corporation Law.

We believe that these provisions and agreements are necessary to attract and retain qualified persons as our officers and directors. At present, there is no pending litigation or proceeding involving our directors or officers for whom indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides information regarding the compensation of our named executive officers.

Name and Principal Position	Year	Salary	Bonus	Option Awards(1)	All Other Compensation	Total
Victor Perlroth, M.D. *Chairman and Chief Executive Officer*	2017	$387,600	—	—	$ 141,285(2)	$528,885
John Borgeson *Senior Vice President and Chief Financial Officer*	2017	297,250	—	—	—	297,250
Hong Liang, Ph.D. *Senior Vice President, Discovery Medicine*	2017	254,584	$46,125	$ 21,200	—	321,909

(1) The amounts included in the "Option Awards" column represent the aggregate grant date fair value of option awards calculated in accordance with FASB ASC Topic 718, using the Black-Scholes option pricing model. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. See Note 2 of the notes to our consolidated financial statements included elsewhere in this prospectus for a discussion of assumptions made in determining the grant date fair value and compensation expense of our stock options.

(2) Represents additional amounts paid to Dr. Perlroth relating to his temporary assignment to Kodiak Sciences GmbH from February 20, 2017 to July 14, 2017 and consists of (a) $72,622 in storage and insurance of household goods, educational expenses, international cellular charges and travel reimbursements; and (b) $68,663 of Swiss income tax reimbursement and U.S. income tax gross-ups in respect of the foregoing benefits.

Outstanding Equity Awards at December 31, 2017

The following table shows grants of stock options and stock awards to each of our named executive officers outstanding at December 31, 2017.

	Option Awards					Stock Awards	
Name	Vesting Commencement Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Exercise Prices ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares of Units of Stock That Have Not Vested ($)
Victor Perlroth, M.D.	9/8/2015	168,750	131,250(1)(2)(3)	1.04	6/24/2026	—	
	9/8/2015	—	—	—	—	23,767(2)(3)	
	1/1/2015	—	—	—	—	211,426(2)(3)	
	1/1/2014	—	—	—	—	625(2)(3)	
John Borgeson	1/1/2016	42,460	46,154(1)(2)(3)	1.04	6/24/2026	—	
	1/1/2016	—	—	—	—	46,154(2)(3)	
	6/1/2014	—	—	—	—	9,661(2)(3)	
Hong Liang, Ph.D.	4/15/2017	3,333	16,667(2)(3)	1.06	5/16/2027	—	
	12/7/2015	66,000	66,000(3)(4)	1.04	6/24/2026	—	

(1) Subject to an early exercise right and may be exercised in full prior to vesting of the shares underlying such option.

(2) Vests over four years in equal monthly installments, subject to continued service the applicable vesting date.

(3) Vesting is subject to the vesting acceleration provisions set forth in the named executive officer's employment agreement. See "Executive Employment Arrangements" below for more information on vesting acceleration.

(4) Vests as to 25% of the shares on the first anniversary of the vesting commencement date, with the remainder vesting in equal monthly installments over the following 36 months, subject to continued service through the applicable vesting date.

2018 Executive Officer Equity Awards

In April 2018, our executive officers were granted the following options to purchase shares of our common stock: (1) an option covering 600,000 shares to Dr. Perlroth, (2) an option covering 200,000 shares to Mr. Borgeson, and (3) an option covering 100,000 shares to Dr. Liang. Each option has an exercise price of $5.38 per share and vests as to 1/48th of the shares subject to the option each month after the vesting start date, in each case, subject to continued service through each applicable vesting date. In determining the size and terms of these option grants, our board of directors considered such factors as it determined appropriate, including, the vested status of each executive officer's current equity holdings, the executive officer's role and position within our organization, and the expected future contributions of these executive officers.

In connection with his hiring, Dr. Ehrlich received an option covering 425,000 shares. This option has an exercise price per share of $10.29 per share and vests as to 1/4th of the shares subject to the option on the one-year anniversary of the vesting start date and as to 1/48th of the shares subject to the option each month thereafter, in each case, subject to continued service through each applicable vesting date. In addition, on the effective date of the filing of a registration statement on Form S-8 under the Securities Act, Dr. Ehrlich will receive an award of restricted stock units having a value of approximately $600,000, with the number of restricted stock units determined based on the initial public offering price. The restricted stock unit award granted to Dr. Ehrlich will vest as to 50% of the restricted stock units 12 months after the award's grant date, as to 25% of the restricted stock units 18 months after the award's grant date, and as to 25% of the restricted stock units 24 months after the award's grant date, in each case, subject to continued service through each applicable vesting date.

In September 2018, our executive officers were granted the following options to purchase shares of our common stock, subject to and effective upon the effectiveness of the registration statement of which this prospectus forms a part: (1) an option covering 540,791 shares to Dr. Perlroth, (2) an option covering 161,662 shares to Mr. Borgeson, (3) an option covering 69,820 shares to Dr. Liang, and (4) an option covering 56,682 shares to Dr. Ehrlich. Each option has an exercise price per share equal to the fair market value of a share of our common stock as of the effective date of the registration statement of which this prospectus forms a part, which price will be the same as the price set forth on the cover page of this prospectus. Each option vests as to 1/60th of the shares subject to the option on each monthly anniversary of the grant date, in each case, subject to continued service through each applicable vesting date. These option grants represent the annual grants to our executive officers that otherwise would have been made in early 2019. We believed it was important to grant these options in connection with this offering in order to provide additional incentives for our executive officers to drive growth in our business following the offering. In determining the size of these option grants, we considered the median size of equity awards granted by similarly situated companies and our executives' past and expected future contributions to our company.

The vesting of each grant described in this section is subject to the vesting acceleration provisions in the applicable executive officer's employment agreement that are described in the "Executive Employment Arrangements" section below.

Executive Employment Arrangements

We have entered into written offer letters setting forth the terms and conditions of employment for each of our named executive officers, as described below. These agreements provide for at-will employment. In addition, each of our named executive officers has executed our standard form of confidential information, invention assignment and arbitration agreement.

Victor Perlroth

Dr. Victor Perlroth has been our Chief Executive Officer and director since inception in June 2009. In September 2018, we entered into an employment agreement with Dr. Perlroth in connection with this offering. Dr. Perlroth's annual base salary is currently $399,228 and will increase to $516,000 upon the effectiveness of the registration statement of which this prospectus forms a part. Dr. Perlroth is considered annually for a target

bonus, which is currently equal to 45% of his annual base salary and will be increased to 50% of his annual base salary upon the effectiveness of the registration statement of which this prospectus forms a part.

Dr. Perlroth's employment agreement also provides that if his employment is terminated without "cause", or he terminates his employment for "good reason" (as such terms are defined in his employment agreement), he is entitled to (1) a lump sum payment equal to 18 months base salary, (2) a lump sum payment equal to his maximum target annual bonus, prorated for the portion of the fiscal year elapsed as of the termination date (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a "corporate transaction" (as defined in his employment agreement), 150% of his maximum target annual bonus, without proration), (3) if he elects to continue receiving health care and dental coverage under COBRA, our payment of the premiums for such continuation coverage for up to 18 months, or if such payments are not permitted by law, monthly taxable payments to him in lieu of our payment of such COBRA premiums, and (4) accelerated vesting of his outstanding equity awards equal to the portion of the equity awards that would have vested had he continued to be employed by us during the 12-month period after his termination (or if his termination occurs on or within 24 months of a corporate transaction, 100% of the unvested portions of the equity awards). In addition, if on the date 24 months immediately following the consummation of any corporate transaction Dr. Perlroth is providing services to the acquiring company (or its subsidiaries or parent) as either an employee or a consultant, then 100% of Dr. Perlroth's outstanding equity awards will vest. The receipt of benefits specified in this paragraph is conditioned upon Dr. Perlroth's execution and non-revocation of a customary release of claims with us.

John Borgeson

John Borgeson has been our Chief Financial Officer since June 2014, initially on a consulting basis. In September 2018, we entered into an amended employment agreement with Mr. Borgeson in connection with this offering. Mr. Borgeson's annual base salary is currently $306,168 and will increase to $393,000 upon the effectiveness of the registration statement of which this prospectus forms a part. Mr. Borgeson is considered annually for a target bonus, which is currently equal to 35% of his annual base salary and will be increased to 40% of his annual base salary upon the effectiveness of the registration statement of which this prospectus forms a part.

Mr. Borgeson's amended employment agreement also provides that if his employment is terminated without "cause", or he terminates his employment for "good reason" (as such terms are defined in his amended employment agreement), he is entitled to (1) a lump sum payment equal to 9 months base salary (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a "corporate transaction" (as defined in his amended employment agreement), 12 months base salary), (2) a lump sum payment equal to his maximum target annual bonus, prorated for the portion of the fiscal year elapsed as of the termination date (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a corporate transaction, 100% of his maximum target annual bonus, without proration), (3) if he elects to continue receiving health care and dental coverage under COBRA, our payment of the premiums for such continuation coverage for up to 9 months (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a corporate transaction, for up to 12 months), or if such payments are not permitted by law, monthly taxable payments to him in lieu of our payment of such COBRA premiums, and (4) accelerated vesting of his outstanding equity awards equal to the portion of the equity awards that would have vested had he continued to be employed by us during the 12-month period after his termination (or if his termination occurs on or within 24 months of a corporate transaction, 100% of the unvested portions of the equity awards). In addition, if on the date 24 months immediately following the consummation of any corporate transaction Mr. Borgeson is providing services to the acquiring company (or its subsidiaries or parent) as either an employee or a consultant, then 100% of Mr. Borgeson's outstanding equity awards will vest. The receipt of benefits specified in this paragraph is conditioned upon Mr. Borgeson's execution and non-revocation of a customary release of claims with us.

Hong Liang

Dr. Hong Liang has been our Senior Vice President, Discovery Medicine since October 2017, prior to which she had served as our Vice President, Discovery Medicine since December 2015. In September 2018, we entered

into an amended employment agreement with Dr. Liang in connection with this offering. Dr. Liang's annual base salary is currently $285,000 and will increase to $355,000 upon the effectiveness of the registration statement of which this prospectus forms a part. Dr. Liang is considered annually for a target bonus, which is equal to 35% of her annual base salary.

Dr. Liang's employment agreement also provides that if her employment is terminated without "cause", or she terminates her employment for "good reason" (as such terms are defined in her amended employment agreement), she is entitled to (1) a lump sum payment equal to 9 months base salary, (2) a lump sum payment equal to her maximum target annual bonus, prorated for the portion of the fiscal year elapsed as of the termination date (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a "corporate transaction" (as defined in her employment agreement), 75% of her maximum target annual bonus, without proration), (3) if she elects to continue receiving health care and dental coverage under COBRA, our payment of the premiums for such continuation coverage for up to 9 months or if such payments are not permitted by law, monthly taxable payments to her in lieu of our payment of such COBRA premiums, and (4) accelerated vesting of her outstanding equity awards equal to the portion of the equity awards that would have vested had she continued to be employed by us during the 12-month period after her termination (or if her termination occurs on or within 24 months of a corporate transaction, 100% of the unvested portions of the equity awards). In addition, if on the date 24 months immediately following the consummation of any corporate transaction Dr. Liang is providing services to the acquiring company (or its subsidiaries or parent) as either an employee or a consultant, then 100% of Dr. Liang's outstanding equity awards will vest. The receipt of benefits specified in this paragraph is conditioned upon Dr. Liang's execution and non-revocation of a customary release of claims with us.

Jason Ehrlich

In August 2018, we entered into an employment agreement with Dr. Ehrlich in connection with the commencement of his employment with us. In September 2018, we entered into an amended employment arrangement with Dr. Ehrlich in connection with this offering. Dr. Ehrlich's annual base salary is currently $440,000, and Dr. Ehrlich is considered annually for a target bonus equal to 40% of his annual base salary. In connection with the commencement of his employment, Dr. Ehrlich received the option and restricted stock unit award described under the "2018 Executive Officer Equity Awards" section above. In addition, in connection with his hiring, Dr. Ehrlich received a $200,000 cash retention bonus, which will be repayable by him to us on a pro-rated basis if his employment is terminated by us for "cause" or by him without "good reason" (as such terms are defined in his amended employment agreement) before the second anniversary of the effective date of his original employment agreement. Dr. Ehrlich is also eligible to receive an allowance of up to $10,000 per month for the first 36 months following his start date for his housing and travel expenses incurred while he is employed by us.

Dr. Ehrlich's amended employment agreement also provides that if his employment is terminated without cause, or he terminates his employment for good reason, he is entitled to (1) a lump sum payment equal to 9 months base salary (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a "corporate transaction" (as defined in his amended employment agreement) and ending 24 months after a corporate transaction, 12 months' base salary), (2) a lump sum payment equal to his maximum target annual bonus, prorated for the portion of the fiscal year elapsed as of the termination date (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a corporate transaction, 100% of his maximum target annual bonus, without proration), (3) if he elects to continue receiving health care and dental coverage under COBRA, our payment of the premiums for such continuation coverage for up to 9 months (or if the termination occurs during the period beginning 3 months prior to and ending 24 months after a corporate transaction, for up to 12 months), or if such payments are not permitted by law, monthly taxable payments to him in lieu of our payment of such COBRA premiums, and (4) accelerated vesting of his outstanding equity awards equal to the portion of the equity awards that would have vested had he continued to be employed by us during the 12-month period after his termination (or if his termination occurs on or within 24 months of a corporate transaction, 100% of the unvested portions of the equity awards). In addition, if on the

date 24 months immediately following the consummation of any corporate transaction Dr. Ehrlich is providing services to the acquiring company (or its subsidiaries or parent) as either an employee or a consultant, then 100% of Dr. Ehrlich's outstanding equity awards will vest. The receipt of benefits specified in this paragraph is conditioned upon Dr. Ehrlich's execution and non-revocation of a customary release of claims with us.

Employee Benefit Plans

2015 Share Incentive Plan

Our board of directors adopted our 2015 Share Incentive Plan, or the 2015 Plan, in September 2015. Our stockholders approved the 2015 Plan in September 2015. Our 2015 Plan allows for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options and restricted stock to employees, directors, and consultants of ours or any of our parents, subsidiaries, or affiliates and to members of our board of directors.

Authorized Shares

As of June 30, 2018, 398,693 shares of our common stock were reserved for future issuance under our 2015 Plan. Our 2015 Plan will be terminated in connection with this offering. Accordingly, no awards will be granted under the 2015 Plan following the completion of this offering, but our 2015 Plan will continue to govern outstanding awards granted thereunder. As of June 30, 2018, options to purchase 3,383,478 shares of our common stock remained outstanding under our 2015 Plan.

Plan Administration

Our board of directors or a committee of our board of directors administers our 2015 Plan. Subject to the provisions of our 2015 Plan, the administrator has the power to administer the plan, including but not limited to, the power to determine the fair market value of our common stock; to select the eligible employees, directors, and consultants to whom awards are granted; to determine the number of shares to be covered by each award; to determine the terms and conditions of any award; to amend any outstanding award; to determine whether and under what circumstances an option may be settled in cash instead of shares; to implement and establish the terms and conditions of a program whereby outstanding options (1) are exchanged for options with a lower exercise price or restricted stock or (2) are amended to decrease the exercise price as a result of a decline in the fair market value of our common stock; and to construe and interpret the terms of our 2015 Plan, any award agreement, and any other agreement related to an award. The administrator's interpretations and decisions will be final and binding on all participants.

Options

Options may be granted under our 2015 Plan. The exercise price per share of all options is determined by the administrator, but the exercise price per share of incentive stock options must equal at least 100% of the fair market value per share of our common stock on the date of grant. The term of an option may not exceed 10 years. With respect to any participant who owned 10% of the voting power of all classes of outstanding stock of ours or any parent or subsidiary of ours as of the grant date, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price per share of such incentive stock option must be at least 110% of the fair market value per share of our common stock on the date of grant, as determined by the administrator. The administrator determines the terms and conditions of options.

The award agreements for options granted under our 2015 Plan generally provide that if a participant's employment is terminated before a change in control (as defined in the award agreement) by us other than for cause (as defined in the award agreement), death, or disability or by the participant for good reason (as defined in the award agreement), then the option will immediately vest to the extent the option would have vested had the participant continued to be employed by us for 12 months. In addition, the award agreements for options granted under our 2015 Plan generally also provide that options will become fully vested (1) 24 months after a change in

control if the participant is providing services to the acquiring company as either an employee or a consultant on that date or (2) upon termination of the participant's employment within 24 months after a change in control either by us other than for cause, death, or disability or by the participant for good reason.

After termination of a participant's service, he or she will be able to exercise the vested portion of his or her option for the period of time stated in his or her award agreement. The award agreements for options granted under our 2015 Plan generally provide that options will remain exercisable until the earliest of: (1) 18 months after the participant's death if he or she dies during his or her continuous service or within three months after termination of service; (2) 12 months after termination due to disability; (3) three months after termination of service for any other reason, subject to extension in certain circumstances due to the exercise of the option being prevented by applicable laws; (4) the option's expiration date; and (5) the 10th anniversary of the option's grant date. In no event will an option be exercisable after the expiration of its term.

Restricted Stock

Awards of restricted stock may be granted under our 2015 Plan. Restricted stock awards are grants of shares of common stock that vest in accordance with terms and conditions established by the administrator. The administrator determines the number of shares of restricted stock awarded to any employee, director or consultant and, subject to the provisions of our 2015 Plan, determines the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate. The administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally have voting and dividend rights with respect to such shares upon grant without regard to vesting. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

Non-Transferability of Awards

Unless our administrator provides otherwise, our 2015 Plan generally does not allow for the transfer of awards and only the recipient of an award will be permitted to exercise an award during his or her lifetime.

Certain Adjustments

In the event of certain changes in our capitalization, the administrator will make proportionate adjustments to the number and class of shares that may be delivered under our 2015 Plan and/or the number, class and price of shares covered by each outstanding award.

Liquidation or Dissolution

In the event of our proposed liquidation or dissolution, each award will terminate immediately prior to the completion of such proposed transaction, unless otherwise determined by the administrator.

Corporate Transaction

Our 2015 Plan provides that, unless otherwise described in an award agreement, in the event of a corporate transaction (as defined in our 2015 Plan), each outstanding option will either be (1) assumed or an equivalent option or right will be substituted by the successor corporation (or a parent or subsidiary of the successor corporation), or (2) terminated in exchange for a payment of cash, securities and/or other property equal to the excess of the fair market value of the portion of the shares underlying the portion of the option that is vested and exercisable immediately prior to the consummation of the corporate transaction over the per share exercise price of the option. If the successor corporation (or a parent or subsidiary of the successor corporation) does not agree to such assumption, substitution, or exchange, each such option will terminate upon the completion of the corporate transaction. Unless a participant's award agreement, employment agreement or other written agreement provides otherwise, if the corporate transaction constitutes a triggering event (as defined in our 2015 Plan) and any outstanding option held by a participant is to be terminated (in whole or in part), each such option will become fully vested and exercisable before the completion of the triggering event at such time and on such conditions as the administrator determines. The administrator will notify the participant that the option will terminate at least five days before the date the option terminates.

Amendment or Termination

Our board of directors may amend or terminate our 2015 Plan at any time, provided that such action does not materially and adversely affect a participant's rights under outstanding awards without such participant's consent. As noted above, upon completion of this offering, our 2015 Plan will be terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

2018 Equity Incentive Plan

Our board of directors has adopted, and we expect our stockholders to approve, a 2018 Equity Incentive Plan, or the 2018 Plan, to be effective prior to the effectiveness of the registration statement of which this prospectus forms a part. Our 2018 Plan provides for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units and performance shares to our employees and consultants of ours or any of our parent or subsidiary corporations and to members of our board of directors.

Authorized Shares

We have reserved a total of shares of our common stock for issuance pursuant to our 2018 Plan plus (1) those shares that, as of the effective date of the registration statement relating to the offering, were reserved but unissued under our 2015 Plan and were not subject to awards granted thereunder and (2) shares of our common stock subject to stock options, restricted stock units, or similar awards granted under the 2015 Plan or our 2009 Option and Profits Interest Plan that, on or after the effectiveness of the registration statement of which this prospectus forms a part, expire or otherwise terminate without having been exercised in full, are tendered to or withheld by us for payment of an exercise price or for tax withholding obligations, or are forfeited to or repurchased by us due to failure to vest, (provided that the maximum number of shares that may be added to our 2018 Plan pursuant to (1) and (2) is 3,800,000 shares). The number of shares that will be available for issuance under our 2018 Plan also will include an annual increase on the first day of each fiscal year beginning in 2019, equal to the least of:

- shares;
- 4% of the outstanding shares of common stock as of the last day of the immediately preceding year; and
- such other amount as our board of directors may determine.

The shares may be authorized, but unissued or reacquired shares of common stock.

If an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units, or performance shares, is forfeited to or repurchased due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under our 2018 Plan. With respect to stock appreciation rights, only the net shares actually issued will cease to be available under our 2018 Plan and all remaining shares under stock appreciation rights will remain available for future grant or sale under our 2018 Plan. Shares that have actually been issued under our 2018 Plan under any award will not be returned to our 2018 Plan; provided, however, that if shares issued pursuant to awards of restricted stock, restricted stock units, performance shares, or performance units are repurchased or forfeited, such shares will become available for future grant under our 2018 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under our 2018 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under our 2018 Plan.

Plan Administration

Our board of directors and compensation committee will have full but non-exclusive authority to administer our 2018 Plan. In addition, if desirable, we may structure transactions under our 2018 Plan to be exempt under

Rule 16b-3 of the Exchange Act. Subject to the provisions of our 2018 Plan, the administrator will have the power to administer our 2018 Plan and make all determinations deemed necessary or advisable for administering our 2018 Plan, including, but not limited to, the power to:

- interpret the terms of our 2018 Plan and awards granted under it;
- select the eligible employees, consultants, and directors who receive awards;
- create, amend, and revoke rules relating to the 2018 Plan, including creating sub-plans;
- determine the terms of awards, including the exercise price, the number of shares subject to an award, the exercisability of awards, and the form of consideration, if any, payable upon exercise;
- amend existing awards;
- institute and determine the terms of an exchange program by which (1) outstanding awards are surrendered or cancelled in exchange for awards of the same type which may have a higher or lower exercise price and/or different terms, awards of a different type and/or cash, (2) participants have the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator, or (3) the exercise price of an outstanding award is increased or reduced; and
- make all other determinations necessary or advisable for administering our 2018 Plan.

The administrator's decisions, interpretations, and other actions will be final and binding on all participants.

Stock Options

We will be able to grant stock options under our 2018 Plan. The per share exercise price of options granted under our 2018 Plan must be equal to at least the fair market value of a share of our common stock on the grant date of the award. The term of an incentive stock option may not exceed ten years, except that with respect to any participant who owns more than 10% of the voting power of all classes of stock of ours or any of our parent or subsidiary corporations, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value of a share of our common stock on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares, or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After the termination of service of a participant, he or she may exercise his or her option for the period of time stated in his or her award agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term. Subject to the provisions of our 2018 Plan, the administrator determines the other terms of options, including any vesting and exercisability requirements, and treatment of the award upon the participant's termination of service.

Stock Appreciation Rights

We will be able to grant stock appreciation rights under our 2018 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the grant date and the exercise date. Stock appreciation rights may not have a term exceeding ten years. After the termination of service of the participant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her award agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the stock appreciation rights will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the stock appreciation rights will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2018 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted Stock

We will be able to grant restricted stock under our 2018 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2018 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); provided, however, that the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest will be subject to our right of repurchase or forfeiture.

Restricted Stock Units

We will be able to grant restricted stock units under our 2018 Plan. Each restricted stock unit represents an amount equal to the fair market value of one share of our common stock. Subject to the provisions of our 2018 Plan, the administrator determines the terms and conditions of restricted stock units, including the vesting criteria and the form and timing of payment. The administrator may set vesting criteria based upon the achievement of company-wide, divisional, business unit, or individual goals (such as continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. The administrator has the discretion to pay earned restricted stock units in the form of cash, in shares of our common stock, or in some combination thereof. The administrator also has the discretion to accelerate the time at which any restrictions will lapse or be removed.

Performance Units and Performance Shares

We will be able to grant performance units and performance shares under our 2018 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The administrator may set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals (such as continued employment or service), applicable federal or state securities laws, or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator has the discretion to reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units will have an initial dollar value established by the administrator on or prior to the grant date. Performance shares will have an initial value equal to the fair market value of the underlying shares of our common stock on the grant date. The administrator has the discretion to pay earned performance units or performance shares in the form of cash, in shares of our common stock, or in some combination thereof.

Non-Employee Directors

Our 2018 Plan provides that all non-employee directors will be eligible to receive all types of awards (except for incentive stock options). Our 2018 Plan includes a maximum annual limit of $500,000 (increased to $1,000,000 in connection with initial service on our board) of cash compensation and equity awards that may be paid, issued, or granted to a non-employee director in any fiscal year. For purposes of this limitation, the value of equity awards is based on the grant date fair value (determined in accordance with GAAP). Any cash compensation paid or equity awards granted to a person for his or her services as an employee, or for his or her services as a consultant (other than as a non-employee director), will not count for purposes of the limitation. The maximum limit does not reflect the intended size of any potential compensation or equity awards to our non-employee directors.

Non-Transferability of Awards

Unless the administrator provides otherwise, our 2018 Plan generally will not allow for the transfer of awards, and only the recipient of an award will be able to exercise an award during his or her lifetime. If the administrator makes an award transferrable, such award will contain such additional terms and conditions as the administrator deems appropriate.

Certain Adjustments

In the event of any dividend or other distribution, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of our shares or other securities, or other change in our corporate structure affecting our shares, in order to prevent diminution or enlargement of the benefits or potential benefits available under our 2018 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2018 Plan or the number, class and price of shares covered by each outstanding award, and any numerical share limits set forth in our 2018 Plan.

Liquidation or Dissolution

In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control

Our 2018 Plan provides that in the event of a merger or change in control, as defined under our 2018 Plan, each outstanding award will be treated as the administrator determines, without a requirement to obtain a participant's consent. The administrator will not be required to treat all awards, all awards held by a participant, or all awards of the same type, similarly.

In the event that a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction, unless specifically provided for otherwise under the applicable award agreement written agreement with the participant. The award will then terminate upon the expiration of the specified period of time. If an option or stock appreciation right is not assumed or substituted, the administrator will notify the participant in writing or electronically that such option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion and the option or stock appreciation right will terminate upon the expiration of such period.

In addition, in the event of a change in control, each outside director's options and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock and restricted stock units will lapse and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions met.

Forfeiture and Clawback

All awards granted under our 2018 Plan will be subject to recoupment under any clawback policy that we are required to adopt under applicable law. In addition, the administrator may provide in an award agreement that the recipient's rights, payments, and benefits with respect to such award shall be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events. In the event of any accounting restatement, the recipient of an award will be required to repay a portion of the proceeds received in connection with the settlement of an award earned or accrued under certain circumstances.

Amendment or Termination

The administrator will have the authority to amend, suspend or terminate our 2018 Plan provided such action does not impair the existing rights of any participant. Our 2018 Plan automatically will terminate in 2028, unless we terminate it sooner.

2018 Employee Stock Purchase Plan

Our board of directors has adopted, and we expect our stockholders to approve, a 2018 Employee Stock Purchase Plan, or the ESPP, to be effective prior to the effectiveness of this offering. However, no offering period or purchase period under our ESPP will begin unless and until determined by our board of directors.

Authorized Shares

A total of shares of our common stock will be available for sale under our ESPP. The number of shares of our common stock that will be available for sale under our ESPP also includes an annual increase on the first day of each fiscal year beginning for the fiscal year following the fiscal year in which the first offering period enrollment date (if any) occurs, equal to the least of:

- shares of our common stock;
- 1% of the outstanding shares of common stock as of the last day of the immediately preceding year; and
- such other amount as the administrator may determine.

Plan Administration

Our board of directors and compensation committee have full but non-exclusive authority to administer our ESPP and have full but non-exclusive authority to interpret the terms of our ESPP and determine eligibility to participate, subject to the conditions of our ESPP, as described below. The administrator will have full and exclusive discretionary authority to construe, interpret, and apply the terms of our ESPP, to delegate ministerial duties to any of our employees, to designate separate offerings under our ESPP, to designate our subsidiaries and affiliates as participating in our ESPP, to determine eligibility, to adjudicate all disputed claims filed under our ESPP and to establish procedures that it deems necessary or advisable for the administration of our ESPP, including, but not limited to, adopting such procedures, sub-plans, and appendices to the enrollment agreement as are necessary or appropriate to permit participation in our ESPP by employees who are foreign nationals or employed outside the U.S. The administrator's findings, decisions, and determinations will be final and binding on all participants to the full extent permitted by law.

Eligibility

Generally, all of our employees are eligible to participate if they are customarily employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. The administrator, in its discretion, may, prior to an enrollment date for all options granted on such enrollment date in an offering, determine that an employee who (1) has not completed at least two years of service (or a lesser period of time determined by the administrator) since his or her last hire date, (2) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (3) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (4) is a highly compensated employee within the meaning of Section 414(q) of the Code, and (5) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, will or will not eligible to participate in such offering period.

However, an employee may not be granted rights to purchase shares of our common stock under our ESPP if such employee:

- immediately after the grant would own capital stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or

- hold rights to purchase shares of our common stock under all of our employee stock purchase plans that accrue at a rate that exceeds $25,000 worth of shares of our common stock for each calendar year.

Offering Periods and Purchase Periods

Our ESPP includes a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to designated companies, as described in our ESPP. No offerings have been authorized to date by our board of directors under our ESPP. If our board of directors authorizes an offering period under our ESPP, our board of directors will be authorized to establish the duration of offering periods and purchase periods, including the starting and ending dates of offering periods and purchase periods, provided that no offering period may have a duration exceeding 27 months.

Contributions

Our ESPP permits participants to purchase shares of our common stock through contributions (in the form of payroll deductions or otherwise to the extent permitted by the administrator) of their eligible compensation, up to an amount determined by the administrator. A participant may purchase a maximum number of shares of our common stock during a purchase period as determined by the plan administrator in accordance with the ESPP.

Exercise of Purchase Right

If our board of directors authorizes an offering and purchase period under our ESPP, amounts contributed and accumulated by the participant during any offering period will be used to purchase shares of our common stock at the end of each purchase period established by our board of directors. The purchase price of the shares will be determined by the administrator. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our common stock. Participation ends automatically upon termination of employment with us.

Non-Transferability

A participant may not transfer rights granted under our ESPP. If our compensation committee permits the transfer of rights, it may only be done by will, the laws of descent and distribution, or as otherwise provided under our ESPP.

Merger or Change in Control

Our ESPP provides that in the event of a merger or change in control, as defined under our ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment or Termination

The administrator will have the authority to amend, suspend, or terminate our ESPP, except that, subject to certain exceptions described in our ESPP, no such action may adversely affect any outstanding rights to purchase shares of our common stock under our ESPP. Our ESPP automatically will terminate in 2038, unless we terminate it sooner.

Executive Incentive Compensation Plan

In August 2018, our board of directors adopted our Executive Incentive Compensation Plan, or the Incentive Compensation Plan. Our Incentive Compensation Plan allows us to grant incentive awards, generally payable in cash, to employees selected by the administrator of the Incentive Compensation Plan, including our named executive officers, based upon performance goals established by the administrator.

Under our Incentive Compensation Plan, the administrator determines the performance goals applicable to any award, which goals may include, without limitation, goals related to research and development, regulatory milestones or regulatory-related goals, gross margin, financial milestones, new product or business development, operating margin, product release timelines or other product release milestones, publications, cash flow, procurement, savings, internal structure, leadership development, project, function or portfolio-specific milestones, license or research collaboration agreements, capital raising, initial public offering preparations, patentability and individual objectives such as peer reviews or other subjective or objective criteria. The performance goals may differ from participant to participant and from award to award.

A committee appointed by our board of directors (which, until our board of directors determines otherwise, will be our compensation committee) administers our Incentive Compensation Plan. The administrator of our Incentive Compensation Plan may, in its sole discretion and at any time, increase, reduce or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in the discretion of the administrator. The administrator may determine the amount of any increase, reduction or elimination on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual awards generally will be paid in cash (or its equivalent) only after they are earned, and, unless otherwise determined by the administrator, to earn an actual award a participant must be employed by us through the date the actual award is paid. The administrator reserves the right to settle an actual award with a grant of an equity award under our then-current equity compensation plan, which equity award may have such terms and conditions, including vesting, as the administrator determines. Payment of awards occurs as soon as practicable after they are earned, but no later than the dates set forth in our Incentive Compensation Plan.

Our board of directors and the administrator have the authority to amend, suspend or terminate our Incentive Compensation Plan, provided such action does not impair the existing rights of any participant with respect to any earned awards.

401(k) Plan

We maintain a tax-qualified 401(k) retirement plan that provides eligible employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees are able to participate in the 401(k) plan as of , and participants are able to defer up to % of their eligible compensation. All participants' interests in their deferrals are 100% vested when contributed. The 401(k) plan permits us to make matching contributions and profit sharing contributions to eligible participants, although we have not made any such contributions to date. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Code. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan, and all contributions are deductible by us when made. The 401(k) plan also permits contributions to be made on a post-tax basis for those employees participating in the Roth 401(k) plan component.

Limitation of Liability and Indemnification Matters

Our certificate of incorporation and bylaws, each to be effective upon completion of this offering, will provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by the Delaware General Corporation Law, which prohibits us from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further limiting the personal liability of a director, then the liability of our directors will be limited to the fullest extent permitted by Delaware law, as so amended. Our certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our certificate of incorporation and bylaws, we have entered into indemnification agreements with each of our current directors, officers and some employees. These agreements provide for the indemnification of our directors, officers and some employees for certain expenses and liabilities incurred in connection with any action, suit, proceeding or alternative dispute resolution mechanism, or hearing, inquiry or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of us, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent or fiduciary of another entity. In the case of an action or proceeding by or in the right of us or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions since January 1, 2015 to which we have been a party in which the amount involved exceeded $120,000 and in which any of our executive officers, directors, promoters or beneficial holders of more than 5% of our capital stock had or will have a direct or indirect material interest, other than compensation arrangements which are described under the section of this prospectus captioned “Executive Compensation.”

Related-Person Transactions Policy

We have a formal, written policy, which will become effective on the date of effectiveness of the registration statement of which this prospectus forms a part, that our executive officers, directors (including director nominees), holders of more than 5% of any class of our voting securities and any member of the immediate family of or any entities affiliated with any of the foregoing persons, are not permitted to enter into a related-person transaction with us without the prior approval or, in the case of pending or ongoing related-person transactions, ratification of our nominating and corporate governance committee. For purposes of our policy, a related-person transaction is a transaction, arrangement or relationship where we were, are or will be involved and in which a related-person had, has or will have a direct or indirect material interest.

Certain transactions with related persons, however, are exempted from pre-approval including, but not limited to:

- compensation of our executive officers and directors that is otherwise disclosed in our public filings with the SEC;
- compensation, benefits and other transactions available to all of our employees generally;
- transactions where a related-person’s interest derives solely from his or her service as a director of another entity that is a party to the transaction;
- transactions where a related-person’s interest derives solely from his or her ownership of less than 10% of the equity interest in another entity that is a party to the transaction; and
- transactions where a related-person’s interest derives solely from his or her ownership of a class of our equity securities and all holders of that class received the same benefit on a pro rata basis.

No member of the nominating and corporate governance committee may participate in any review, consideration or approval of any related-person transaction where such member or any of his or her immediate family members is the related-person. In approving or rejecting the proposed agreement, our nominating and corporate governance committee shall consider the relevant facts and circumstances available and deemed relevant to the nominating and corporate governance committee, including, but not limited to:

- the benefits and perceived benefits to us;
- the materiality and character of the related-person’s direct and indirect interest;
- the availability of other sources for comparable products or services;
- the terms of the transaction; and
- the terms available to unrelated third parties under the same or similar circumstances.

In reviewing proposed related-person transactions, the nominating and corporate governance committee will only approve or ratify related-person transactions that are in, or not inconsistent with, the best interests of us and our stockholders.

The transactions described below were consummated prior to our adoption of the formal, written policy described above, and therefore the foregoing policies and procedures were not followed with respect to the transactions. However, we believe that the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described were comparable to terms available or the amounts that would be paid or received, as applicable, in arm’s-length transactions.

Sales of Securities

The following table sets forth a summary of the sale and issuance of our securities to related persons since January 1, 2015, other than compensation arrangements which are described under the sections of this prospectus captioned "Management-Director Compensation" and "Executive Compensation." For a description of beneficial ownership see the section of this prospectus captioned "Principal Stockholders."

	Shares of Series B Redeemable Convertible Preferred Stock	Principal Amount of 2017 Convertible Notes	Principal Amount of 2018 Convertible Notes	Shares of Series B Redeemable Convertible Preferred Stock Underlying Warrants
5% stockholders:				
Entities affiliated with Baker Bros. Advisors LP	5,000,000	$ 3,000,000	$ 6,560,000	150,000
Dustin A. Moskovitz Trust DTD 12/27/05	1,000,000	5,000,000	3,000,000	250,000
Executive officers and directors:				
Felix J. Baker	5,000,000	3,000,000	6,560,000	150,000

Series B Redeemable Convertible Preferred Stock

From September 2015 to December 2015, we issued and sold to investors, including the Dustin A. Moskovitz Trust and entities affiliated with Baker Bros. Advisors LP, or Baker Brothers, an aggregate of 6,792,000 shares of Series B redeemable convertible preferred stock at $5.00 per share, for aggregate proceeds of $34.0 million. Dustin Moskovitz Trust is an owner of 5% or more of our outstanding shares of common stock on an as-converted basis. Felix J. Baker, a member of our board of directors has voting and investment power over our securities held by Baker Brothers.

2017 Convertible Notes

In August 2017, we issued and sold $10.0 million aggregate principal amount of our 2017 convertible notes and warrants to purchase shares of our Series B redeemable convertible preferred stock. The notes accrue interest at rate of 2.5% per month. Baker Brothers purchased $3.0 million aggregate principal amount of the notes and a warrant to purchase an aggregate of 150,000 shares of our Series B redeemable convertible preferred stock. The Dustin Moskovitz Trust purchased $5.0 million aggregate principal amount of the notes and a warrant to purchase an aggregate of 250,000 shares of our Series B redeemable convertible preferred stock.

2018 Convertible Notes

In February 2018, we issued and sold $33.0 million aggregate principal amount of our 2018 convertible notes. The notes accrue interest at rate of 6.0% per year. Baker Brothers and the Dustin Moskovitz Trust purchased $6.6 million and $3.0 million aggregate principal amount of the notes, respectively. Nicole Thomson, Dr. Perlroth's sister, and her husband, Heath Thomson, jointly purchased a note with a principal amount of approximately $0.2 million. Other purchasers of our 2018 convertible notes included entities affiliated with Perceptive Advisors and ArrowMark Partners.

Stock Repurchases

In June 2015, we purchased 744,843 shares of our common stock from Stephen Charles, a founder and greater than 5% stockholder, for an aggregate purchase price of $1,000,160.

Investors' Rights Agreement

We have entered into an investors' rights agreement with certain of our stockholders, including Dr. Perlroth, our chief executive officer and chairman, and Baker Brothers. As of June 30, 2018, the holders of 12,385,154 shares of our common stock issuable upon conversion of outstanding redeemable convertible preferred stock, or

their transferees, are entitled to rights with respect to the registration of their shares under the Securities Act. For a description of these registration rights, see the section of this prospectus titled “Description of Capital Stock—Registration Rights.”

Voting Agreement

The election of the members of the board of directors is governed by a voting agreement with certain of our stockholders, including Dr. Perlroth, our chief executive officer and chairman, and Baker Brothers. The parties to the voting agreement have agreed, subject to certain conditions, to vote their shares to elect as directors as follows:

- one nominee designated by Baker Brothers, currently Dr. Baker;
- one nominee designated by the majority vote of our Series B redeemable convertible preferred stock, currently Dr. Levy;
- two nominees, one of which must be our chief executive officer, designated by the majority vote of our common stock, currently Dr. Perlroth and Dr. Dahiyat; and
- one nominee designated by the holders of a majority of the common stock issued or issuable upon the conversion of the redeemable convertible preferred stock, currently Mr. Profusek.

Upon the consummation of this offering, the obligations of the parties to the voting agreement to vote their shares to elect these nominees will terminate, and none of our stockholders will have any special rights regarding the nomination, election or designation of members of the board of directors. Our existing certificate of incorporation contains provisions that correspond to the voting agreement; however, the certificate of incorporation that will be effective immediately prior to the closing of this offering will not include such provisions.

Other Transactions

We have entered into employment agreements with certain of our executive officers that, among other things, provide for certain severance and change of control benefits. For a description of these agreements, see the section of this prospectus titled “Executive Compensation—Executive Employment Arrangements.”

We have granted stock options and restricted stock awards to our executive officers and to certain of our non-executive directors and one of our former non-executive directors. For a description of these options, see the sections titled “Management—Director Compensation” and “Executive Compensation.”

We have entered into indemnification agreements with our directors and executive officers. For a description of these agreements, see the section of this prospectus titled “Management—Limitation of Liability and Indemnification Matters.”

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of June 30, 2018 by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock;
- each of the named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The percentage of beneficial ownership prior to the offering shown in the table is based upon shares of common stock outstanding as of June 30, 2018, assuming the automatic conversion of all outstanding shares of redeemable convertible preferred stock into an aggregate of 12,385,154 shares of common stock. The percentage of beneficial ownership after this offering shown in the table is based on shares of common stock outstanding after the closing of this offering, assuming conversion of $12.5 million principal amount and accrued interest of our 2017 convertible notes as of June 30, 2018 at a conversion price of $5.00 per share and the conversion of $33.8 million principal amount and accrued interest of our 2018 convertible notes as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering, and assuming no exercise of the underwriters' option to purchase additional shares.

Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules take into account shares of common stock issuable pursuant to the exercise or conversion of stock options or warrants or convertible notes that are either immediately exercisable or convertible or exercisable or convertible on or before the 60th day after June 30, 2018. Certain of the options granted to our named executive officers may be exercised prior to the vesting of the underlying shares. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Except as otherwise noted below, the address for each person or entity listed in the table is c/o Kodiak Sciences Inc., 2631 Hanover Street, Palo Alto, California 94304.

	Shares Beneficially Owned Prior to the Offering		Shares Beneficially Owned After the Offering	
Name of Beneficial Owner	Number of Shares	Percentage	Number of Shares	Percentage
5% and Greater Stockholders:				
Entities affiliated with Baker Bros. Advisors LP[1]		%		
Victor Perlroth, M.D.[2]	5,031,538	23.7		
Stephen Charles[3]	2,000,000	9.8		
Dustin A. Moskovitz Trust DTD 12/27/05[4]				
Named Executive Officers and Directors:				
Victor Perlroth, M.D.[2]	5,031,538	23.7		
John Borgeson[5]	280,346	1.4		
Hong Liang, Ph.D.[6]	118,992	*		
Felix J. Baker, Ph.D.[1]				
Bassil I. Dahiyat, Ph.D.		*		
Richard S. Levy, M.D.		*		
Robert A. Profusek		*		
All executive officers and directors as a group (7 persons)[7]				

* Represents ownership of less than 1%.

(1) The shares of common stock beneficially owned by Baker Bros. Advisors LP, or BBA, are held by the following stockholders: (a) 372,792 shares of common stock owned by 667, L.P., or 667, (b) 11,184 shares of common stock underlying warrants issued to 667 that are exercisable within 60 days of June 30, 2018, (c) 55,867 shares of common stock underlying 2017 convertible notes held by 667 that are convertible within 60 days of June 30, 2018, (d) shares of common stock underlying 2018 convertible notes held by 667 that are convertible within 60 days of June 30, 2018, (e) 4,627,208 shares of common stock owned by Baker Brothers Life Sciences, L.P., or BBLS, (f) 138,816 shares of common stock underlying warrants issued to BBLS that are exercisable within 60 days of June 30, 2018, (g) 693,449 shares of common stock underlying 2017 convertible notes held by BBLS that are convertible within 60 days of June 30, 2018, and (h) shares of common stock underlying 2018 convertible notes held by BBLS that are convertible within 60 days of June 30, 2018. BBA is the management company and investment adviser to 667 and BBLS and may be deemed to beneficially own all of the securities held by 667 and BBLS. Baker Bros. Advisors (GP) LLC, or BBA-GP, is the sole general partner of BBA. Felix J. Baker, a member of our board of directors, and Julian C. Baker have voting and investment power over our securities held by each of 667 and BBLS, as principals of BBA-GP. Dr. Baker, BBA and BBA-GP disclaim beneficial ownership of our securities held by 667 and BBLS, except to the extent of their pecuniary interest therein. BBA's address is 860 Washington Street, 3rd Floor, New York, New York 10014.

(2) Consists of (a) 4,131,538 shares of common stock owned by Dr. Perlroth, and (b) 900,000 shares subject to options held by Dr. Perlroth that are immediately exercisable or exercisable within 60 days of June 30, 2018.

(3) Consists of 2,000,000 shares of common stock owned by Dr. Charles. Dr. Charles was a cofounder of our company.

(4) Consists of (a) 1,000,000 shares of common stock owned by Dustin A. Moskovitz Trust DTD 12/27/05, or DM, (b) 250,000 shares of common stock underlying warrants issued to DM that are exercisable within 60 days of June 30, 2018, (c) 1,248,862 shares of common stock underlying 2017 convertible notes held by DM that are convertible within 60 days of June 30, 2018 and (d) shares of common stock underlying 2018 convertible notes held by DM that are convertible within 60 days of June 30, 2018.

(5) Consists of (a) 170,899 shares of common stock owned by Mr. Borgeson and (b) 109,447 shares subject to options held by Mr. Borgeson that are immediately exercisable or exercisable within 60 days of June 30, 2018.

(6) Consists of 118,992 shares subject to options held by Dr. Liang that are immediately exercisable or exercisable within 60 days of June 30, 2018.

(7) Consists of (a) shares of common stock held by our current directors and executive officers and entities affiliated with certain of our current directors and executive officers, (b) 1,128,439 shares of common stock issuable pursuant to stock options held by such directors and officers that are exercisable within 60 days of June 30, 2018, (c) 150,000 shares of common stock issuable pursuant to warrants that are exercisable within 60 days of June 30, 2018, (d) 749,316 shares of common stock underlying 2017 convertible notes that are convertible within 60 days of June 30, 2018, and (e) shares of common stock underlying 2018 convertible notes that are convertible within 60 days of June 30, 2018.

DESCRIPTION OF CAPITAL STOCK

This section provides a summary of the rights of our common stock and preferred stock. This summary is not complete. For more detailed information, please see our certificate of incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part.

Upon the closing of this offering and the filing of our certificate of incorporation to be effective immediately prior to this offering, our authorized capital stock will consist of shares of common stock, par value $0.0001 per share, and shares of preferred stock, par value $0.0001 per share.

Immediately prior to the closing of this offering, all the outstanding shares of redeemable convertible preferred stock as of June 30, 2018 will automatically convert into an aggregate of 12,385,154 shares of common stock. Immediately prior to the closing of this offering and after giving effect to the conversion of redeemable convertible preferred stock into common stock, warrants to purchase an aggregate of 500,000 shares of common stock will remain outstanding if they are not exercised prior to the closing of this offering.

Common Stock

Outstanding Shares

Based on 7,964,234 shares of common stock outstanding as of June 30, 2018, the conversion of redeemable convertible preferred stock outstanding as of June 30, 2018 into an aggregate of 12,385,154 shares of common stock upon the completion of this offering, the conversion of our convertible notes (assuming conversion of $12.5 million principal amount and accrued interest of our 2017 convertible notes as of June 30, 2018 at a conversion price of $5.00 per share and the conversion of $33.8 million principal amount and accrued interest of our 2018 convertible notes as of June 30, 2018 at a conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), the issuance of shares of common stock in this offering, and no exercise of the underwriters' option to purchase additional shares and no exercise of options or warrants, there will be shares of common stock outstanding upon the closing of this offering. As of June 30, 2018, assuming the conversion of all outstanding redeemable convertible preferred stock into common stock upon the closing of this offering and the conversion of our convertible notes, we had approximately 90 record holders of our common stock.

Voting Rights

Each share of common stock is entitled to one vote per share on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Our certificate of incorporation and bylaws to be in effect upon the completion of this offering do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. For more information see the section of this prospectus titled "Dividend Policy."

Liquidation

Upon a liquidation event, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Rights and Preferences

Holders of common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering, upon payment and delivery in accordance with the underwriting agreement, will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing change in our control or other corporate action. Upon closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Warrants

As of June 30, 2018, 500,000 shares of our Series B redeemable convertible preferred stock were issuable upon exercise of outstanding warrants to purchase shares of Series B redeemable convertible preferred stock with an exercise price of $0.01 per share. Upon the conversion of the Series B redeemable convertible preferred stock, the warrants will convert to warrants to purchase 500,000 shares of common stock at an exercise price of $0.01 per share. The warrants provide for the adjustment of the number of shares issuable upon the exercise of the warrants in the event of stock splits, recapitalizations, reclassifications and consolidations. The outstanding warrants will terminate as of August 11, 2022.

These warrants have a net exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of our stock at the time of exercise of the warrants after deduction of the aggregate exercise price. These warrants contain provisions for adjustment of the exercise price and number of shares issuable upon the exercise of warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations.

Registration Rights

Under our investors' rights agreement, as amended, following the closing of this offering, the holders of approximately 12,385,154 shares of common stock issuable upon conversion of outstanding redeemable convertible preferred stock, or their transferees, have the right to require us to register the offer and sale of their shares, which we refer to as registration rights. Additionally, the holders of 500,000 shares of common stock issuable upon exercise of warrants to purchase common stock, 2,497,722 shares of common stock issuable upon

conversion of the 2017 convertible notes (assuming conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share) and shares of common stock issuable upon conversion of the 2018 convertible notes (assuming conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), or their transferees, have registration rights.

Demand Registration Rights

At any time after six months after the date of this prospectus, the holders of at least a majority of the shares having demand registration rights have the right to demand that we use best efforts to file a registration statement for the registration of the offer and sale of at least such number of shares with anticipated offering proceeds in excess of $30 million. We are only obligated to file up to two registration statements in connection with the exercise of demand registration rights. These registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances and our ability to defer the filing of a registration statement with respect to an exercise of such demand registration rights for up to 180 days under certain circumstances.

Form S-3 Registration Rights

At any time after we are qualified to file a registration statement on Form S-3, a stockholder with registration rights has the right to demand that we file a registration statement on Form S-3 so long as the aggregate number of shares to be offered and sold under such registration statement on Form S-3 is at least $10 million. We are not obligated to file any registration statements within 180 days of a registration statement that we propose. These investor registration rights are subject to specified conditions and limitations, including our ability to defer the filing of a registration statement with respect to an exercise of such Form S-3 registration rights for up to 180 days under certain circumstances.

Piggyback Registration Rights

At any time immediately prior to the closing of this offering, if we propose to register the offer and sale of any of our securities under the Securities Act either for our own account or for the account of other stockholders, a stockholder with registration rights will have the right, subject to certain exceptions, to include their shares of common stock in the registration statement. These registration rights are subject to specified conditions and limitations, and any proposed offering in connection therewith may be terminated or withdrawn by us at our sole discretion.

Expenses of Registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations and piggyback registrations, other than underwriting discounts and selling commissions.

Termination

The registration rights terminate upon the earlier of (1) the date that is three years after the closing of this offering and (2) as to a given holder of registration rights, when such holder of registration rights can sell all of such holder's registrable securities in a three month-period pursuant to Rule 144 promulgated under the Securities Act.

Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws

Delaware Law

We are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder"

for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

Certificate of Incorporation and Bylaws

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

- permit our board of directors to issue up to shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in our control;
- provide that the authorized number of directors may be changed only by resolution of the board of directors, subject to the rights of any holders of preferred stock;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- divide our board of directors into three classes, each of which stands for election once every three years;
- provide that a director may only be removed from the board of directors by the stockholders for cause;

- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide notice in writing in a timely manner, and also meet specific requirements as to the form and content of a stockholder's notice;
- not provide for cumulative voting rights (therefore allowing the holders of a plurality of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);
- provide that special meetings of our stockholders may be called only by the board of directors, the chairman of the board of directors, our chief executive officer or president (in the absence of a chief executive officer);
- provide that stockholders will be permitted to amend certain provisions of our bylaws only upon receiving at least two-thirds of the votes entitled to be cast by holders of all outstanding shares then entitled to vote generally in the election of directors, voting together as a single class; and
- provide that, unless we otherwise consent in writing, a state or federal court located within the State of Delaware shall be the sole and exclusive forum for (1) any derivative action or proceeding brought on behalf of the company, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to the company or our stockholders, (3) any action asserting a claim against the company arising pursuant to any provision of the Delaware General Corporation Law, or (4) any action asserting a claim against the company governed by the internal affairs doctrine.

The amendment of any of these provisions would require approval by the holders of at least two-thirds of our then outstanding common stock, voting as a single class.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent and registrar's address is .

Listing

We have applied to have our common stock approved for quotation on the Nasdaq Global Market under the trading symbol "KOD."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and although we expect that our common stock will be approved for listing on the Nasdaq Global Market, we cannot assure you that there will be an active public market for our common stock following this offering. We cannot predict what effect sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, including shares issued upon exercise of outstanding options or warrants, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities at times and prices we believe appropriate.

Upon completion of this offering, based on our shares outstanding as of June 30, 2018 and after giving effect to the conversion of all outstanding shares of our redeemable convertible preferred stock and conversion of our convertible notes (assuming conversion of $12.5 million principal amount and accrued interest of our 2017 convertible notes as of June 30, 2018 at a conversion price of $5.00 per share and the conversion of $33.8 million principal amount and accrued interest of our 2018 convertible notes as of June 30, 2018 at an assumed conversion price of $ per share—the actual conversion price will be equal to 80% of the initial public offering price of our common stock in this offering), shares of our common stock will be outstanding, or shares of common stock if the underwriters exercise their option to purchase additional shares in full. All of the shares of common stock expected to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining outstanding shares of our common stock will be deemed "restricted securities" as that term is defined under Rule 144. Restricted securities may be sold in the public market only if their offer and sale is registered under the Securities Act or if the offer and sale of those securities qualify for an exemption from registration, including exemptions provided by Rules 144 and 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market stand-off provisions described below and the provisions of Rules 144 or 701, and assuming no extension of the lock-up period and no exercise of the underwriters' option to purchase additional shares, the shares of our common stock that will be deemed "restricted securities" will be available for sale in the public market following the completion of this offering as follows:

- shares will be eligible for sale on the date of this prospectus; and
- shares will be eligible for sale upon expiration of the lock-up agreements and market stand-off provisions described below, beginning more than 180 days after the date of this prospectus.

We may issue shares of our common stock from time to time for a variety of corporate purposes, including in capital-raising activities through future public offerings or private placements, in connection with exercise of stock options or warrants, vesting of restricted stock units and other issuances relating to our employee benefit plans and as consideration for future acquisitions, investments or other purposes. The number of shares of our common stock that we may issue may be significant, depending on the events surrounding such issuances. In some cases, the shares we issue may be freely tradable without restriction or further registration under the Securities Act; in other cases, we may grant registration rights covering the shares issued in connection with these issuances, in which case the holders of our common stock will have the right, under certain circumstances, to cause us to register any resale of such shares to the public.

Lock-up Agreements and Market Standoff Provisions

We, our directors and officers and substantially all of the holders of our equity securities have agreed, subject to certain exceptions, not to offer, sell or transfer any common stock or securities convertible into or exchangeable or exercisable for common stock for 180 days after the date of this prospectus without first obtaining the written consent of Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of the underwriters, or us, as applicable, after the date of this prospectus. Morgan

Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated may, in their sole discretion, and subject to FINRA Rule 5131, release any of the securities subject to the lock-up agreements with the underwriters at any time. These agreements are described below under the section captioned "Underwriting."

Rule 144

In general, under Rule 144, beginning 90 days after the effective date of this prospectus, a person who is not our affiliate for purposes of the Securities Act and has not been our affiliate at any time during the preceding three months will be entitled to sell any shares of our common stock that such person has beneficially owned for at least six months, including the holding period of any prior owner other than one of our affiliates, without being required to comply with the notice, manner of sale or public information requirements or volume limitation provisions of Rule 144. Sales of our common stock by any such person would be subject to the availability of current public information about us if the shares to be sold were beneficially owned by such person for less than one year.

In addition, under Rule 144, a person may sell shares of our common stock acquired from us immediately upon the completion of this offering, without regard to the registration requirements of the Securities Act or the availability of public information about us, if:

- the person is not our affiliate and has not been our affiliate at any time during the preceding three months; and
- the person has beneficially owned the shares to be sold for at least one year, including the holding period of any prior owner other than one of our affiliates.

Beginning 90 days after the date of this prospectus, our affiliates who have beneficially owned shares of our common stock for at least six months, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering, assuming no exercise of the underwriters' option to purchase additional shares; and
- the average weekly trading volume in our common stock on the Nasdaq Global Market during the four calendar weeks preceding the date of filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 by our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. To the extent that shares were acquired from one of our affiliates, a person's holding period for the purpose of effecting a sale under Rule 144 would commence on the date of transfer from the affiliate.

Rule 701

In general, under Rule 701 a person who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been one of our affiliates during the immediately preceding 90 days may sell these shares in reliance upon Rule 144, but without being required to comply with the notice, manner of sale or public information requirements or volume limitation provisions of Rule 144. Rule 701 also permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the effective date of this prospectus before selling such shares pursuant to Rule 701.

As of June 30, 2018, there were 1,041,375 shares of our outstanding common stock issued in reliance on Rule 701 as a result of exercises of stock options. All of these shares, however, are subject to lock-up agreements or market stand-off provisions as discussed above, and, as a result, these shares will only become eligible for sale at the earlier of the expiration of the lock-up period or upon obtaining the consent of Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated on behalf of the underwriters to release all or any portion of these shares from the lock-up agreements.

Stock Options

As of June 30, 2018, options to purchase an aggregate of 3,383,478 shares of our common stock were outstanding. We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of our common stock subject to outstanding stock options and all shares issued or issuable under our stock plans. We expect to file the registration statement covering these shares after the date of this prospectus, which will permit the resale of such shares by persons who are non-affiliates of ours in the public market without restriction under the Securities Act, subject, with respect to certain of the shares, to the provisions of the lock-up agreements and market stand-off provisions described above.

Warrants

Upon completion of this offering, warrants to purchase an aggregate of 500,000 shares of our common stock at an exercise price of $0.01 per share will remain outstanding. See the section of this prospectus titled “Description of Capital Stock—Warrants” for additional information. Such shares issued upon exercise of the warrants may be able to be sold after the expiration of the lock-up period described above subject to the requirements of Rule 144 described above.

Registration Rights

Upon completion of this offering, the holders of approximately shares of our common stock will be eligible to exercise certain rights to cause us to register their shares for resale under the Securities Act, subject to various conditions and limitations. These registration rights are described under the section of this prospectus titled “Description of Capital Stock—Registration Rights.” Upon the effectiveness of a registration statement covering these shares, the shares would become freely tradable, and a large number of shares may be sold into the public market, which may adversely affect the market price of our common stock.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock acquired in this offering by a "non-U.S. holder" (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the United States Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction or under U.S. federal gift and estate tax rules, except to the limited extent set forth below. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, regulated investment companies, real estate investment trusts or other financial institutions;
- persons subject to the alternative minimum tax or the tax on net investment income;
- tax-exempt organizations;
- pension plans and tax-qualified retirement plans;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment); or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership, entity or arrangement classified as a partnership or flow-through entity for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership or other entity. A partner in a partnership or other such entity that will hold our common stock should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other such entity, as applicable.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal gift or estate tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our common stock that, for U.S. federal income tax purposes, is not a partnership or:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, or otherwise treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (1) whose administration is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (2) that has made a valid election under applicable Treasury Regulations to be treated as a U.S. person.

Distributions

As described in the section of this prospectus titled "Dividend Policy," we have never declared or paid cash dividends on our common stock, and we do not anticipate paying any dividends on our common stock following the completion of this offering. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, the excess will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock.

Subject to the discussions below on effectively connected income and Foreign Account Tax Compliance Act, or FATCA, withholding, any dividend paid to you generally will be subject to U.S. federal withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence. In order to receive a reduced treaty rate, you must provide the applicable withholding agent with an IRS Form W-8BEN or W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds our common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to the applicable withholding agent, either directly or through other intermediaries.

Dividends received by you that are treated as effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, such dividends are attributable to a permanent establishment or fixed base maintained by you in the United States) are generally exempt from the 30% U.S. federal withholding tax, subject to the discussion below on backup withholding and FATCA withholding. In order to obtain this exemption, you must provide the applicable withholding agent with a properly executed IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to U.S. federal withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits, subject to an applicable income tax treaty providing otherwise. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence. You should consult your tax advisor regarding the tax consequences of the ownership and disposition of our common stock, including any applicable tax treaties that may provide for different rules.

Gain on Disposition of Common Stock

Subject to the discussion below regarding backup withholding and FATCA withholding, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by you in the United States);
- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our U.S. and worldwide real property interests plus our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, your common stock will be treated as U.S. real property interests only if you actually (directly or indirectly) or constructively hold more than five percent of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the gain derived from the sale (net of certain deductions and credits) under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be subject to tax at 30% (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may be offset by U.S. source capital losses for the year, provided you have timely filed U.S. federal income tax returns with respect to such losses. You should consult your tax advisor regarding any applicable income tax or other treaties that may provide for different rules.

Federal Estate Tax

Our common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of his or her death will generally be includable in the decedent's gross estate for U.S. federal estate tax purposes. Such stock, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on or of proceeds from the disposition of our common stock made to you may be subject to information reporting and backup withholding at a current rate of 24% unless you establish an exemption, for example, by properly certifying your non-U.S. status on a properly completed IRS Form W-8BEN

or W-8BEN-E or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if the applicable withholding agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act (FATCA)

Provisions of the Code commonly referred to as FATCA, Treasury Regulations issued thereunder and official IRS guidance generally impose a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from a sale or other disposition of our common stock, paid to a "foreign financial institution" (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from, a sale or other disposition of our common stock paid to a "non-financial foreign entity" (as specially defined under these rules), unless such entity provides the withholding agent with a certification identifying the substantial direct and indirect U.S. owners of the entity, certifies that it does not have any substantial U.S. owners, or otherwise establishes an exemption.

The withholding obligations under FATCA generally apply to dividends on our common stock and under current transition rules are expected to apply to the payment of gross proceeds of a sale or other disposition of our common stock made on or after January 1, 2019. The withholding tax will apply regardless of whether the payment otherwise would be exempt from U.S. nonresident and backup withholding tax, including under the other exemptions described above. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Prospective investors are encouraged to consult with their own tax advisors regarding the application of FATCA withholding to their investment in, and ownership and disposition of, our common stock.

The preceding discussion of U.S. federal tax considerations is for general information only. It is not tax advice to investors in their particular circumstances. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Chardan Capital Markets, LLC	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions and estimated offering expenses payable by us. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, estimated underwriting discounts and commissions and estimated offering expenses payable by us, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We have applied to list our common stock on the Nasdaq Global Market under the trading symbol “KOD”.

We and all directors and officers and the holders of substantially all of our outstanding equity securities have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus, or the restricted period:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, each such person agrees that, without the prior written consent of the representatives on behalf of the underwriters, such person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

Subject to certain additional limitations relating to public filings required to be or voluntarily made in connection with a transfer, the restrictions described in the immediately preceding paragraph do not apply to:

- the sale of shares to the underwriters;
- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the representatives have been advised in writing;
- the issuance by us of options, restricted stock units or restricted stock awards (including the common stock issued upon the settlement or exercise thereof) pursuant to employee benefit plans described in this prospectus;
- the filing of a registration statement on Form S-8 relating to securities granted or to be granted pursuant to any plan in effect on the date of the underwriting agreement and described in this prospectus;
- the issuance by us of securities in connection with certain acquisitions, joint ventures, and other strategic transactions; *provided* that the aggregate number of shares of common stock that we may sell or issue or agree to sell or issue pursuant to this provision may not exceed 5% of the total number of shares of common stock outstanding immediately following this offering, and we will cause each recipient of such securities to execute and deliver to the representatives, a lock-up agreement on substantially the same terms as described herein.
- transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares;
- transfers (1) by bona fide gift, will or intestate succession; (2) transfers to the transferor’s immediate family members or to a trust formed for their benefit; (3) in the case of corporations or other business entities, transfers to certain affiliated business entities and the equityholders of the corporation or other business entity; or (4) in the case of a trust, to a trustee or beneficiary of the trust; provided that the recipient also executes a lock-up agreement;

- transfers relating to the “cashless” or “net” exercise of securities exercisable or convertible for common stock, where securities are surrendered to us to fulfill tax withholding obligations in connection with their exercise or conversion;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period;
- transfers to us in accordance with (1) our repurchase rights related to a transferor’s employment or (2) rights of first refusal in our favor;
- transfers pursuant to a qualified domestic order or divorce settlement; or
- transfers pursuant to a bona fide third party tender offer, merger, consolidation or other similar transaction made to all holders of the common stock involving a change in control.

The representatives, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related

derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our results of operations and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Directed Share Program

At our request, the underwriters have reserved 5% of the shares of common stock offered by this prospectus for sale, at the initial public offering price, to directors, officers, employees, business associates and other persons related to us. If purchased by these persons, these shares will not be subject to a lock-up restriction, except in the case of shares purchased by any director, executive officer or employee. The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Hong Kong

The shares of our common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares of our common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The shares of our common stock have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of our common stock may not be circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of our common stock pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Canada

The shares of our common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares of our common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of the shares of the common stock offered hereby will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Davis Polk & Wardwell LLP, Menlo Park, California, is acting as counsel for the underwriters.

EXPERTS

The financial statements as of December 31, 2016 and December 31, 2017 and for the years then ended included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's ability to continue as a going concern as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus constitutes only a part of the registration statement. Some items are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits. Statements contained in this prospectus concerning the contents of any contract or document referred to are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit.

You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website at www.sec.gov that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.kodiak.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

KODIAK SCIENCES INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Kodiak Sciences Inc.,

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kodiak Sciences Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and negative cash flows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
San Jose, California
April 30, 2018

We have served as the Company's auditor since 2016.

Kodiak Sciences Inc.

Consolidated Balance Sheets
(in thousands, except per share and share amounts)

	December 31, 2016	December 31, 2017	June 30, 2018 (unaudited)	June 30, 2018 Pro Forma (unaudited)
Assets				
Current assets:				
Cash and cash equivalents	$ 9,622	$ 1,395	$ 17,641	
Prepaid expenses and other current assets	568	200	465	
Total current assets	10,190	1,595	18,106	
Restricted cash	140	140	140	
Property and equipment, net	1,776	1,509	1,303	
Deferred offering costs	—	—	2,154	
Other assets	8	—	—	
Total assets	$ 12,114	$ 3,244	$ 21,703	
Liabilities, redeemable convertible preferred stock and stockholders' deficit				
Current liabilities:				
Accounts payable	$ 1,074	$ 3,356	$ 2,472	
Accrued and other current liabilities	1,434	5,802	2,017	
Total current liabilities	2,508	9,158	4,489	
Convertible notes (includes $7,937 and $17,411 (unaudited) at December 31, 2017 and June 30, 2018, respectively, due to related parties)	—	9,921	39,495	
Redeemable convertible preferred stock warrant liability (includes $1,840 and $3,204 (unaudited) at December 31, 2017 and June 30, 2018, respectively, attributable to warrants held by related parties)	—	2,300	4,005	
Derivative instrument (includes $2,134 (unaudited) at June 30, 2018, attributable to related parties)	—	—	7,367	
Capital lease obligation, noncurrent	103	53	19	
Other liabilities	569	533	538	
Total liabilities	3,180	21,965	55,913	
Commitments and contingencies (Note 7)				
Redeemable convertible preferred stock, $0.0001 par value, 13,753,595 shares authorized at December 31, 2016 and 18,753,595 shares authorized at December 31, 2017 and June 30, 2018 (unaudited); 12,385,154 shares issued and outstanding at December 31, 2016 and 2017 and June 30, 2018 (unaudited); liquidation value of $50,324 at December 31, 2016 and 2017 and June 30, 2018 (unaudited); no shares authorized, issued or outstanding, pro forma (unaudited)	50,017	50,017	50,017	
Stockholders' deficit:				
Common stock, $0.0001 par value, 23,500,000 shares authorized at December 31, 2016 and 28,500,000 shares authorized at December 31, 2017 and June 30, 2018 (unaudited); 7,930,831, 7,936,434 and 7,964,234 (unaudited) shares issued and outstanding at December 31, 2016 and 2017 and June 30, 2018, respectively; 28,500,000 shares authorized and shares issued and outstanding, pro forma (unaudited)	1	1	1	
Additional paid-in capital	303	584	1,424	
Accumulated deficit	(41,387)	(69,323)	(85,652)	
Total stockholders' deficit	(41,083)	(68,738)	(84,227)	
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 12,114	$ 3,244	$ 21,703	

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

Kodiak Sciences Inc.

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

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Operating expenses				
Research and development	$ 14,053	$ 22,022	$ 10,098	$ 7,233
General and administrative	3,098	3,499	1,687	3,404
Total operating expenses	17,151	25,521	11,785	10,637
Loss from operations	(17,151)	(25,521)	(11,785)	(10,637)
Interest expense (includes $914 and $1,867 (unaudited) attributable to related parties for the year ended December 31, 2017 and six months ended June 30, 2018)	(6)	(1,185)	(12)	(3,347)
Other income (expense), net (includes $1,008 and $1,585 (unaudited) other expense attributable to related parties for the year ended December 31, 2017 and six months ended June 30, 2018)	25	(1,230)	14	(2,345)
Net loss and comprehensive loss	$ (17,132)	$ (27,936)	$ (11,783)	$ (16,329)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.38)	$ (3.72)	$ (1.58)	$ (2.11)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	7,211,360	7,515,336	7,444,612	7,720,967
Pro forma net loss per share, basic and diluted (unaudited)		$		$
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted (unaudited)				

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

Kodiak Sciences Inc.

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

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balances at January 1, 2016	12,385,154	$50,017	7,828,908	$ 1	$ 18	$ (24,255)	$ (24,236)
Stock issued through exercise of stock options	—	—	10,674	—	5	—	5
Vesting of early exercised stock options	—	—	—	—	12	—	12
Issuance of restricted stock awards	—	—	142,938	—	—	—	—
Stock-based compensation expense	—	—	—	—	272	—	272
Repurchase of early exercised stock options	—	—	(51,689)	—	(4)		(4)
Net loss	—	—	—	—	—	(17,132)	(17,132)
Balances at December 31, 2016	12,385,154	50,017	7,930,831	1	303	(41,387)	(41,083)
Stock issued through exercise of stock options	—	—	5,603	—	3	—	3
Vesting of early exercised stock options	—	—	—	—	3	—	3
Stock-based compensation expense	—	—	—	—	275	—	275
Net loss	—	—	—	—	—	(27,936)	(27,936)
Balances at December 31, 2017	12,385,154	50,017	7,936,434	1	584	(69,323)	(68,738)
Stock issued through exercise of stock options (unaudited)	—	—	300	—	—	—	—
Issuance of restricted stock awards (unaudited)	—	—	27,500	—	—	—	—
Stock-based compensation expense (unaudited)	—	—	—	—	840	—	840
Net loss (unaudited)	—	—	—	—	—	(16,329)	(16,329)
Balances at June 30, 2018 (unaudited)	12,385,154	$50,017	7,964,234	$ 1	$ 1,424	$ (85,652)	$ (84,227)

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

Kodiak Sciences Inc.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Cash flows from operating activities				
Net loss	$ (17,132)	$ (27,936)	$ (11,783)	$ (16,329)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation	257	549	234	244
Non-cash interest expense and amortization of debt discount and issuance cost	—	1,161	—	3,333
Change in fair value of redeemable convertible preferred stock warrant liability	—	1,260	—	1,705
Change in fair value of derivative instrument	—	—	—	764
Stock-based compensation	272	275	138	749
Changes in assets and liabilities:				
Prepaid expense and other current assets	270	368	425	(265)
Other assets	35	8	8	—
Accounts payable	23	2,282	1,429	(1,845)
Accrued and other current liabilities	242	4,330	1,764	(4,085)
Other liabilities	(14)	48	23	22
Net cash used in operating activities	(16,047)	(17,655)	(7,762)	(15,707)
Cash flows from investing activities				
Purchase of property and equipment	(771)	(209)	(42)	(38)
Net cash used in investing activities	(771)	(209)	(42)	(38)
Cash flows from financing activities				
Payments for repurchase of early exercised stock options	(4)	—	—	—
Proceeds from issuance of convertible notes (includes $8,000 and $9,560 (unaudited) from related parties for the year ended December 31, 2017 and six months ended June 30, 2018, respectively)	—	10,000	—	33,000
Deferred offering costs	—	—	—	(768)
Debt issuance cost	—	(181)	—	(140)
Principal payments of capital lease	(62)	(97)	(44)	(54)
Proceeds from issuance of common stock	5	3	—	—
Principal payments of tenant improvement allowance payable	(59)	(88)	(43)	(47)
Net cash provided by (used in) financing activities	(120)	9,637	(87)	31,991
Net increase (decrease) in cash, cash equivalents and restricted cash	(16,938)	(8,227)	(7,891)	16,246
Cash, cash equivalents and restricted cash, at beginning of period	26,700	9,762	9,762	1,535
Cash, cash equivalents and restricted cash, at end of period	$ 9,762	$ 1,535	$ 1,871	$ 17,781
Reconciliation of cash, cash equivalents and restricted cash to statement of financial position				
Cash and cash equivalents	$ 9,622	$ 1,395	$ 1,731	$ 17,641
Restricted cash	$ 140	$ 140	$ 140	$ 140
Cash, cash equivalents and restricted cash in statement of financial position	$ 9,762	$ 1,535	$ 1,871	$ 17,781
Supplemental cash flow information:				
Cash paid for interest	$ 6	$ 24	$ 12	$ 13
Supplemental disclosures of non-cash investing and financing information:				
Purchase of property and equipment under accounts payable and tenants improvement allowance payable	$ 731	$ —	$ —	$ —
Acquisition of equipment through capital lease	$ 246	$ 73	$ 73	$ —
Redeemable convertible preferred stock warrant issued in connection with convertible notes	$ —	$ 1,040	$ —	$ —
Issuance of derivative instrument related to convertible notes payable	$ —	$ —	$ —	$ 6,603
Unpaid deferred offering costs	$ —	$ —	$ —	$ 1,295
Deferred offering costs paid in restricted stock awards	$ —	$ —	$ —	$ 91

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

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements

1. The Company

Kodiak Sciences Inc. (the "Company") was formed as a limited liability company on June 22, 2009 under the name Oligasis LLC. The Company changed its name and converted into a corporation which was incorporated in the state of Delaware on September 8, 2015. The Company is a clinical stage biopharmaceutical company specializing in novel therapeutics to treat high-prevalence ophthalmic diseases. The Company devotes substantially all of its time and efforts to performing research and development, raising capital and recruiting personnel.

The Company is subject to risks and uncertainties common to early-stage companies in the biotechnology industry, including, but not limited to, development by competitors of new technological innovations, protection of proprietary technology, dependence on key personnel, contract manufacturer (Lonza) and contract research organization, compliance with government regulations and the need to obtain additional financing to fund operations. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical studies and clinical trials and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance and reporting.

The Company's product candidates are in development. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained or maintained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from other pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees, consultants and other third parties.

The Company has incurred significant losses and negative cash flows from operations since inception and had an accumulated deficit of $69.3 million as of December 31, 2017 and $85.7 million (unaudited) as of June 30, 2018. The Company has historically financed its operations primarily through the sale of redeemable convertible preferred stock, convertible notes, and warrants to purchase Series B redeemable convertible preferred stock. To date, none of the Company's product candidates have been approved for sale and therefore the Company has not generated any revenue from product sales. Management expects operating losses to continue for the foreseeable future. The Company believes that its cash and cash equivalents as of December 31, 2017 and June 30, 2018, without any future financing, will not be sufficient for the Company to continue as a going concern for at least one year from the original issuance date of its annual consolidated financial statements for the year ended December 31, 2017 and interim consolidated financial statements for the period ended June 30, 2018, respectively. The Company believes that this raises substantial doubt about its ability to continue as a going concern.

As a result, the Company will be required to raise additional capital. If sufficient funds on acceptable terms are not available when needed, the Company could be required to significantly reduce its operating expenses and delay, reduce the scope of, or eliminate one or more of its development programs. Failure to manage discretionary spending or raise additional financing, as needed, may adversely impact the Company's ability to achieve its intended business objectives.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The consolidated financial statements do not reflect any adjustments relating to the recoverability and reclassifications of assets and liabilities that might be necessary if the Company is unable to continue as a going concern.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

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

The consolidated financial statements include the Company's accounts and the accounts of Kodiak Sciences Financing Corporation, the Company's direct wholly owned subsidiary, incorporated in the United States, and Kodiak Sciences GmbH, the Company's indirect wholly owned subsidiary, incorporated in Switzerland. All intercompany accounts and transactions have been eliminated. The functional and reporting currency of the Company and its subsidiaries is the U.S. dollar.

Unaudited Interim Financial Information

The accompanying consolidated balance sheet as of June 30, 2018, the consolidated statements of operations and comprehensive loss and of cash flows for the six months ended June 30, 2017 and 2018, and the consolidated statement of redeemable convertible preferred stock and stockholders' deficit for the six months ended June 30, 2018 are unaudited. In the opinion of management, the unaudited data reflects all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the Company's financial position as of June 30, 2018 and the results of its operations and comprehensive loss and its cash flows for the six months ended June 30, 2017 and 2018. The financial data and other information disclosed in these notes related to the six months ended June 30, 2017 and 2018 are also unaudited. The results for the six months ended June 30, 2018 are not necessarily indicative of results to be expected for the year ending December 31, 2018, any other interim periods, or any future year or period.

Unaudited Pro Forma Information

The unaudited pro forma information as of June 30, 2018 has been prepared to give effect to (1) the automatic conversion of all of the outstanding redeemable convertible preferred stock of the Company on a one-to-one basis into 12,385,154 shares of common stock as of June 30, 2018; (2) the assumed conversion of the Company's outstanding 2017 convertible notes into 2,497,722 shares of redeemable convertible preferred stock, assuming the conversion of $12.5 million principal amount and accrued interest as of June 30, 2018 at a conversion price of $5.00 per share, and the subsequent conversion to common stock on a one-to-one basis; (3) the automatic conversion of the Company's outstanding 2018 convertible notes into shares of common stock, assuming the conversion of $33.8 million principal amount and accrued interest as of June 30, 2018 at a conversion price equal to 80% of the assumed initial public offering price of the Company's common stock in this offering; (4) the resulting settlement of the derivative instrument upon the conversion of the 2018 convertible notes; (5) the automatic conversion of warrants to purchase 500,000 shares of redeemable convertible preferred stock for warrants to purchase 500,000 shares of common stock with exercise price of $0.01 and the reclassification of the warrant liability of $4.0 million to additional paid-in capital, and (6) the filing of the Company's amended and restated certificate of incorporation, which will occur immediately prior to the completion of this offering. The unaudited pro forma information does not assume any proceeds from the planned initial public offering ("IPO").

The unaudited pro forma basic and diluted net loss per share for the year ended December 31, 2017, has been computed to give effect to (1) an adjustment to the denominator in the pro forma basic and diluted net loss per share calculation to (a) affect the automatic conversion of the redeemable convertible preferred stock into shares of common stock as of the beginning of the respective period or the date of issuance, if later, and (b) reflect the 500,000 shares of common stock related to the redeemable convertible preferred stock warrants, and (2) an adjustment to the numerator in the pro forma basic and diluted net loss per share calculation to (a) remove gains or losses resulting from the remeasurement of the redeemable convertible preferred stock

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

warrant liability as the warrants will become exercisable for shares of common stock, and (b) remove the effect of the interest expense as it relates to the 2017 convertible notes. Common shares issuable upon exercise of the warrants are considered to be outstanding for unaudited pro forma basic and diluted net loss per share as they are issuable at little consideration.

The unaudited pro forma basic and diluted net loss per share for the six months ended June 30, 2018, has been computed to give effect to: (1) an adjustment to the denominator in the pro forma basic and diluted net loss per share calculation to (a) affect the automatic conversion of the redeemable convertible preferred stock into shares of common stock as of the beginning of the respective period or the date of issuance, if later, and (b) reflect the 500,000 shares of common stock related to the redeemable convertible preferred stock warrants and; (2) an adjustment to the numerator in the pro forma basic and diluted net loss per share calculation to (a) remove gains or losses resulting from the remeasurement of the redeemable convertible preferred stock warrant liability as the warrants will become exercisable for shares of common stock, (b) remove the effect of the interest expense as it relates to the 2017 and 2018 convertible notes, and (c) remove losses resulting from the remeasurement of the derivative instrument related to convertible notes issued in 2018 as the underlying rights lapse in connection with the IPO. Common shares issuable upon exercise of the warrants are considered to be outstanding for unaudited pro forma basic and diluted net loss per share as they are issuable at little consideration.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and expenses during the reporting period. Such estimates include the valuation of redeemable convertible preferred stock warrant liability, derivative instruments, deferred tax assets, useful lives of property and equipment, and stock-based compensation. Actual results could differ from those estimates.

Segments

The Company operates and manages its business as one reportable and operating segment, which is the business of research and development of drugs for ophthalmic diseases. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for purposes of allocating resources and evaluating financial performance.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents. All of the Company's cash and cash equivalents are held at one U.S. financial institution. Such deposits may, at times, exceed federally insured limits.

Deferred Offering Costs

Deferred offering costs, consisting of legal, accounting and other fees and costs relating to the Company's planned IPO, are recorded on the consolidated balance sheet. The deferred offering costs will be offset against the proceeds received upon the closing of the planned IPO. In the event the planned IPO is terminated, all of the deferred offering costs will be expensed within the Company's consolidated statements of operations and comprehensive loss. As of June 30, 2018, $2.2 million (unaudited) of deferred offering costs were recorded on the consolidated balance sheet. There were no deferred offering costs capitalized as of December 31, 2017.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Cash and Cash Equivalents

The Company considers all highly liquid investments with stated maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents include money market funds.

Restricted Cash

As of December 31, 2016 and 2017 and June 30, 2018 (unaudited), the Company had $0.1 million of long-term restricted cash deposited with a financial institution. The entire amount is held in a separate bank account to support a letter of credit agreement related to the Company's headquarter facility lease which expires in 2023.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments consisting of cash and cash equivalents, accounts payable and accrued liabilities and other current liabilities, approximate fair value due to their relatively short maturities. The redeemable convertible preferred stock warrant liability and derivative instruments are carried at fair value based on unobservable market inputs.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation for acquired assets. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which is generally four years for laboratory equipment, three years for computer equipment and office equipment, five years for computer software and five to seven years for furniture and fixtures. Leasehold improvements are stated at cost and amortized over the shorter of the useful life of the assets or the length of the lease. Upon sale or retirement of assets, the costs and related accumulated depreciation are removed from the consolidated balance sheet and the resulting gain or loss is reflected in operations. Maintenance and repairs are charged to operations as incurred.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to the future undiscounted net cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future net cash flows arising from the assets. There have been no such impairments of long-lived assets in the years ended December 31, 2016 and 2017 and six months ended June 30, 2017 and 2018 (unaudited).

Redeemable Convertible Preferred Stock

The Company records all shares of redeemable convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. The redeemable convertible preferred stock is recorded outside of permanent equity because while it is not mandatorily redeemable, in the event of certain events considered not solely within the Company's control, such as a merger, acquisition and sale of all or substantially all of the Company's assets (each, a "deemed liquidation event"), the redeemable convertible preferred stock will become redeemable at the option of the holders of at least a majority of the then outstanding such shares. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because it is uncertain whether or when a deemed liquidation event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock. Subsequent adjustments to the carrying values to the liquidation preferences will be made only when it becomes probable that such a deemed liquidation event will occur.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Redeemable Convertible Preferred Stock Warrants

The Company's redeemable convertible preferred stock warrants require liability classification and accounting as the underlying redeemable convertible preferred stock is considered contingently redeemable and may obligate the Company to transfer assets to the holders at a future date upon occurrence of a deemed liquidation event. The warrants are recorded at fair value upon issuance and are subject to remeasurement to fair value at each balance sheet date, with any changes in fair value recognized in the consolidated statements of operations and comprehensive loss. The Company will continue to adjust the warrant liability for changes in fair value until the earlier of the exercise or expiration of the redeemable convertible preferred stock warrants, occurrence of a deemed liquidation event or conversion of redeemable convertible preferred stock into common stock.

If all outstanding shares of the series of redeemable convertible preferred stock for which the redeemable convertible preferred stock warrants are exercisable are converted to shares of common stock or any other security in connection with a qualified initial public offering (a "Qualified IPO") or otherwise, then thereafter (a) the redeemable convertible preferred stock warrants shall become exercisable for such number of shares of common stock or such other security as is equal to the number of shares of common stock or such other security that each share of redeemable convertible preferred stock was converted into, multiplied by the number of shares subject to the redeemable convertible preferred stock warrants immediately prior to such conversion, and (b) the exercise price of the redeemable convertible preferred stock warrants shall automatically be adjusted to equal to the number obtained by dividing (1) the aggregate exercise price for which the redeemable convertible preferred stock warrants were exercisable immediately prior to such conversion by (2) the number of shares of common stock or such other security for which the redeemable convertible preferred stock warrants are exercisable immediately after such conversion. A Qualified IPO is the Company's first sale of common stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended, at a per share public offering price (prior to underwriter commissions and expenses) of at least $10.00 (as adjusted for stock splits, combinations, dividends and the like) and that results in aggregate gross cash proceeds to the Company of an amount equal to or greater than $75.0 million (before deduction of underwriting discounts, commissions and expenses).

Derivative Instruments

The convertible senior secured promissory notes issued in August 2017 ("2017 convertible notes") and convertible subordinated unsecured promissory notes issued in February 2018 ("2018 convertible notes") contain embedded features that provide the lenders with multiple settlement alternatives. Certain of these settlement features provide the lenders a right to a fixed number of the Company's shares upon conversion of the notes (the "conversion option"). Other settlement features provide the lenders the right or the obligation to receive cash or a variable number of shares upon the completion of a capital raising transaction, change of control or default of the Company (the "redemption features").

The conversion options of the 2017 convertible notes and 2018 convertible notes do not meet the requirements for separate accounting as an embedded derivative. However, the redemption features of the 2017 convertible notes meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument (the "2017 derivative instrument"). Similarly, the redemption features of the 2018 convertible notes meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument (the "2018 derivative instrument"). The derivative instruments are recorded at fair value at inception and are subject to remeasurement to fair value at each balance sheet date, with any changes in fair value recognized in the consolidated statements of operations and comprehensive loss (see Note 13).

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Research and Development Expenses

Costs related to research, design and development of products are charged to research and development expense as incurred. Research and development costs include, but are not limited to, payroll and personnel expenses, including stock-based compensation, laboratory supplies, outside services and allocated overhead, including rent, equipment, depreciation and utilities.

Accrued Research and Development

The Company has entered into various agreements with contract research organizations ("CROs") and contract manufacturing organizations ("CMOs"). The Company's research and development accruals are estimated based on the level of services performed, progress of the studies, including the phase or completion of events, and contracted costs. The estimated costs of research and development provided, but not yet invoiced, are included in accrued liabilities and other current liabilities on the balance sheet. If the actual timing of the performance of services or the level of effort varies from the original estimates, the Company will adjust the accrual accordingly. Payments made to CROs or CMOs under these arrangements in advance of the performance of the related services are recorded as prepaid expenses and other current assets until the services are rendered.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the provisions of Accounting Standards Codification ("ASC") 718, *Compensation-Stock Compensation*, which requires stock-based compensation cost to be measured at grant date, based on the fair value of the award. Prior to January 1, 2017, the fair value of the portion of the award that is ultimately expected to vest was recognized as expense over the requisite service periods in the Company's consolidated statements of operations and comprehensive loss. Upon the adoption of ASU 2016-09 for periods after January 1, 2017, the Company no longer records estimated forfeitures on share-based awards and, instead, has elected to record forfeitures as they occur.

The Company accounts for equity instruments issued to non-employees using a fair value approach. The fair value of stock options granted to non-employees is calculated at each grant date and remeasured at each reporting date using the Black-Scholes option pricing model.

Fair Value of Common Stock

The fair value of the Company's common stock is determined by the board of directors with assistance from management and external appraisers. Management's approach to estimate the fair value of the Company's common stock is consistent with the methods outlined in the American Institute of Certified Public Accountants' Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation* (the "Practice Aid"). Management considers several factors to estimate enterprise value, including significant milestones that would generally contribute to increases in the value of the common stock.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of the Company's assets and liabilities and their financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses ("NOLs") and research and development credit carryforwards and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized.

The Company accounts for uncertain tax positions by assessing all material positions taken in any assessment or challenge by relevant taxing authorities. Assessing an uncertain tax position begins with the initial

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

determination of the position's sustainability and is measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) requiring companies to pay a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (4) requiring a current inclusion in U.S. federal taxable income of certain earnings of controlled foreign corporations; (5) eliminating the corporate alternative minimum tax ("AMT") and changing how existing AMT credits can be realized; (6) creating the base erosion anti-abuse tax ("BEAT"), a new minimum tax; (7) creating a new limitation on deductible interest expense; and (8) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017.

Comprehensive Income (Loss)

Comprehensive income (loss) is defined as a change in equity of a business enterprise during a period, resulting from transactions from non-owner sources. There have been no items qualifying as other comprehensive income (loss) and, therefore, for all periods presented, the Company's comprehensive loss was the same as its reported net loss.

Net Loss per Share Attributable to Common Stockholders

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common stock outstanding during the period, without consideration of potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common stock and potentially dilutive securities outstanding for the period. For purposes of the diluted net loss per share calculation, the redeemable convertible preferred stock, redeemable convertible preferred stock warrants, convertible notes, common stock subject to repurchase, and stock options are considered to be potentially dilutive securities. Basic and diluted net loss attributable to common stockholders per share is presented in conformity with the two-class method required for participating securities as the redeemable convertible preferred stock is considered a participating security. The Company's participating securities do not have a contractual obligation to share in the Company's losses. As such, the net loss was attributed entirely to common stockholders. Because the Company has reported a net loss for all periods presented, diluted net loss per common share is the same as basic net loss per common share for those periods.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") under its accounting standard codifications ("ASC") or other standard setting bodies and adopted by the Company as of the specified effective date, unless otherwise discussed below.

Recently Adopted Accounting Pronouncements

In May 2017, FASB issued ASU 2017-09, Compensation-Stock Compensation (Topic 718), Scope of Modification Accounting. ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments in this update are effective for all entities for annual periods, and interim periods within those annual periods, beginning after

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

December 15, 2017. Early adoption is permitted. The Company adopted this new guidance beginning January 1, 2018, on prospective basis, which did not result in a material impact on its financial statements and related disclosures.

In November 2016, FASB issued ASU 2016-18, Restricted Cash. The amendments of this standard provide guidance on restricted cash disclosures and presentation in the statement of cash flows. This guidance is effective for interim and annual periods beginning after December 15, 2017.

The Company adopted ASU 2016-18 effective January 1, 2018, which required the change in restricted cash to be included as part of the total change in cash and cash equivalents on the statement of cash flows. While restricted cash is still presented as a separate line item in the Company's balance sheet, it will no longer be presented as a separate item in the statements of cash flows. ASU 2016-18 also required a restatement of the statements of cash flows in the prior period presented. The Company retroactively adjusted the statements of cash flows for the years ended December 31, 2016 and 2017 to show the combined result of cash and cash equivalents and restricted cash as follows:

	Year ended December 31, 2016		
	As previously reported	Adoption of ASU 2016-18	As reported
Cash flows from investing activities			
Change in restricted cash	$ 140	$ (140)	$ —
Net cash used in investing activities	(911)	140	(771)
Cash and cash equivalents and restricted cash, at end of period	$ 9,622	$ 140	$ 9,762

	Year ended December 31, 2017		
	As previously reported	Adoption of ASU 2016-18	As reported
Cash and cash equivalents and restricted cash, at beginning of period	$ 9,622	$ 140	$ 9,762
Cash and cash equivalents and restricted cash, at end of period	$ 1,395	$ 140	$ 1,535

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory*, which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 is effective for interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this new guidance beginning January 1, 2018, which did not result in a material impact on its financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which requires changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in this update is effective for interim and annual periods beginning after December 15, 2017. The Company adopted this new guidance beginning January 1, 2018, on a retrospective basis, which did not result in a material impact on its financial statements and related disclosures.

In March 2016, FASB issued ASU 2016-09, *Stock Compensation—Improvements to Employee Share-Based Payment Accounting*. On January 1, 2017, the Company adopted the amendments to ASC 718, which simplify accounting for share-based payment transactions. Prior to this amendment, excess tax benefits resulting from the difference between the deduction for tax purposes and the compensation costs recognized for financial reporting were not recognized until the deduction reduced taxes payable. Under the new method, the Company recognizes excess tax benefits in the current accounting period. In addition, prior to January 1, 2017, the employee share-based compensation expense was recorded net of estimated forfeiture rates and subsequently adjusted at the

vesting date, as appropriate. As part of the amendment, the Company has stopped estimating forfeitures and elected to recognize the actual forfeitures by reducing the employee share-based compensation expense in the same period as the forfeitures occur. The Company has adopted these changes in accounting method using the modified retrospective method under which the Company should recognize the cumulative effect adjustment to the opening accumulated deficit as of January 1, 2017. The cumulative effect of the changes as of January 1, 2017 for the adoption of ASU 2016-09 was immaterial. Hence, the Company did not recognize the cumulative effect adjustment in its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The updated guidance enhances the reporting model for financial instruments, which includes amendments to address aspects of recognition, measurement, presentation and disclosure. The amendment to the standard is effective for financial statements issued for interim and annual periods beginning after December 15, 2017. The Company adopted this new guidance beginning January 1, 2018, on a retrospective basis, which did not result in a material impact on its financial statements and related disclosures.

New Accounting Pronouncements Not Yet Adopted

In June 2018, the FASB issued Accounting Standards Update ("ASU") 2018-07, *Compensation — Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which expands the scope of Topic 718 to include all share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 specifies that Topic 718 applies to all share-based payment transactions in which the grantor acquires goods and services to be used or consumed in its own operations by issuing share-based payment awards. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under ASC 606. The transition method provided by ASU 2018-07 is a modified retrospective basis which recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The amendments in ASU 2018-07 are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements and related disclosures.

In July 2017, FASB issued ASU 2017-11, *Earnings Per Share (Topic 260) Distinguishing Liabilities from Equity (Topic 480) Derivatives and Hedging (Topic 815) (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. This update simplifies the accounting for certain financial instruments with down round features, a provision in an equity-linked financial instrument (or embedded feature) that provides a downward adjustment of the current exercise price based on the price of future equity offerings. Down round features are common in warrants, preferred shares, and convertible debt instruments issued by private companies and early-stage public companies. This update requires companies to disregard the down round feature when assessing whether the instrument is indexed to its own stock, for purposes of determining liability or equity classification. The provisions of this update related to down rounds are effective for public entities for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The amendments in Part I should be applied (1) retrospectively to outstanding financial instruments with a down round feature by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the first fiscal year and interim periods; (2) retrospectively to outstanding financial instruments with a down round feature for each prior reporting period presented. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements and related disclosures.

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Notes to Consolidated Financial Statements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASC 842"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. ASC 842 supersedes the previous leases standard, ASC 840 *Leases*. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, an update which provides another transition method in addition to the existing modified retrospective transition method by allowing entities to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The standard is effective for interim and annual periods beginning after December 15, 2018 and should be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, and early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2016-02 on its consolidated financial statements and related disclosures.

3. Property and Equipment, net

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

	December 31, 2016	December 31, 2017	June 30, 2018 (unaudited)
Leasehold improvement	$ 1,260	$ 1,260	$ 1,260
Laboratory equipment	945	1,174	1,207
Computer equipment	52	52	52
Computer software	139	173	178
Furniture and fixtures	206	225	225
Office equipment	79	79	79
Total property and equipment	2,681	2,963	3,001
Less: Accumulated depreciation	(905)	(1,454)	(1,698)
Property and equipment, net	$ 1,776	$ 1,509	$ 1,303

All long-lived assets are maintained in the United States. Depreciation expense, including depreciation of assets under capital leases, was $0.3 million and $0.5 million for the years ended December 31, 2016 and 2017 and $0.2 million (unaudited) and $0.2 million (unaudited) for the six months ended June 30, 2017 and 2018, respectively. As of December 31, 2016 and 2017, laboratory equipment included $0.2 million and $0.3 million of equipment acquired under capital leases, respectively, for which depreciation was less than $0.1 million for the years ended December 31, 2016 and 2017. As of June 30, 2018, laboratory equipment included $0.3 million (unaudited) of equipment acquired under capital leases, for which depreciation was less than $0.1 million (unaudited) for the six months ended June 30, 2017 and 2018.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

4. Accrued Liabilities and Other Current Liabilities

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

	December 31, 2016	December 31, 2017	June 30, 2018 (unaudited)
Accrued research and development	$ 626	$ 4,293	$ 546
Accrued salaries and benefits	501	1,129	752
Accrued professional fees	80	19	358
Accrued legal fees	17	35	171
Tenant improvement allowance payable	84	80	55
Capital lease payable	82	108	88
Accrued other liabilities	44	138	47
Total accrued and other current liabilities	$ 1,434	$ 5,802	$ 2,017

5. Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs, such as quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs which reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

The following tables present the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis (in thousands):

	Fair Value Measurements at December 31, 2016			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 9,441	$ —	$ —	$9,441
Total	$ 9,441	$ —	$ —	$9,441

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Notes to Consolidated Financial Statements (Continued)

There was no liability measured at fair value on a recurring and non-recurring basis as of December 31, 2016.

	Fair Value Measurements at December 31, 2017			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 1,217	$ —	$ —	$1,217
Total	$ 1,217	$ —	$ —	$1,217
Liabilities:				
Redeemable convertible preferred stock warrant liability	$ —	$ —	$ 2,300	$2,300
Total	$ —	$ —	$ 2,300	$2,300

	Fair Value Measurements at June 30, 2018 (unaudited)			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Money market funds	$ 17,490	$ —	$ —	$17,490
Total	$ 17,490	$ —	$ —	$17,490
Liabilities:				
Redeemable convertible preferred stock warrant liability	$ —	$ —	$ 4,005	$ 4,005
2018 derivative instrument	$ —	$ —	$ 7,367	$ 7,367
Total	$ —	$ —	$ 11,372	$11,372

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial instruments (in thousands):

	Redeemable Convertible Preferred Stock Warrant Liability	2018 Derivative Instrument Liability
Fair value as of December 31, 2016	$ —	$ —
Issuance of financial instruments	1,040	—
Change in fair value included in other income (expense), net	1,260	—
Fair value as of December 31, 2017	$ 2,300	$ —
Issuance of financial instruments (unaudited)	—	6,603
Change in fair value included in other income (expense), net (unaudited)	1,705	764
Fair value as of June 30, 2018 (unaudited)	$ 4,005	$ 7,367

The estimated fair value of the 2017 convertible notes (Level 3 instrument for disclosure purposes) was $19.0 million as of December 31, 2017 and $22.4 million (unaudited) as of June 30, 2018.

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Notes to Consolidated Financial Statements (Continued)

The estimated fair value of the 2018 convertible notes (Level 3 instrument for disclosure purposes) was $42.3 million (unaudited) as of June 30, 2018.

The Company used a hybrid method between the probability-weighted expected return method ("PWERM") and the Black-Scholes option pricing model ("OPM") to estimate the fair value of the warrants, 2017 and 2018 convertible notes and derivative instruments. The PWERM is a scenario-based analysis that estimates value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to the Company, as well as the economic and control rights of each share class. Under the OPM, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The values of the preferred and common stock are inferred by analyzing these options.

The Company estimated the probability-weighted value across multiple scenarios, using the OPM to estimate the allocation of value within one of or more of those scenarios. In this valuation, the Company considered two possible outcomes under PWERM: (1) an IPO and (2) continued operations as a private company scenario, which is modeled using the OPM. For the IPO scenario, the fair value of the Company's common stock is consistent with the methods outlined in the Practice Aid. Estimates of fair value using valuation the OPM are affected by assumptions regarding a number of complex variables, including expected term, expected volatility, expected dividend, and risk-free interest rate. The Company considered as inputs to the PWERM the probability of occurrence of an IPO, the enterprise value and the discount rate, which is a blended rate that reflects the risk associated with the business during the forecasted period. Specifically, at December 31, 2017, the fair values recognized for the warrants and the derivative instruments, and for disclosure purposes of the fair value of convertible notes, assumed a discount rate of 57.5%, volatility of 75%, a risk free rate of 1.97%, no dividends expected to be paid, and an expected term based on the timing for the IPO scenario and the private scenario. At June 30, 2018, the fair values recognized for the warrants and for disclosure purposes of the fair value of convertible notes, assumed a discount rate of 55.0% (unaudited), volatility of 70.0% (unaudited), a risk free rate of 2.57% (unaudited), no dividends expected to be paid (unaudited), and an expected term based on the timing for the IPO scenario and the private scenario. The fair values recognized for the derivative instruments considered the probability and timing of occurrence of the underlying events of 0.25 to 1.0 years and assumed a discount rate of 40%.

6. Convertible Notes

In August 2017, the Company received $10.0 million in gross proceeds from the issuance of the 2017 convertible notes and warrants to purchase Series B redeemable convertible preferred stock (Note 12). Of this, $8.0 million aggregate principal amount of the 2017 convertible notes were issued to related parties. Interest on the unpaid principal balance of the 2017 convertible notes accrues and compounds monthly from October 1, 2017 at a rate of 2.5% per month and is payable at maturity. Unless converted or redeemed upon occurrence of certain events, the 2017 convertible notes mature on December 1, 2020. The 2017 convertible notes include embedded derivatives that are required to be bifurcated and accounted for separately as a single, compound derivative instrument. The estimated fair value of 2017 derivative instrument was immaterial as of the issuance date and December 31, 2017 and June 30, 2018 (unaudited), due to the probability of occurrence of the underlying events being remote.

The Company's obligations with respect to the 2017 convertible notes are secured by all of its tangible and intangible assets. The 2017 convertible notes include covenants that restrict Company's ability to issue capital stock, repurchase or redeem capital stock, dispose of assets, incur debt, incur liens and make distributions to stockholders, including dividends. The 2017 convertible notes have customary events of default.

After January 31, 2018, each holder of 2017 convertible notes may at any time, at its option, elect to convert the principal amount and accrued interest of such convertible notes into shares of Series B redeemable convertible preferred stock at a price of $5.00 per share. Upon the consummation of an IPO, the 2017 convertible

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Notes to Consolidated Financial Statements (Continued)

notes' outstanding principal balance and accrued but unpaid interest will be repaid, unless the holder elects, at its option, to convert the notes into shares of common stock issued in such IPO at a conversion price equal to the issuance price of common stock issued in such IPO.

The discount on 2017 convertible notes will be amortized over the contractual period of 3.31 years, using the effective interest rate method. The 2017 convertible notes have an annual effective interest rate of 38.18% per year. The 2017 convertible notes interest expense for the year ended December 31, 2017 was $1.1 million, consisting of $0.8 million of contractual interest expense and $0.3 million of debt discount and issuance costs amortization. The 2017 convertible notes interest expense for the six months ended June 30, 2018 was $1.7 million (unaudited), consisting of $1.7 million (unaudited) of contractual interest expense and less than $0.1 million (unaudited) of debt discount and issuance costs amortization.

As additional consideration for the notes, the Company issued warrants to purchase an aggregate of 500,000 shares of Series B redeemable convertible preferred stock at the exercise price of $0.01, as adjusted for any stock splits, stock dividends, recapitalizations, reclassifications, combinations or similar transactions.

Future principal repayments of the 2017 convertible notes are as follows (in thousands):

	As of December 31, 2017	As of June 30, 2018
Year ended December 31, 2020	$ 10,000	$ 10,000
Total	$ 10,000	$ 10,000
Less: unamortized balance of debt discount	(848)	(791)
Convertible note balance, net of discount	9,152	9,209
Accrued interest	769	2,489
Total balance	$ 9,921	$ 11,698

In February 2018, the Company received $33.0 million in gross proceeds from the issuance of 2018 convertible notes, of which the Company issued $31.2 million aggregate principal amount on February 2, 2018 ("first tranche") and $1.8 million aggregate principal amount on February 23, 2018 ("second tranche"). Of this, $9.6 million were issued to related parties. Interest on the unpaid principal balance of the 2018 convertible notes accrues from the date of issuance, and compounds monthly from February 28, 2018 at a rate of 6.0% per year and is payable at maturity. Unless converted, the 2018 convertible notes mature on the earlier of (1) December 1, 2020 and (2) the date of the consummation of a change of control. The 2018 convertible notes include embedded derivatives that are required to be bifurcated and accounted for separately as a single, compound derivative instrument. The estimated fair value of 2018 derivative instrument was $6.6 million as of the issuance date and $7.4 million (unaudited) as of June 30, 2018.

The discount on 2018 convertible notes for the first and second tranche will be amortized over the contractual period of 2.83 years and 2.77 years, respectively, using the effective interest rate method. The 2018 convertible notes have an annual effective interest rate of 15.10% per year for the first tranche and 15.45% per year for the second tranche. The 2018 convertible notes interest expense for the six months ended June 30, 2018 was $1.5 million (unaudited), consisting of $0.8 million (unaudited) of contractual interest expense and $0.7 million (unaudited) of debt discount and issuance costs amortization.

The Company's obligations with respect to the 2018 convertible notes are unsecured and subordinated to its obligations with respect to the 2017 convertible notes. The 2018 convertible notes include covenants that restrict the Company's ability to issue capital stock, repurchase or redeem capital stock, dispose of assets, incur debt, incur liens and make distributions to stockholders, including dividends. The 2018 convertible notes have customary events of default.

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Notes to Consolidated Financial Statements (Continued)

The 2018 convertible notes will automatically convert into shares of the Company's common stock at a price equal to (1) 80% of the initial price to public in a qualified initial public offering if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public in a qualified initial public offering if such offering is completed on or after February 2, 2019. A qualified initial public offering for the purposes of the 2018 convertible notes is one in which the Company generates aggregate gross proceeds of at least $75.0 million or all of the 2017 convertible notes convert into shares of the Company's common stock. In connection with an offering that does not constitute a qualified initial public offering, each holder of 2018 convertible notes may, at its option, elect to convert the principal amount and accrued interest of such convertible notes into shares of common stock at a price equal to (1) 80% of the initial price to public if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public if such offering is completed on or after February 2, 2019.

Future principal repayments of the 2018 convertible notes are as follows (in thousands):

	As of June 30, 2018
Year ended December 31, 2020	$ 33,000
Total	$ 33,000
Less: unamortized balance of debt discount	(6,012)
Convertible note balance, net of discount	26,988
Accrued interest	809
Total balance	$ 27,797

The 2017 and 2018 convertible notes contain a clause in which failure to communicate to the lender any material adverse change or effect on the business, condition, operations, or ability to perform obligations under the terms of the 2017 and 2018 notes is considered an event of default.

7. Commitments and Contingencies

Leases

In January 2013, the Company executed a non-cancellable lease agreement for office and laboratory space in Palo Alto, California. The lease began in October 2013 and would expire in October 2018. In March 2016, the Company executed a lease amendment agreement which was effective March 2016 and extended the lease term until October 2023.

The Company recognizes rent expense on a straight-line basis over the lease period. Rent expense for the years ended December 31, 2016 and 2017 for these facilities was $0.5 million and $0.6 million, respectively. Rent expense for the six months ended June 30, 2017 and 2018 (unaudited) for these facilities was $0.3 million.

Capital Lease

On March 22, 2016, the Company executed a lease agreement with GE HFS LLC for laboratory equipment. The lease was recognized as a capital lease for laboratory equipment of $0.2 million. The agreement began on March 31, 2016 and will expire on March 30, 2019 and consists of 36 equal monthly payments.

On January 30, 2017, the Company executed a lease agreement with GE HFS LLC for laboratory equipment. The lease was recognized as a capital lease for laboratory equipment of $0.1 million. The agreement began on March 27, 2017 and will expire on March 26, 2020 and consists of 33 equal monthly payments starting June 2017.

At December 31, 2016 and 2017, capital lease liability of $0.1 million was included in accrued and other current liabilities and $0.1 million was included in capital lease obligation, noncurrent. At June 30, 2018, capital

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Notes to Consolidated Financial Statements (Continued)

lease liability of $0.1 million (unaudited) was included in accrued and other current liabilities and less than $0.1 million (unaudited) was included in capital lease obligation, noncurrent.

The following table summarizes the Company's future minimum commitments under non-cancelable contracts (in thousands):

As of December 31,	Operating Lease	Capital Lease
2018	$ 514	$ 135
2019	564	56
2020	581	5
2021	598	—
2022	616	—
Thereafter	526	—
Total payments	$ 3,399	$ 196

As of June 30, 2018 (unaudited):	Operating Lease	Capital Lease
Remaining Fiscal 2018	$ 263	$ 68
2019	564	56
2020	581	5
2021	598	—
2022	616	—
Thereafter	526	—
Total payments	$ 3,148	$ 129

Other Commitments; Contingencies

The Company has entered into service agreements with Lonza AG and its affiliates ("Lonza"), pursuant to which Lonza agreed to perform activities in connection with the manufacturing process of certain compounds. Such agreements, and related amendments, state that planned activities that are included in the signed work orders are, in some cases, binding and, hence, obligate the Company to pay the full price of the work order upon satisfactory delivery of products and services. Per the terms of the agreements, the Company has the option to cancel signed orders at any time upon written notice, which may or may not be subject to payment of a cancellation fee. The level of cancellation fees are sometimes dependent on the timing of the written notice in relation to the commencement date of the work, with the maximum cancellation fee equal to the full price of the work order. As of December 31, 2017 and June 30, 2018, the total amount of unconditional purchase obligations, including accrued amounts, under these agreements was $10.9 million and $2.1 million (unaudited), respectively. Purchases under this agreement for the years ended December 31, 2016 and 2017 were $6.1 million and $13.9 million, respectively, and for the six months ended June 30, 2017 and 2018 were $6.8 million (unaudited) and $1.7 million (unaudited), respectively. As of December 31, 2017 and June 30, 2018 (unaudited), the Company had not incurred any cancellation fees for the work performed by Lonza.

The Company is also party to a cancellable assignment and license agreement that would require the Company to make milestone payments of up to $33.2 million and royalty payments on net sales of products utilizing KSI-201 and related technology. Such milestones and royalties are dependent on future activity or product sales and are not estimable.

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Notes to Consolidated Financial Statements (Continued)

Tenant Improvement Allowance Payable

In May 2013, the Company entered into a tenant improvement allowance agreement with its landlord. The agreement allowed the Company to draw down $0.3 million for tenant improvements related to the office lease over the period from the execution of the agreement to October 2018. The interest rate is 8% per year over the lease period.

In March 2016, the Company entered into a lease amendment, under which the Company is allowed to draw down an additional allowance of $0.4 million for tenant improvements related to the office lease over the period from the execution of the agreement to October 2023. The interest rate is 8% per year over 10 years. Principal and interest are payable on the first day of every month.

As of December 31, 2016 and 2017, the current portion of the tenant improvement allowance payable in the amount of $0.1 million was included in accrued and other current liabilities. As of June 30, 2018, the current portion of the tenant improvement allowance payable in the amount of $0.1 million (unaudited) was included in accrued and other current liabilities. As of December 31, 2016 and 2017, the non-current portion of the tenant improvement allowance payable in the amount of $0.5 million and $0.4 million, respectively, was included in other liabilities. As of June 30, 2018, the non-current portion of the tenant improvement allowance payable in the amount of $0.4 million (unaudited) was included in other liabilities.

Legal Proceedings

From time to time, the Company may become involved in legal proceedings arising from the ordinary course of its business. Management is currently not aware of any matters that could have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company records a legal liability when it believes that it is both probable that a liability may be imputed, and the amount of the liability can be reasonably estimated. Significant judgment by the Company is required to determine both probability and the estimated amount.

Indemnification

To the extent permitted under Delaware law, the Company has agreed to indemnify its directors and officers for certain events or occurrences while the director or officer is, or was serving, at the Company's request in such capacity. The indemnification period covers all pertinent events and occurrences during the director's or officer's service. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is not specified in the agreements; however, the Company has director and officer insurance coverage that reduces its exposure and enables the Company to recover a portion of any future amounts paid. The Company believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

8. Income Taxes

The Company has not recorded any income tax expense. The Company has a net operating loss and has provided a valuation allowance against net deferred tax assets due to uncertainties regarding the Company's ability to realize these assets.

The components of income (loss) before income taxes were as follows (in thousands):

	Year Ended December 31, 2016	Year Ended December 31, 2017
United States	$ (14,632)	$ (3,240)
Foreign	(2,500)	(24,696)
Total loss before income taxes	$ (17,132)	$ (27,936)

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

The tax effects of temporary differences that give rise to significant components of the deferred tax assets are as follows (in thousands):

	December 31, 2016	December 31, 2017
Deferred tax assets		
Net operating loss carryforwards	$ 7,022	$ 11,270
Intangible assets	783	618
Research and development tax credits	235	788
Accruals	172	393
Property and equipment	88	97
Other	65	26
Total gross deferred tax asset	$ 8,365	$ 13,192
Valuation allowance	(8,365)	(13,192)
Net deferred tax assets	$ —	$ —

The Company has recorded a full valuation allowance against its net deferred tax assets due to the uncertainty as to whether such assets will be realized. The valuation allowance increased by $4.8 million from December 31, 2016 to December 31, 2017 due primarily to the generation of current year net operating losses and research and development credits and offset by a decrease in the deferred taxes assets related to the reduction of the U.S. corporate income tax rate from the 2017 Tax Act.

On December 22, 2017, H.R. 1 (the Tax Act) was enacted and included broad tax reforms. The Tax Act reduced the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. The rate change resulted in a $2.5 million reduction in the Company's deferred tax assets from prior year with an offsetting change in the valuation allowance. The Tax Act also imposed a deemed repatriation of foreign earnings of subsidiaries; Kodiak Sciences GmbH is considered an E&P deficit corporation for the purposes of this provision and thus no income inclusion was required. The Company has elected to treat taxes on Global Intangible Low Tax Income ("GILTI") as period costs starting in 2018.

The SEC released Staff Accounting Bulletin 118 on December 22, 2017 to provide guidance in the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the tax reform. The ultimate impact of tax reform may differ from the Company's accounting for the relevant matters of the Tax Act, due to changes in clarification and interpretive guidance that may be issued by the IRS and actions the Company may take in response to the Tax Act. Tax reform is highly complex and the Company will continue to assess the impact that various provisions will have on its business. Any subsequent adjustment to these amounts will be recorded to current tax expense when the analysis is complete. Accordingly, the Company recorded a provisional charge for the remeasurement of deferred taxes at 21% as of December 31, 2017, with a corresponding offset to the Company's valuation allowance. The Company considers the accounting of the deferred tax re-measurements to be complete. However, ongoing guidance and accounting interpretation are expected in the near term and the Company expects to complete its analysis within the measurement period in accordance with SAB 118.

NOLs and tax credit carry-forwards are subject to review and possible adjustment by the Internal Revenue Service ("IRS") and may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50% as defined under Sections 382 and 383 in the Internal Revenue Code, which could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the Company's value immediately prior to the ownership change. Subsequent ownership

changes may further affect the limitation in future years. The Company has not determined whether there has been any cumulative ownership changes or the impact on the utilization of the loss carryforwards if such changes have occurred.

As of December 31, 2017, the Company has $18.1 million of federal and $43.2 million state net operating loss available to offset future taxable income. The federal net operating loss carryforwards begin to expire in 2035 and the state net operating loss carryforwards begin to expire in 2035, if not utilized.

As of December 31, 2017, the Company also had federal and state research and development credit carryforwards of $0.7 million and $0.5 million, respectively. The federal research and development credit carryforwards expire beginning 2035. The California tax credit can be carried forward indefinitely.

A reconciliation of the Company's effective tax rate to the statutory U.S. federal rate is as follows:

	December 31, 2016	December 31, 2017
Federal statutory income tax rate	34.0%	34.0%
State taxes (tax effected)	5.1	7.1
Foreign tax rate differential	(2.8)	(17.1)
Research tax credit	0.4	0.8
Stock-based compensation	(0.2)	(0.3)
Other	(0.3)	(0.3)
Remeasurement of deferred tax due to tax law change	—	(8.8)
Change in valuation allowance	(36.2)	(15.4)
Provision for income taxes	0.0%	0.0%

The Company recognizes benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits, as the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. It is the Company's policy to include penalties and interest expense related to income taxes as a component of other expense, net as necessary.

The beginning and ending unrecognized tax benefits amounts is as follows (in thousands):

	December 31, 2016	December 31, 2017
Unrecognized tax benefits at beginning of period	$ 128	$ 235
Increases related to prior year tax positions	—	102
Increases related to current year tax positions	107	20
Unrecognized tax benefits at end of period	$ 235	$ 357

The Company files income tax returns in the United States and Switzerland. The Company is not currently under examination by income tax authorities in federal, state or other jurisdictions. All tax returns remain open for examination by the federal and state authorities for three and four years, respectively, from the date of utilization of any net operating loss or credits.

9. Redeemable Convertible Preferred Stock

As of December 31, 2016 and 2017 and June 30, 2018, the Company's certificate of incorporation authorized the Company to issue up to 13,753,595, 18,753,595, and 18,753,595 (unaudited), respectively, shares of redeemable convertible preferred stock.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Issued and outstanding redeemable convertible preferred stock and its principal terms were as follows (in thousands, except per share and share amounts):

December 31, 2016	Redeemable Convertible Preferred Stock		Liquidation Value	Carrying Value	Original Issuance Price (1)
	Authorized	Outstanding			
Series A redeemable convertible preferred stock	6,253,595	5,593,154	$ 16,364	$16,283	$ 3.17
Series B redeemable convertible preferred stock	7,500,000	6,792,000	33,960	33,734	$ 5.00
Total	13,753,595	12,385,154	$ 50,324	$50,017	

December 31, 2017	Redeemable Convertible Preferred Stock		Liquidation Value	Carrying Value	Original Issuance Price (1)
	Authorized	Outstanding			
Series A redeemable convertible preferred stock	6,253,595	5,593,154	$ 16,364	$16,283	$ 3.17
Series B redeemable convertible preferred stock	12,500,000	6,792,000	33,960	33,734	$ 5.00
Total	18,753,595	12,385,154	$ 50,324	$50,017	

June 30, 2018 (unaudited)	Redeemable Convertible Preferred Stock		Liquidation Value	Carrying Value	Original Issuance Price (1)
	Authorized	Outstanding			
Series A redeemable convertible preferred stock	6,253,595	5,593,154	$ 16,364	$16,283	$ 3.17
Series B redeemable convertible preferred stock	12,500,000	6,792,000	33,960	33,734	$ 5.00
Total	18,753,595	12,385,154	$ 50,324	$50,017	

(1) In connection with the incorporation of the Company in the year ended December 31, 2015, all previously issued and outstanding Series A-1, Series B-1 and Series C-1 redeemable convertible preferred stock of Oligasis were converted into shares of the Company's Series A redeemable convertible preferred stock at a par value of $0.0001 per share. The original issuance price of Series A redeemable convertible preferred stock is calculated based on the original issuance price of the Oligasis' Series A-1, Series B-1 and Series C-1 redeemable convertible preferred stock of $1.34, $2.15, and $3.73, respectively, on a weighted-average basis.

The holders of redeemable convertible preferred stock have various rights and preferences including the following:

Liquidation Preference

In the event of any liquidation event, the holders of the Series B redeemable convertible preferred stock are entitled to receive in any distribution of any of the assets of the Company in preference to the holders of the Series A redeemable convertible preferred stock or common stock, an amount equal to the original issue price, adjusted for any stock splits, stock dividends, recapitalizations, reclassifications, combinations or similar transactions ("anti-dilution adjustments"), plus all declared and unpaid dividends on such shares. After full payment to holders of the Series B redeemable convertible preferred stock, payment should be made to the holders of Series A redeemable convertible preferred stock, in preference to the holders of the common stock, an amount equal to the original issue price, adjusted for any anti-dilution adjustments, plus all declared and unpaid dividends on such shares. After the payment of the liquidation preference, all remaining assets available for distribution will be distributed ratably among the holders of the common stock. If available assets are insufficient to pay the full liquidation preference of a given series of redeemable convertible preferred stock, the assets available for distribution to holders of such preferred stock will be distributed among such holders on a pro rata basis.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Notwithstanding the above, for purposes of determining the amount each holder of shares of redeemable convertible preferred stock is entitled to receive with respect to a liquidation event, each such holder of shares of a series of redeemable convertible preferred stock shall be deemed to have converted such holder's shares of such series into shares of common stock immediately prior to the liquidation event if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of redeemable convertible preferred stock into shares of common stock. If any such holder shall be deemed to have converted shares of redeemable convertible preferred stock into common stock pursuant to this paragraph, then such holder shall not be entitled to receive any distribution that would otherwise be made to holders of redeemable convertible preferred stock that have not converted into shares of common stock.

Conversion

Shares of any series of redeemable convertible preferred stock can be converted, at the option of the stockholder, into such number of fully paid and non-assessable shares of common stock. The conversion price is determined by dividing the original issuance price applicable to each series of redeemable convertible preferred stock, adjusted for any anti-dilution adjustments, by the applicable conversion price for such series. As of December 31, 2017 and June 30, 2018 (unaudited), the Company's redeemable convertible preferred stock is convertible into the Company's shares of common stock on a one-for-one basis.

Shares of redeemable convertible preferred stock shall automatically be converted into shares of common stock at the then effective conversion rate for such share, upon earlier to occur of: (1) the date, or the occurrence of event, specified by the vote of or written consent of the holders of at least a majority of the redeemable convertible preferred stock voting together as a single class on an as-converted basis; and (2) immediately prior to the consummation of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act, covering the offer and sale of the Company's common stock, provided that the per share price is at least $10.00 and gross proceeds to the Company are equal to or greater than $75.0 million.

Dividends

The redeemable convertible preferred stock dividends are not cumulative and are payable only when declared by the board of directors. No such dividends have been declared. Such dividends are in preference to any dividends to holders of common stock.

Voting Rights

Each holder of redeemable convertible preferred stock shall be entitled to the number of votes equal to the number of shares of common stock into which the shares of redeemable convertible preferred stock held by such holder could be converted as of the record date. Holders of redeemable convertible preferred stock and common stock generally vote as a single class.

Redemption and Balance Sheet Classification

The redeemable convertible preferred stock is recorded in mezzanine equity because while it is not mandatorily redeemable, it will become redeemable at the option of the stockholders upon the occurrence of certain deemed Liquidation Events that are considered not solely within the Company's control.

10. Common Stock

As of December 31, 2016 and 2017 and June 30, 2018, the Company's certificate of incorporation authorized the Company to issue 23,500,000, 28,500,000, and 28,500,000 (unaudited), respectively, shares of common stock at the par value of $0.0001 per share. The holder of each share of common stock is entitled to one vote per share.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

The number of authorized shares of common stock may be increased or decreased (but not below the number of shares thereof then outstanding or reserved for issuance) by the affirmative vote of the holders of a majority (assuming the conversion of all redeemable convertible preferred stock into shares of the Company's common stock) of the capital stock of the Company entitled to vote and without a separate class vote of the common stock.

The board of directors has determined the fair value of the common stock, with assistance from management and external appraisers, by considering a number of objective and subjective factors including valuation of comparable companies, sales of redeemable convertible preferred stock, operating and financial performance and general and industry specific economic outlook, among other factors. The fair value of the common stock shall be determined by the board of directors until such time as the Company's common stock is listed on an established stock exchange or national market system. The fair value was determined in accordance with applicable elements of the Practice Aid.

The Company had reserved common stock, on an as-converted basis for future issuance as follows:

	December 31, 2016	December 31, 2017	June 30, 2018 (unaudited)
Conversion of Series A redeemable convertible preferred stock	5,593,154	5,593,154	5,593,154
Conversion of Series B redeemable convertible preferred stock	6,792,000	6,792,000	6,792,000
Conversion of the 2017 convertible notes(1)	—	2,153,781	2,497,722
Conversion of the 2018 convertible notes(2)	—	—	—
Exercise of redeemable convertible preferred stock warrants	—	500,000	500,000
Exercise of outstanding options under the 2015 Plan	1,263,757	1,204,414	3,383,478
Issuance of common stock under the 2015 Plan	551,817	605,557	398,693
Total	14,200,728	16,848,906	19,165,047

(1) Calculated as $10.0 million principal and $0.8 million accrued but unpaid interest as of December 31, 2017 and $10.0 million (unaudited) principal and $2.5 million (unaudited) accrued but unpaid interest as of June 30, 2018, convertible at $5.00 per share of common stock.

(2) The conversion of the 2018 convertible notes into common stock is dependent on the price in a qualified initial public offering or other equity offering and the completion date of such offerings. These factors are not estimable and the number of common stock is not determinable.

11. Stock-based Compensation

2015 Equity Incentive Plan

In September 2015, the Company adopted the 2015 Equity Incentive Plan (the "2015 Plan") under which 2,810,513 shares of common stock were reserved for issuance through grants of stock options (incentive stock options ("ISOs"), nonqualified stock options ("NSOs") and restricted stock awards to employees, directors and consultants of the Company. The awards outstanding under the previously terminated 2009 Share Incentive Plan continued to be governed by their existing terms. Options under the Plans may be granted for periods of up to ten years and at prices based upon the estimated fair value of the shares on the date of grant as determined by the board of directors; provided, however, that (1) the exercise price of an option shall not be less than 100% of the estimated fair value of the shares on the date of grant, and (2) the exercise price of an ISO granted to a greater than 10% stockholder shall not be less than 110% of the estimated fair value of the shares on the date of grant, and (3) the term of an ISO granted to a greater than 10% stockholder should not exceed five years. Options granted generally vest over four years. Shares issued under the 2015 Plan may, but need not, be exercisable immediately, but subject to a right of repurchase by the Company of any unvested shares.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Stock Options

The following table summarizes the stock options activity (in thousands, except share and per share data).

		Outstanding Awards			
	Number of Shares Available for Grant	Number of Shares Underlying Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Balance, January 1, 2016	1,814,560	102,937	$ 0.23	7.92	$ 86
Options granted	(1,209,595)	1,209,595	$ 1.04	9.53	
Options exercised	—	(10,674)	$ 0.45	6.76	7
Options forfeited or canceled	38,101	(38,101)	$ 0.97	9.38	
Repurchase of early exercised options	51,689	—	$ 0.12		
Restricted stock awards granted(1)	(142,938)	—			
Balance, December 31, 2016	551,817	1,263,757	$ 0.98	9.42	$ 100
Options granted	(137,500)	137,500	$ 1.06		
Options exercised	—	(5,603)	$ 0.50		3
Options forfeited or canceled	191,240	(191,240)	$ 1.04		
Balance, December 31, 2017	605,557	1,204,414	$ 0.98	8.49	$ 41
Shares authorized (unaudited)	2,000,000	—			
RSAs granted (unaudited)	(27,500)	—			
Options granted (unaudited)	(2,299,698)	2,299,698	$ 5.38		
Options exercised (unaudited)	—	(300)	$ 0.12		2
Options forfeited or canceled (unaudited)	120,334	(120,334)	$ 5.19		
Balance, June 30, 2018 (unaudited)	398,693	3,383,478	$ 3.82	9.17	$ 5,272
Shares exercisable, December 31, 2017		863,791	$ 0.97	8.38	$ 30
Vested and expected to vest, December 31, 2017		1,204,414	$ 0.98	8.49	$ 41
Shares exercisable, June 30, 2018 (unaudited)		1,603,379	$ 2.79	8.66	$ 4,152
Vested and expected to vest, June 30, 2018 (unaudited)		3,383,478	$ 3.82	9.17	$ 5,272

(1) Reflects an adjustment to shares available for grant related to the issuance of restricted stock awards under the 2015 Plan.

During the years ended December 31, 2016 and 2017, the Company granted 1,205,940 and 107,500 stock options, respectively, to employees with a weighted-average grant date fair value of $0.60 and $0.61 per share, respectively. During the six months ended June 30, 2017 and 2018, the Company granted 107,500 (unaudited) and 1,904,698 (unaudited) stock options, respectively, to employees with a weighted-average grant date fair value of $0.61 (unaudited) and $2.90 (unaudited) per share, respectively

The total fair value of employee options vested during the year ended December 31, 2017 was $0.2 million and during the six months ended June 30, 2018 was $0.3 million (unaudited). As of December 31, 2017 and June 30, 2018, the unrecognized stock-based compensation of unvested employee options was $0.4 million and $5.9 million (unaudited), respectively, and it is expected to be recognized over a weighted-average period of 1.1 years and 1.7 years (unaudited), respectively.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Shares Subject to Repurchase

The Company has a right of repurchase with respect to unvested shares issued upon early exercise of options at an amount equal to the lower of (1) the exercise price of each restricted share being repurchased and (2) the fair market value of such restricted share at the time the Company's right of repurchase is exercised. The Company's right to repurchase these shares lapses as those shares vest over the requisite service period.

Shares purchased by employees pursuant to the early exercise of stock options are not deemed, for accounting purposes, to be issued until those shares vest according to their respective vesting schedules. Cash received for early exercised stock options is recorded as accrued liabilities and other current liabilities on the consolidated balance sheet and is reclassified to common stock and additional paid-in capital as such shares vest. At December 31, 2016 and 2017, 19,336 and 2,887 shares, respectively, remained subject to the Company's right of repurchase as a result of the early exercised stock options. At June 30, 2017 and 2018, 6,293 (unaudited) and 938 (unaudited) shares, respectively, remained subject to the Company's right of repurchase as a result of the early exercised stock options.

Fair Value of Options Granted

The fair value of the shares of common stock underlying the stock options was determined by the board of directors as there has been no public market for the Company's common stock.

The Company estimated the fair value of employee stock options using the Black-Scholes valuation model. The fair value of employee stock options is recognized on a straight-line basis over the requisite service period of the awards. The fair value of employee stock options was estimated using the following weighted-average assumptions:

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Expected volatility	64%	63%	63%	55%
Risk-free interest rate	1.22%	1.89%	1.89%	2.70%
Dividend yield	0%	0%	0%	0%
Expected term	5.84	6.00	6.00	5.97

Expected Term. The expected term is calculated using the simplified method, which is available where there is insufficient historical data about exercise patterns and post-vesting employment termination behavior. The simplified method is based on the vesting period and the contractual term for each grant, or for each vesting-tranche for awards with graded vesting. The mid-point between the vesting date and the maximum contractual expiration date is used as the expected term under this method. For awards with multiple vesting-tranches, the times from grant until the mid-points for each of the tranches may be averaged to provide an overall expected term.

Expected Volatility. The Company used an average historical stock price volatility of a peer group of publicly traded companies to be representative of its expected future stock price volatility, as the Company did not have any trading history for its common stock. For purposes of identifying these peer companies, the Company considered the industry, stage of development, size and financial leverage of potential comparable companies. For each grant, the Company measured historical volatility over a period equivalent to the expected term.

Risk-Free Interest Rate. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero-coupon issues with a remaining term equivalent to the expected term of a stock award.

Expected Dividend Rate. The Company has not paid and does not anticipate paying any dividends in the near future. Accordingly, the Company has estimated the dividend yield to be zero.

Kodiak Sciences Inc.

Notes to Consolidated Financial Statements (Continued)

Stock-based compensation expense recognized during the years ended December 31, 2016 and 2017 for options granted to employees was $0.2 million and $0.2 million, respectively. Stock-based compensation expense recognized during the six months ended June 30, 2017 and 2018 for options granted to employees was $0.1 million (unaudited) and $0.5 million (unaudited), respectively.

Non-Employee Stock-Based Compensation

During the years ended December 31, 2016 and 2017, the Company granted 3,655 and 30,000 shares of stock options to non-employees, respectively. During the six months ended June 30, 2017 and 2018, the Company granted 30,000 (unaudited) and 395,000 (unaudited) shares of stock options to non-employees, respectively. Stock-based compensation expense related to these stock options is recognized as the stock options are earned. The Company believes that the estimated fair value of the stock options is more readily measurable than the fair value of the services received. The fair value of stock options granted to non-employees is calculated at each grant date and remeasured at each reporting date using the Black-Scholes option pricing model.

Stock-based compensation expense recognized during the years ended December 31, 2016 and 2017 for stock-based awards granted to non-employees was less than $0.1 million. Stock-based compensation expense recognized during the six months ended June 30, 2017 and 2018 for stock-based awards granted to non-employees was less than $0.1 million (unaudited) and $0.2 million (unaudited), respectively. The fair value of non-employee stock options was estimated using the following weighted-average assumptions:

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Expected volatility	65%	63%	63%	55%
Risk-free interest rate	1.86%	2.31%	2.27%	2.59%
Dividend yield	0%	0%	0%	0%
Expected term	9.09	9.35	9.63	9.03

Restricted Stock Awards

Restricted stock award (“RSAs”) activity were as follows:

	Number of Shares Underlying Outstanding RSAs	Weighted Average Grant Date Fair Value
Unvested, December 31, 2015	665,678	$ 0.14
Granted	142,938	$ 1.04
Vested	(259,265)	$ 0.68
Unvested, December 31, 2016	549,351	$ 0.41
Vested	(257,718)	$ 1.00
Unvested, December 31, 2017	291,633	$ 0.45
Granted (unaudited)	27,500	$ 5.38
Vested (unaudited)	(153,235)	$ 1.27
Unvested, June 30, 2018 (unaudited)	165,898	$ 0.50

Under the terms of the restricted stock agreements, 1/48th of the award vests monthly over four years, which is the requisite service period. Recipients of restricted stock awards generally have voting and dividend rights with respect to such shares upon grant without regard to vesting. Shares of restricted stock that do not vest are

subject to forfeiture. The Company recognizes stock-based compensation expense for RSAs on a straight-line basis over the requisite service period for the entire award. During the years ended December 31, 2016 and 2017, stock-based compensation expense recognized for RSAs was $0.1 million. During the six months ended June 30, 2017 and 2018, stock-based compensation expense recognized for RSAs was less than $0.1 million (unaudited) and $0.2 million (unaudited), respectively. The total value of RSAs vested during the years ended December 31, 2016 and 2017 was $0.1 million. The total value of RSAs vested during the six months ended June 30, 2017 and 2018 was less than $0.1 million (unaudited) and $0.2 million (unaudited), respectively. As of December 31, 2016 and 2017, the unrecognized stock-based compensation of unvested RSAs was $0.2 million and $0.1 million, and it is expected to be recognized over a weighted-average period of 1.12 and 0.60 years, respectively. As of June 30, 2018, the unrecognized stock-based compensation of unvested RSAs was $0.1 million (unaudited), and it is expected to be recognized over a weighted-average period of 0.4 years (unaudited).

The following table is a summary of stock compensation expense by function (in thousands):

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Research and development	$ 88	$ 171	$ 86	$ 365
General and administrative	184	104	52	384
Total stock-based compensation	$ 272	$ 275	$ 138	$ 749

12. Redeemable Convertible Preferred Stock Warrants

On August 11, 2017 with the issuance of the 2017 convertible notes (Note 6), the Company issued warrants to purchase 500,000 shares of Series B redeemable convertible preferred stock at an exercise price of $0.01 per share, including warrants issued to related parties to purchase an aggregate of 400,000 shares of Series B redeemable convertible preferred stock.

Upon the conversion of the Series B redeemable convertible preferred stock into shares of common stock, the warrants will convert into warrants to purchase 500,000 shares of common stock at an exercise price of $0.01 per share. The outstanding warrants will terminate at the earlier of August 22, 2022 and a change of control unless exercised. These warrants have a net exercise provision under which their holders may, in lieu of payment of the exercise price in cash, surrender the warrant and receive a net amount of shares based on the fair market value of the Company's stock at the time of exercise of the warrants after deduction of the aggregate exercise price. These warrants contain provisions for adjustment of the exercise price and number of shares issuable upon the exercise of warrants in the event of certain stock dividends, stock splits, reorganizations, reclassifications and consolidations.

The estimated fair value of the redeemable convertible preferred stock warrants on the date of issuance of $1.0 million was recorded as a debt discount. The redeemable convertible preferred stock warrant liability had a fair value of $2.3 million as of December 31, 2017 and $4.0 million (unaudited) as of June 30, 2018. The change in fair value was recorded in the consolidated statements of operations and comprehensive loss. As of December 31, 2017 and June 30, 2018 (unaudited), all of the warrants remain outstanding.

13. Derivative Instruments

The redemption features of the 2017 convertible notes meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument. The 2017 derivative instrument is recorded at fair value, which was immaterial as of the issuance date, December 31, 2017 and June 30, 2018 (unaudited), due to the probability of occurrence of the underlying events being remote. The Company will continue to remeasure fair value of the 2017 derivative instrument until the earlier of the conversion or redemption of the 2017 convertible notes (see Note 5 and 6).

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Notes to Consolidated Financial Statements (Continued)

The redemption features of the 2018 convertible notes meet the requirements for separate accounting and are accounted for as a single, compound derivative instrument. The 2018 derivative instrument is recorded at fair value, which was $6.6 million (unaudited) as of the issuance date and $7.4 million (unaudited) as of June 30, 2018 (see Note 5). The Company will continue to remeasure fair value of the 2018 derivative instrument until the earlier of the conversion or redemption of the 2018 convertible notes (see Note 6).

14. Net Loss per Share Attributable to Common Stockholders

The following table sets forth the computation of basic and diluted net loss per share attributable to common stockholders which excludes shares which are legally outstanding, but subject to repurchase by the Company (in thousands, except share and per share data):

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Numerator:				
Net loss attributable to common stockholders	$ (17,132)	$ (27,936)	$ (11,783)	$ (16,329)
Denominator:				
Weighted-average shares outstanding	7,850,183	7,932,717	7,930,831	7,941,430
Less: weighted-average unvested restricted shares and shares subject to repurchase	(638,823)	(417,381)	(486,219)	(220,463)
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted	7,211,360	7,515,336	7,444,612	7,720,967
Net loss per share attributable to common stockholders, basic and diluted	$ (2.38)	$ (3.72)	$ (1.58)	$ (2.11)

The following outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share attributable to common stockholders for the period presented because including them would have been antidilutive:

	Year Ended December 31, 2016	Year Ended December 31, 2017	Six Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Redeemable convertible preferred stock	12,385,154	12,385,154	12,385,154	12,385,154
Conversion of the 2017 convertible notes (1)	—	2,153,781	—	2,497,722
Conversion of the 2018 convertible notes (2)	—	—	—	—
Series B redeemable convertible preferred stock warrants	—	500,000	—	500,000
Options to purchase common stock	1,263,757	1,204,414	1,281,298	3,383,478
Unvested restricted stock awards	549,351	291,633	420,491	165,898
Unvested early exercised common stock options	19,336	2,887	6,293	938
Total	14,217,598	16,537,869	14,093,236	18,933,190

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Notes to Consolidated Financial Statements (Continued)

(1) Calculated as $10.0 million principal and $0.8 million accrued but unpaid interest as of December 31, 2017 and $10.0 million (unaudited) principal and $2.5 million (unaudited) accrued but unpaid interest as of June 30, 2018, convertible at $5.00 per share of common stock.

(2) The conversion of the 2018 convertible notes into common stock is dependent on the price in a qualified initial public offering or other equity offering and the completion date of such offerings. These factors are not estimable and the number of common stock is not determinable.

Unaudited pro forma net loss per share

Unaudited pro forma basic and diluted net loss per share were computed to give effect to the automatic one-for-one conversion of all outstanding shares of redeemable convertible preferred stock into shares of common stock in connection with a Qualified IPO, using the as-converted method as though the conversion had occurred as of the beginning of the period presented or the date of issuance, if later, the automatic conversion of the redeemable convertible preferred stock warrants into warrants for common shares in connection with a Qualified IPO, the removal of gains or losses resulting from the remeasurement of the redeemable convertible preferred stock warrant liability, the removal of the effect of the interest expense as it relates to the convertible notes, and the removal of losses resulting from the remeasurement of the derivative instrument related to convertible debt as the underlying rights lapse in connection with the IPO. Common shares issuable upon exercise of the warrants are considered to be outstanding for unaudited pro forma basic and diluted net loss per share as they are issuable at little consideration.

Unaudited pro forma basic and diluted loss per share is computed as follows (in thousands, except share and per share data):

	Year ended December 31, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)
Numerator:		
Net loss per share attributable to common stockholders	$( )	$ ( )
Adjust: Change in fair value of redeemable convertible preferred stock warrants	$( )	$ ( )
Adjust: Change in fair value of 2018 derivative instruments	$( )	$ ( )
Pro forma net loss	$( )	$ ( )
Denominator:		
Weighted-average shares outstanding used in computing net loss per share attributable to common stockholders, basic and diluted		
Adjust: Conversion of redeemable convertible preferred stock		
Adjust: Conversion of redeemable convertible preferred stock warrants into common stock warrants		
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted		
Pro forma net loss per share, basic and diluted	$( )	$ ( )

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Notes to Consolidated Financial Statements (Continued)

15. 401(k) Plan

In 2011, the Company adopted a 401(k) retirement and savings plan covering all employees. The 401(k) plan allows employees to make pre- and post-tax contributions up to the maximum allowable amount set by the Internal Revenue Service. The Company does not make matching contributions to the 401(k) plan on behalf of participants.

16. Related Party Transactions

Baker Bros. Advisors LP, which holds more than 5% of the Company's stock, purchased $6.6 million (unaudited) aggregate principal amount of 2018 convertible notes and $3.0 million aggregate principal amount of 2017 convertible notes and warrants to purchase an aggregate of 150,000 shares of the Company's Series B redeemable convertible preferred stock (see Note 6 and 12).

The Dustin Moskovitz Trust, which holds more than 5% of the Company's stock, purchased $3.0 million (unaudited) aggregate principal amount of 2018 convertible notes and $5.0 million aggregate principal amount of 2017 convertible notes and warrants to purchase an aggregate of 250,000 shares of the Company's Series B redeemable convertible preferred stock (see Note 6 and 12).

17. Subsequent Events

The Company evaluated subsequent events through April 30, 2018, the date on which the consolidated financial statements were available for issuance.

In February 2018, the Company received $33.0 million in gross proceeds from the issuance of convertible notes (the "2018 convertible notes"), of which the Company issued $31.2 million aggregate principal amount on February 2, 2018 and $1.8 million aggregate principal amount on February 23, 2018. Of $33.0 million aggregate principal amount of the 2018 convertible notes, $9.6 million were issued to related parties. Interest on the unpaid principal balance of the notes accrues from the date of issuance, and compounds monthly from February 28, 2018 at a rate of 6.0% per year and is payable at maturity. Unless converted, the 2018 convertible notes mature on the earlier of (1) December 1, 2020 and (2) the date of the consummation of a change of control.

The Company's obligations with respect to the 2018 convertible notes are unsecured and subordinated to its obligations with respect to the 2017 convertible notes. The 2018 convertible notes include covenants that restrict the Company's ability to issue capital stock, repurchase or redeem capital stock, dispose of assets, incur debt, incur liens and make distributions to stockholders, including dividends. The 2018 convertible notes have customary events of default.

The 2018 convertible notes will automatically convert into shares of the Company's common stock at a price equal to (1) 80% of the initial price to public in a qualified initial public offering if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public in a qualified initial public offering if such offering is completed after February 2, 2019. A qualified initial public offering for the purposes of the 2018 convertible notes is one in which the Company generates aggregate gross proceeds of at least $75.0 million or all of the 2017 convertible notes convert into shares of the Company's common stock. In connection with an offering that does not constitute a qualified public offering, each holder of 2018 convertible notes may, at its option, elect to convert the principal amount and accrued interest of the 2018 convertible notes owned by such holder into shares of common stock at a price equal to (1) 80% of the initial price to public in such offering if such offering is completed prior to February 2, 2019 and (2) 75% of the initial price to public in such offering if such offering is completed after February 2, 2019.

18. Subsequent Events (unaudited)

In connection with the issuance of the unaudited interim consolidated financial statements, the Company has evaluated subsequent events through September 7, 2018, the date the consolidated financial statements were available to be reissued.


KODIAK

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Estimated expenses, other than underwriting discounts and commissions, payable by the registrant in connection with the sale of the common stock being registered under this registration statement are as follows:

	Amount to Be Paid
SEC registration fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be provided by amendment

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers, provided that the person acted in good faith and in a manner the person reasonably believed to be in its best interests, and, with respect to any criminal action, had no reasonable cause to believe the person's actions were unlawful. The Delaware General Corporation Law further provides that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise. The certificate of incorporation of the registrant provides for the indemnification of the registrant's directors and officers to the fullest extent permitted under the Delaware General Corporation Law. In addition, the bylaws of the registrant require the registrant to fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director, or officer of the registrant, or is or was a director or officer of the registrant serving at the registrant's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, to the fullest extent permitted by applicable law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for payments of unlawful dividends or unlawful stock repurchases, redemptions or other distributions or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation provides that the registrant's directors shall not be personally liable to it or its stockholders for monetary damages for breach of fiduciary duty as a director and that if the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the registrant's directors shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Section 174 of the Delaware General Corporation Law provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or

redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

As permitted by the Delaware General Corporation Law, the registrant has entered into separate indemnification agreements with each of the registrant's directors and certain of the registrant's officers which require the registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors, officers or certain other employees.

The registrant expects to obtain and maintain insurance policies under which its directors and officers are insured, within the limits and subject to the limitations of those policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of, actions, suits or proceedings to which they are parties by reason of being or having been directors or officers. The coverage provided by these policies may apply whether or not the registrant would have the power to indemnify such person against such liability under the provisions of the Delaware General Corporation Law.

These indemnification provisions and the indemnification agreements entered into between the registrant and the registrant's officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933.

The underwriting agreement between the registrant and the underwriters filed as Exhibit 1.1 to this registration statement provides for the indemnification by the underwriters of the registrant's directors and officers and certain controlling persons against specified liabilities, including liabilities under the Securities Act with respect to information provided by the underwriters specifically for inclusion in the registration statement.

Item 15. Recent Sales of Unregistered Securities.

The following list sets forth information regarding all unregistered securities sold by us in the past three years.

No underwriters were involved in the sales, and the certificates representing the securities sold and issued contain legends restricting transfer of the securities without registration under the Securities Act or an applicable exemption from registration.

(a) From January 1, 2015 to September 7, 2018, we granted options to purchase 4,343,317 shares of our common stock with exercise prices ranging from $0.26 to $10.29 per share.

(b) From January 1, 2015 to September 7, 2018, we issued and sold 954,889 shares of our common stock upon the exercise of options at exercise prices ranging from $0.09 to $1.04 per share.

(c) From January 1, 2015 to September 7, 2018, we granted 1,158,370 shares of restricted common stock with prices per share ranging from $0.26 to $5.38 per share.

(d) Between September 2015 and December 2015, we issued and sold to 13 accredited investors 6,792,000 shares of Series B redeemable convertible preferred stock at a purchase price of $5.00 per share.

(e) On August 11, 2017, we issued and sold convertible notes in the aggregate principal amount of $10,000,000 to five accredited investors, including existing stockholders and their affiliates, and issued warrants to purchase 500,000 shares of our Series B redeemable preferred stock at a price of $0.01 per share to such accredited investors.

(f) On February 2, 2018 and February 23, 2018, we issued and sold convertible notes in the aggregate principal amount of $33,000,000 to 12 accredited investors, including existing stockholders and their affiliates.

(g) Between January 2015 and May 2015, we issued and sold to 21 accredited investors 2,448,564 shares of Series C-1 convertible preferred shares at a purchase price of $3.73 per share. Upon the closing of our Series B redeemable convertible preferred stock financing, all shares of Series C-1 convertible preferred shares were converted into Series A redeemable convertible preferred stock.

The offers, sales and issuances of the securities described in Items 15(d), (e), (f) and (g) were exempt from registration under the Securities Act under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited person and had adequate access, through employment, business or other relationships, to information about the registrant.

The offers, sales and issuances of the securities described in Items 15(a), (b) and (c) were exempt from registration under the Securities Act under Section 4(a)(2) of the Securities Act in that such sales did not involve a public offering or under Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of such securities were the registrant's employees, consultants or directors and received the securities under the registrant's 2015 Share Incentive Plan. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

The following exhibits are filed as part of this registration statement.

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
3.1*	Form of Amended and Restated Certificate of Incorporation, to be effective upon completion of the offering
3.2*	Form of Amended and Restated Bylaws, to be effective upon completion of the offering
4.1*	Specimen Common Stock Certificate of the Registrant
4.2	Amended and Restated Investors' Rights Agreement, dated September 8, 2015, as amended, by and among the registrant and the investors and founders named therein
4.3	Convertible Note Purchase and Security Agreement, dated as of August 11, 2017, by and among the registrant and the guarantors, purchasers and collateral agent named therein
4.4	Form of 2017 Convertible Note
4.5	Form of Class B Share Warrant
4.6	Convertible Note Purchase Agreement, dated as of February 2, 2018, by and among the registrant and the purchasers named therein
4.7	Form of 2018 Convertible Note
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation
10.1+*	Form of Director and Executive Officer Indemnification Agreement
10.2+	2009 Option and Profits Interest Plan
10.3+	2015 Share Incentive Plan
10.4+	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2009 Option and Profits Interest Plan
10.5+	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2015 Share Incentive Plan
10.6+*	2018 Equity Incentive Plan
10.7+*	Form of Notice of Stock Option Grant and Stock Option Agreement under the 2018 Equity Incentive Plan
10.8+*	2018 Employee Stock Purchase Plan
10.9+*	Form of Subscription Agreement under the 2018 Employee Stock Purchase Plan
10.10+*	Executive Employment Agreement, dated September , 2018, between the Registrant and Victor Perlroth
10.11+*	Amended Executive Employment Agreement, dated September , 2018, between the Registrant and John Borgeson
10.12+*	Executive Employment Agreement, dated September , 2018, between the Registrant and Jason Ehrlich
10.13+*	Amended Executive Employment Agreement, dated September , 2018, between the Registrant and Hong Liang
10.14+*	Executive Incentive Compensation Plan
21.1	List of subsidiaries of the Registrant
23.1	Consent of PricewaterhouseCoopers, LLP, Independent Registered Public Accounting Firm
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1)
24.1	Power of Attorney (included in page II-6 herein)

+ Indicates a management contract or compensatory plan.

* To be filed by amendment

(b) Financial statement schedules.

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Palo Alto, State of California, on September 7, 2018.

KODIAK SCIENCES INC.

By: /s/ Victor Perlroth
Victor Perlroth, M.D.
Chief Executive Officer and Chairman

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Victor Perlroth and John Borgeson, jointly and severally, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign this registration statement. and any or all amendments (including post-effective amendments) or supplements thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Victor Perlroth Victor Perlroth, M.D.	Chairman and Chief Executive Officer (Principal Executive Officer)	September 7, 2018
/s/ John Borgeson John Borgeson	Senior Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	September 7, 2018
/s/ Felix J. Baker Felix J. Baker, Ph.D.	Director	September 7, 2018
/s/ Bassil I. Dahiyat Bassil I. Dahiyat, Ph.D.	Director	September 7, 2018
/s/ Richard S. Levy Richard S. Levy, M.D.	Director	September 7, 2018
/s/ Robert A. Profusek Robert A. Profusek	Director	September 7, 2018

Exhibit 4.2

Execution Version

KODIAK SCIENCES INC.
INVESTORS' RIGHTS AGREEMENT

THIS INVESTORS' RIGHTS AGREEMENT (this "***Agreement***") is made and entered into as of September 8, 2015, by and among **KODIAK SCIENCES INC.**, a Delaware corporation (the "***Company***"), and each of the stockholders of the Company that has delivered a signature page hereto (the "***Investors***").

RECITALS

WHEREAS, concurrently with the execution of this Agreement, the Company and certain of the Investors (the "***Purchasers***") are entering into a Series B Preferred Stock Purchase Agreement (the "***Purchase Agreement***") pursuant to which the Company will issue and sell to the Purchasers shares of the Company's Series B Preferred Stock, and the Purchasers will purchase such shares of Series B Preferred Stock on the terms and subject to the conditions set forth in the Purchase Agreement;

WHEREAS, the Company's and the Purchasers' respective obligations under the Purchase Agreement are conditioned upon the execution of this Agreement as set forth herein; and

WHEREAS, in connection with the conversion of the Company from a limited liability company to a corporation, the Company desires to give the holders of the Company's Series A Preferred Stock certain rights hereunder.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Definitions.

"***1933 Act***" means the Securities Act of 1933, as amended.

"***1934 Act***" means the Securities Exchange Act of 1934, as amended.

"***Affiliate***" means, with respect to any Person, any other Person that, directly or indirectly, controls, is controlled by, or is under common control with such Person.

"***Certificate***" means the Company's Certificate of Incorporation, as amended from time to time.

"***Common Stock***" means the Company's common stock, par value $0.0001 per share.

"***Conversion Securities***" means (i) any Common Stock held by an Investor, (ii) any Common Stock issuable or issued upon conversion of the Preferred Stock now held or hereafter acquired by an Investor or as a dividend or other distribution with respect to, in exchange for, or in replacement of the Preferred Stock now held or hereafter acquired by an Investor, (iii) any Common Stock issuable or issued upon exercise of any warrants to purchase Common Stock (or exercise and conversion of warrants to purchase Preferred Stock) held by an Investor or as a distribution with respect to, in exchange for, or in

replacement of any warrants to purchase Common Stock (or Preferred Stock) held by an Investor, and (iv) any Common Stock issued as a dividend or other distribution with respect to, in exchange for, or in replacement of any of the Common Stock that constitutes Conversion Securities pursuant to (i), (ii) and (iii) above.

"***Form S-1***," " ***Form S-3***," "***Form S-4***" and "***Form S-8***" mean such respective forms under the 1933 Act, as in effect on the date hereof or any successor registration forms to Form S-1, Form S-3, Form S-4 and Form S-8, respectively, under the 1933 Act subsequently adopted by the U.S. Securities and Exchange Commission (the "***SEC***") that, with respect to Form S-3, Form S-4 and Form S-8, permit (with the exception of Form S-4, in the case of any offering registered thereon) incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"***GAAP***" means generally accepted accounting principles in the United States of America.

"***Holder***" means any Investor owning Registrable Securities (as defined below) or any assignee thereof in accordance with Section 2(m) hereof.

"***Immediate Family***" means, with respect to any natural person, each of such person's spouse, father, mother, brothers, sisters, aunts, uncles, nieces and nephews and lineal descendants and ancestors.

"***IPO***" means the Company's first sale of Common Stock in a public offering pursuant to a registration statement under the 1933 Act and in connection with which shares of Common Stock are admitted to trading on an internationally recognized stock market or quotation system.

"***New Securities***" means equity securities of the Company, whether now or hereafter authorized, or rights, options or warrants to purchase said equity securities, or securities of any type whatsoever that are, or may become, convertible into or exchangeable (directly or indirectly) into or exercisable for said equity securities.

"***Person***" means any individual or entity.

"***Preferred Stock***" means the Company's preferred stock authorized, issued and outstanding from time to time.

"***Qualified IPO***" means the Company's first sale of Common Stock in a firm commitment underwritten public offering pursuant to a registration statement under the 1933 Act at a per share public offering price (prior to underwriter commissions and expenses) of at least $10.00 (as adjusted for stock splits, combinations, dividends and the like) and that results in aggregate gross cash proceeds to the Company of an amount equal to or greater than $75,000,000 (before deduction of underwriting discounts, commissions and expenses).

"***Register***," "***registered***" and "***registration***" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the 1933 Act, and the automatic effectiveness or the declaration or ordering of effectiveness of such registration statement or document.

"***Registrable Securities***" means any Conversion Securities; excluding in all cases, (i) any shares previously sold pursuant to a registered public offering or pursuant to an exemption from the registration requirements of the 1933 Act under which the transferee does not receive "restricted securities," (ii) any shares otherwise sold by a person in a transaction in which his, her or its rights under Section 2 are not assigned pursuant to Section 2(m), and (iii) any shares for which the registration rights have terminated pursuant to Section 2(o).

A "***Subsidiary***" of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least 50% of its board of directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first Person.

2. Registration Rights.

(a) Request for Registration.

(1) If the Company shall receive at any time following the earlier of December 31, 2020 or 180 days after the effective date of the IPO, a written request from one or more Holders holding at least 50% of the Registrable Securities (on an as-converted into Common Stock basis) (the Holders initiating such request, the "***Initiating Holders***") that the Company effect the registration under the 1933 Act of Registrable Securities with an anticipated aggregate offering price of at least $30,000,000, then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders,

(ii) subject to the limitations of this Section 2(a), use its commercially reasonable efforts to effect a registration under the 1933 Act of all of such Initiating Holders' Registrable Securities as are specified in such request, together with all of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after receipt of such written notice from the Company as soon as practicable, and

(iii) file, as promptly as reasonably practicable following receipt of such request of the Initiating Holders in all other cases, a registration statement under the 1933 Act covering all the Registrable Securities that the Holders shall in writing request to be included in such registration and to use its commercially reasonable efforts to have such registration statement declared effective.

(2) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as part of their request made pursuant to this Section 2(a) and the Company shall include such information in the written notice referred to in Section 2(a)(i). In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed upon by the Company, Initiating Holders holding or having the right to receive at least a majority of the Registrable Securities that all Initiating Holders own or have the right to receive, and such Holder) to the extent provided herein. All parties proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2(d)(5)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Board of Directors of the Company (the "***Board***") and reasonably acceptable to a majority in interest of the Holders. Notwithstanding any other provision of this Section 2(a), if, in the case of a registration requested pursuant to Section 2(a), the underwriter advises the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise the Company and all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated pro rata among all Holders thereof desiring to participate in such underwriting (proportionate to the number of Registrable Securities then held by each such Holder). No Registrable Securities requested by any Holder to be included in a registration pursuant to Section 2(a) shall be excluded from the underwriting unless all securities other than Registrable Securities are first excluded (including any securities to be offered by the Company). To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriter may round the number of shares allocated to any Holder to the nearest 100 shares.

(3) Notwithstanding the foregoing provisions of this Section 2(a), the Company shall not be obligated to effect, or take action to effect any registration pursuant to Section 2(a) after the Company has already effected two registrations initiated by the Holders pursuant to Section 2(a); provided, however, that no registration of Registrable Securities that shall not have become and remained effective in accordance with Section 2(d) shall be deemed to be a registration for any purpose of this Section 2(a) unless such registration was withdrawn at the request of the Holders except under the circumstances described in the last clause of the first sentence of Section 2(f).

(4) Notwithstanding the foregoing provisions of this Section 2(a), in the event that the Company is requested to file any registration statement pursuant to this Section 2(a), the Company shall not be obligated to effect the filing of such registration statement:

(i) during the 90-day period following the effective date of any other registration statement on Form S-1 or S-3 pertaining to an underwritten public offering of securities for the account of the Company or any Holder; or

(ii) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the 1933 Act; or

(iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2(c) below; or

(iv) if the Registrable Securities to be included in the registration statement could be sold without restriction of any manner under Rule 144 of the 1933 Act within a 90-day period and the Company is currently subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act; or

(v) if the Company shall furnish to the Holders requesting such registration statement a certificate signed by the Chief Executive Officer of the Company stating that, in the good faith judgment of the Board (as evidenced by a written resolution of the Board), it would not be in the best interests of the Company and its stockholders generally for such registration statement to be filed or to remain effective as long as such registration statement would otherwise be required to remain effective, the Company shall have the right to defer such filing for a period of not more than 180 days after receipt of the request for registration from the applicable Initiating Holders; provided, however, that the Company may not utilize the right set forth in this Section 2(a)(4)(v) more than once in any twelve-month period.

(b) Company Registration. If after the closing of the IPO the Company proposes (but without any obligation to do so) to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its capital stock or other equity securities (or securities convertible into equity securities) under the 1933 Act in connection with the public offering of such securities (other than a registration on Form S-8 relating solely to the sale of securities to participants in a Company stock plan, a registration relating to a transaction described in Rule 145(a) of the 1933 Act, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered or a registration on Form S-4), the Company shall, at such time, promptly give each Holder of any Registrable Securities written notice of such registration. Upon the written request of any such Holder, given within ten (10) days after mailing of such notice by the Company, the Company shall, subject to the provisions of Section 2(h) and the following sentence of this Section 2(b), use its commercially reasonable efforts to cause a registration statement covering all of the Registrable Securities that each such Holder has requested to be registered to become effective under the 1933 Act. The Company shall have the right, in its sole discretion, to terminate or withdraw, and shall otherwise be under no obligation to complete, any offering of its securities it proposes to make under this Section 2(b) and shall incur no liability to any Holder for its failure to do so, whether or not such Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be paid by the Company in accordance with Section 2(f).

(c) Form S-3 Registration.

(1) In case the Company shall receive from one or more Holders a written request or requests that the Company effect a registration on Form S-3 (or on any successor form to Form S-3 regardless of its designation) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(i) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(ii) use its commercially reasonable efforts to effect such registration as soon as practicable, and in any event, to file within ninety (90) days of the receipt of such request a registration statement under the 1933 Act on Form S-3 covering all of the Registrable Securities which such Holders have requested to be registered and to use its commercially reasonable efforts to have such registration statement become effective, and to effect such qualification or compliance as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2(c) if: (1) Form S-3 (or any successor form to Form S-3 regardless of its designation) is not available for such offering by the Holders; (2) the aggregate gross proceeds (before deduction of underwriting discounts and commissions) of the Registrable Securities specified in such request is less than $10,000,000; (3) the Company shall furnish to the Holder or Holders requesting a registration statement pursuant to this Section 2(c) a certificate signed by the Company's Chief Executive Officer stating that, in the good faith judgment of the Board (as evidenced by a written resolution of the Board), it would not be in the best interests of the Company and its stockholders generally for such registration statement to be filed, in which event the Company shall have the right to defer such filing for a period of not more than one hundred eighty (180) days after receipt of the request of such Holder or Holders, provided that such right shall be exercised by the Company not more than once in any twelve (12)-month period; (4) the Company shall have effected three registrations pursuant to this Section 2(c); or (5) with respect to any particular jurisdiction, the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required under the 1933 Act; or (6) during the period ending one hundred eighty (180) days after the effective date of a registration statement filed pursuant to Section 2(a).

(2) If the Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as part of their request made pursuant to this Section 2(c) and the Company shall include such information in the written notice referred to in Section 2(c)(1)(i). The provisions of Section 2(a)(2) shall be applicable to such request (with the substitution of Section 2(c) for references to Section 2(a)).

(d) Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably practicable:

(1) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective, and, upon the request of the Holders of at least a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to 90 days or until such earlier time at which the distribution of securities contemplated by such registration statement has been completed (such 90-day or shorter period, the "***Effectiveness Period***");

(2) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement, and use its commercially reasonable efforts to cause each such amendment and supplement to become effective, as may be necessary to comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by such registration statement during the Effectiveness Period;

(3) furnish to the Holders, such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the 1933 Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(4) use its commercially reasonable efforts to register or qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such states and jurisdictions as shall be reasonably requested by the Holders, except that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, subject itself to taxation or file a general consent to service of process in any such state or jurisdiction;

(5) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an underwriting agreement, including furnishing an opinion of counsel or entering into a lock-up agreement required pursuant to the provisions of Section 2(l);

(6) notify each Holder covered by such registration statement, at any time when a prospectus relating thereto covered by such registration statement is required to be delivered under the 1933 Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make

the statements therein, in the light of the circumstances under which they were made, not misleading, and promptly file such amendments and supplements which may be required pursuant to Section 2(d)(2) on account of such event and use its commercially reasonable efforts to cause each such amendment and supplement to become effective;

(7) use its commercially reasonable efforts to have furnished, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 2, if such securities are being sold through underwriters, to such underwriters on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 2: (i) an opinion or opinions, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given by company counsel to the underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a "comfort" letter dated such date, from the independent certified public accountant of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any;

(8) apply for listing and use its commercially reasonable efforts to list the Registrable Securities being registered on any national securities exchange on which a class of the Company's equity securities is then listed (or in the case of a registration pursuant to Section 2(a), such national securities exchange as is requested by the Initiating Holders and agreed to by the Company);

(9) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed;

(10) after such registration statement becomes effective, notify each selling Holder in writing of any request by the SEC that the Company amend or supplement such registration statement or prospectus;

(11) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereto and a CUSIP number for all such Registrable Securities, in each case not later than on the effective date of such registration;

(12) notwithstanding any other provisions of this Agreement, from and after the time a registration statement filed under this Section 2 covering Registrable Securities is declared effective, the Company shall have the right to suspend the registration statement and the related prospectus in order to prevent premature disclosure of any material non-public information related to corporate developments by delivering notice of such suspension to the Holders, provided, however, that the Company may exercise the right to such suspension only once in any consecutive twelve (12) month period and for a period not to exceed ninety (90) days. From and after the date of a notice of suspension under this Section 2(d)(12), each Holder agrees not to use the registration statement or the related prospectus for resale of any Registrable Security until the earlier of (1) notice from the Company that such suspension has been lifted or (2) the ninetieth (90) day following the giving of the notice of suspension; and

(13) without in any way limiting the types of registrations to which this Section 2 shall apply, in the event that the Company shall effect a "shelf registration" on Form S-1 or Form S-3 under Rule 415 promulgated under the 1933 Act, the Company shall take all reasonable action, including, without limitation, the filing of post-effective amendments, to permit the Holders to include their Registrable Securities in such registration in accordance with the terms of this Section 2.

(e) Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 in respect of the Registrable Securities of any selling Holder that such selling Holder shall furnish to the Company such information regarding itself, the Registrable Securities and the intended method of disposition of such securities, as shall be reasonably requested by the Company in connection with registration of its Registrable Securities.

(f) Expenses of Demand Registration. All expenses other than underwriters' or brokers' discounts and commissions relating to Registrable Securities incurred in connection with each registration, filing or qualification pursuant to Section 2(a), including (without limitation) all registration, filing and qualification fees, printing and accounting fees, fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of one counsel for the selling Holders (up to a maximum amount of $50,000), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration begun pursuant to Section 2(a) if the registration request is subsequently withdrawn at any time at the request of the Holders of a majority of the Registrable Securities to be registered in such registration (in which case all participating Holders shall bear such expenses pro rata in accordance with the number of Registrable Securities that were to be registered thereunder by each such Holder), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2(a). All underwriters' and brokers' discounts and commissions relating to Registrable Securities included in any registration effected pursuant to Section 2(a) will be borne and paid ratably by the Holders of such Registrable Securities.

(g) Expenses of Company Registration and Form S-3 Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to any registration pursuant to Section 2(b) or Section 2(c) for each Holder including, without limitation, all registration, filing and qualification fees, printing and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for the selling Holders (up to a maximum amount of $20,000). Underwriters' and brokers' discounts and commissions relating to Registrable Securities included in any registration effected pursuant to Section 2(b) or Section 2(c) will be borne and paid ratably by the Holders of such Registrable Securities on the basis of the number of Registrable Securities registered on their behalf.

(h) Underwriting Requirements in Company Registration. In connection with any offering involving an underwriting of securities being issued by the Company, the Company shall not be required under Section 2(b) to include any of the Holders' securities in such underwriting unless such Holders accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it, and then only in such quantity, if any, as the underwriters determine in their sole discretion, marketing factors allow. If the managing underwriter for the offering shall advise the Company in writing that the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities to be sold other than by the Company that marketing factors allow, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the managing underwriter believes marketing factors allow (the securities so included to be reduced as follows: (a) all securities which stockholders other than the Company and the Holders seek to include in the offering shall first be excluded from the offering to the extent limitation on the number of shares included in the underwriting is required, and (b) if further limitation on the number of shares to be included in the underwriting is required, then the number of shares held by the Holders that may be included in the underwriting shall be reduced pro rata in accordance with the number of Registrable Securities held by each such Holder at the time of such offering, but in no event shall the amount of securities of the selling Holders included in the offering be reduced below 25% of the total amount of securities included in such offering, other than the Company's IPO in which case the number of shares held by the Holders that may be included in the underwriting may be cut back to zero). For purposes of the preceding parenthetical concerning apportionment, for any selling stockholder that is a Holder of Registrable Securities and that is a venture capital fund, a partnership, a limited liability company or a corporation, the affiliated venture capital funds, partners, retired partners, members, retired members and stockholders of such Holder, or the estates and family members of such partners, retired partners, members and retired members and any trusts for the benefit of any of the foregoing persons shall collectively be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling Holder," as defined in this sentence.

(i) Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(j) Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 2:

(1) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the officers, directors, partners, members, agents and employees of each Holder, legal counsel and accountants for each such holder, any underwriter (as defined in the 1933 Act) for such Holder and each person, if any, who controls such Holder or underwriter or other aforementioned person within the meaning of the 1933 Act or the 1934 Act, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under the 1933 Act, the 1934 Act or any other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a "***Violation***"): (i) any untrue statement or

alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, any issuer information (as defined in Rule 433 of the 1933 Act) filed or required to be filed pursuant to Rule 433(d) under the 1933 Act, (ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made in the case of any prospectus, not misleading, or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any state or federal securities law or any rule or regulation promulgated under the 1933 Act, the 1934 Act or any state or federal securities law in connection with any matter relating to such registration statement. The Company will promptly reimburse each such Holder, officer, director, partner, member, agent, employee, legal counsel, accountants, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action, as incurred. The indemnity agreement contained in this Section 2(j)(1) shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld, conditioned or delayed), nor shall the Company be liable to a Holder in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon (i) a Violation that occurs in reliance upon and in conformity with written information furnished to the Company expressly for use in such registration by or on behalf of such Holder or (ii) in the case of a sale directly by a Holder of Registrable Securities (including a sale of such Registrable Securities through any underwriter retained by such Holder engaging in a distribution solely on behalf of such Holder), an untrue statement or alleged untrue statement or omission or alleged omission that was contained in a preliminary prospectus and corrected in a final, amended or supplemented prospectus (including a free writing prospectus) delivered to such Holder or underwriter a reasonable period of time prior to the time of such sale, and such Holder or underwriter failed to deliver a copy of such final, amended or supplemented prospectus (including a free writing prospectus) at or prior to the time of sale of the Registrable Securities to the person asserting any such loss, claim, damage or liability in any case in which the delivery of such final, amended or supplemented prospectus (including a free writing prospectus) would have eliminated such loss, claim, damage or liability.

(2) Each Holder that includes any Registrable Securities in any registration statement will furnish to the Company in writing such information as the Company reasonably requests for use in connection with any registration statement or prospectus and agrees to indemnify and hold harmless the Company, each of its directors, each of its officers who have signed the registration statement, each person, if any, who controls the Company within the meaning of the 1933 Act, each other selling Holder and each person, if any, who controls a selling Holder within the meaning of the 1933 Act against any losses, claims, damages, or liabilities (joint or several) to which the Company or any such director, officer, Holder or controlling person may become subject, under the 1933 Act, the 1934 Act or any other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder expressly for use in such registration, and each such

Holder will promptly reimburse any legal or other expenses reasonably and actually incurred by the Company or any such director, officer, Holder or controlling person in connection with investigating or defending any such loss, claim, damage, liability, or action, as incurred; provided, however, that the liability of any Holder hereunder shall be limited to the proceeds from the offering received by such Holder (net of any underwriting discounts, commissions or other selling expenses); and provided, further, that the indemnity agreement contained in this Section 2(j)(2) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld, conditioned or delayed), nor, in the case of a sale directly by the Company of its securities (including a sale of such securities through any underwriter retained by the Company to engage in a distribution solely on behalf of the Company), shall the Holder be liable to the Company in any case in which such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final, amended or supplemented prospectus (including a free writing prospectus), and the Company or such underwriter failed to deliver a copy of such final, amended or supplemented prospectus (including a free writing prospectus) at or prior to the time of sale of the securities to the person asserting any such loss, claim, damage or liability and the delivery of such final, amended or supplemented prospectus (including a free writing prospectus) would have eliminated such loss, claim, damage or liability. The obligations of the Holders hereunder are several, not joint.

(3) Promptly after receipt by an indemnified party under this Section 2(j) of notice of the commencement of any action (including any governmental action) for which the party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2(j), deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume and control the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests, as reasonably determined by either party, between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of liability to the indemnified party under this Section 2(j) to the extent, and only to the extent, of such prejudice.

(4) In order to provide for just and equitable contribution to joint liability under the 1933 Act in any case in which either (i) any indemnified party exercising rights under this Agreement, or any controlling person of any such indemnified party, makes a claim for indemnification pursuant to this Section 2(j) but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or

the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2(j) provides for indemnification in such case, or (ii) contribution under the 1933 Act may be required on the part of any such indemnifying party or any such controlling person in circumstances for which indemnification is provided under this Section 2(j), then, and in each such case, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damages or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions that resulted in such loss, liability, claim, damages or expense, as well as any other relevant equitable considerations; provided, however, that no contribution by any Holder, when combined with any other amounts paid by such Holder pursuant to this Section 2(j), shall exceed the aggregate net proceeds received by such Holder in the offering. The relative fault of the indemnifying party and the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. 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 who was not guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, in no event shall such Holder's liability pursuant to this Section 2(j)(4), when combined with any amounts paid or payable by such Holder pursuant to Section 2(j)(2), exceed proceeds from the offering received by such Holder (net of any underwriting discounts, commissions or other selling expenses).

(5) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten offering, the obligations of the Company and the Holders under this Section 2(j) shall survive the sale, if any, of the Registrable Securities and the completion of any offering of Registrable Securities in a registration statement.

(k) Reports Under the 1934 Act. With a view to making available to the Holders the benefits of Rule 144 promulgated under the 1933 Act ("***Rule 144***") and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, and with a view to making it possible for Holders to have the resale of the Registrable Securities registered pursuant to a registration statement on Form S-3, the Company shall use its commercially reasonable efforts to:

(i) make and keep adequate public information available, as those terms are understood and defined in Rule 144, at all times after the effective date of the registration statement for the IPO and for so long as the Company is subject to the periodic reporting requirements under Section 13 or Section 15(d) of the 1934 Act;

(ii) following the closing of the IPO, take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act or compliance with the reporting requirements of Section 15(D) of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities;

(iii) after the closing of the IPO, file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act; and

(iv) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (1) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after 90 days after the closing of the IPO), the 1933 Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or as to its qualification as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (2) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and
(3) such other documents as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

(l) Lock-up Agreement.

(1) If requested by the Company and/or any underwriters managing the IPO, each Investor agrees to not, and to enter into a lock-up agreement in the form proposed by the Company and/or the underwriters pursuant to which such Investor will not, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities of the Company convertible into or exercisable or exchangeable for Common Stock owned by the Investor as of the effective date of the IPO, except the Registrable Securities sold in the IPO, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise, without the prior consent of the Company or the underwriter, provided that such lock-up time period shall not exceed 180 days from the effective date of the IPO or, if required by such underwriter, such longer period of time as is necessary to enable such underwriter to issue a research report or make a public appearance that relates to an earnings release or announcement by the Company within 18 days before or after the date that is 180 days after the effective date of the registration statement relating to such IPO, but in any event not to exceed 198 days following the effective date of the registration statement relating to such IPO; provided further that nothing in this Section 2(l) shall prohibit, and any lock-up agreement entered into hereunder shall permit, the transfer by a Holder to a member of such Holder's Immediate Family or to an Affiliate of such Holder, so long as such transferee also agrees to enter into and be bound by a lock-up agreement substantially identical to the lock-up agreement required by this Section 2(l). Any such lock up shall not apply to any Common Stock or any other securities purchased by an Investor in the IPO or any time subsequent to the IPO. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the

securities of each Investor (and the shares of securities of every other person subject to the foregoing restriction) until the end of such period. Any underwriter, in connection with an underwritten offering pursuant to this Agreement, is an intended third-party beneficiary of this Section 2(l) and shall have the right, power and authority to enforce the provision hereof as though it were a party hereto.

(2) Each Investor agrees that a legend reading substantially as follows shall be placed on all certificates representing the securities of each Investor to be subject to such lock up (and the shares or securities of every other person subject to the restriction contained in this Section 2(l) until the expiration of the lock-up period):

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD AFTER THE EFFECTIVE DATE OF CERTAIN OF THE ISSUER'S REGISTRATION STATEMENTS FILED UNDER THE SECURITIES ACT, AS MAY BE AMENDED FROM TIME TO TIME, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE SECRETARY OF THE ISSUER. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SHARES."

(m) Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by any Holder to a "permitted transferee" pursuant to this Section 2(m) and by such transferee to a subsequent permitted transferee, but only if such rights are transferred with all related obligations hereunder. A "permitted transferee" means (a) (i) an Affiliate of such Holder or transferee, (ii) any member or members of such Holder's Immediate Family or a trust for the benefit of any member or members of such Holder's Immediate Family, if by gift or bequest or through inheritance to, or for the benefit of, such person, (iii) a trust in respect of which such Holder serves as trustee, provided, however, that the trust instrument governing such trust shall provide that such Holder, as trustee, shall retain sole and exclusive control over the voting and disposition of such rights until the termination of this Agreement, or (iv) a limited partnership or limited liability company, all partners or members of which are members of such Holder's Immediate Family, or (b) any person in connection with the sale or other transfer of at least an aggregate of 300,000 shares of such Holder's Registrable Securities (as adjusted for stock splits, combinations, stock dividends and recapitalizations). No transfer may be made pursuant to this Section 2(m) to a transferee reasonably determined in good faith by written resolution of the Board to be, directly or indirectly, a competitor of the Company. In addition, no transfer may be made pursuant to this Section 2(m), unless (A) the intended permitted transferee to whom rights under this Agreement are transferred shall have, as a condition to such transfer, previously delivered to the Company a written instrument by which such permitted transferee agrees to be bound by the obligations imposed upon Holders under this Agreement to the same extent as if such transferee were a

Holder under this Agreement, (B) within a reasonable amount of time prior to such transfer the Company shall have been furnished with written notice of such transferee's name and address, and the securities with respect to which such registration rights are being assigned; and (C) following such transfer, the further disposition of such Registrable Securities by the permitted transferee is restricted under the 1933 Act.

(n) Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities (assuming for these purposes the conversion of the Registrable Securities into Common Stock), enter into any agreement with any holder or prospective holder of any securities of the Company relating to registration rights unless such agreement includes: (a) to the extent such agreement would allow such holder or prospective holder to include such securities in any registration statement filed under Section 2(a), 2(b) or 2(c) hereof, a provision that such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of its securities will not reduce the amount of the Registrable Securities of the Holders that would otherwise be included; and (b) a provision preventing such holder or prospective holder from making a demand for registration.

(o) Termination of Registration Rights.

(1) The registration obligations of the Company pursuant to this Section 2 shall terminate with respect to any Holder on the first date upon which all of the remaining Registrable Securities then held or issuable to such Holder (together with its Affiliates, partners, members and former partners and former members) could be sold under Rule 144 without restriction.

(2) All registration obligations of the Company pursuant to this Section 2 shall terminate as to all Holders three (3) years after the closing date of the Qualified IPO.

(3) All registration obligations of the Company pursuant to this Section 2 shall terminate as to all Holders immediately prior to (i) any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or (ii) a Change of Control (as such term is defined in the Certificate).

3. Information Rights; No Publicity; IPO Participation Right.

(a) Delivery of Financial Statements; Inspection Rights.

(1) The Company will furnish the following reports to each Investor holding at least 1,000,000 shares of the Company's Preferred Stock (as adjusted for any share splits, combinations, dividends or the like with respect to such shares) (a "***Major Investor***"):

(i) as soon as practicable after the end of each fiscal year of the Company, and in any event within one hundred eighty (180) days thereafter, a balance sheet of the Company as at the end of such fiscal year and statement of stockholders' equity as of the end of such year, and statements of income and cash flows of the Company for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles ("***GAAP***"), which will be audited and certified by an independent public accounting firm selected by the Company unless otherwise determined by the Board; and

(ii) at least thirty (30) days after the beginning of each fiscal year, an annual budget and forecast for such fiscal year, prepared on a quarterly basis.

(2) The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested by the Major Investor.

(3) The Company shall not be obligated under this Section 3 to provide any information that (i) it deems in good faith to be a trade secret or similar confidential information or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel, as advised by counsel.

(b) Termination of Information and Inspection Covenants. The covenants set forth in Section 3(a) shall terminate and be of no further force or effect immediately prior to the earliest to occur of (i) the closing of the Qualified IPO, (ii) the time when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act, or (iii) the consummation of a Change of Control (as such term is defined in the Certificate).

(c) Confidentiality. Each Investor agrees, severally and not jointly, that such Investor will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company, any confidential information obtained from the Company pursuant to the terms of this Agreement or otherwise, and such Investor acknowledges that it will not, unless otherwise required by law or the rules of any national securities exchange, association or marketplace, disclose such information without the prior written consent of the Company except such information that (i) is known or becomes known to the public in general (other than as a result of a breach of this Section 3(c) by an Investor), or (ii) is or has been independently developed or conceived by the Investor without use of the Company's confidential information.

(d) IPO Participation Right. Subject to compliance at the time with all applicable securities laws and regulations, the Company will use commercially reasonable efforts (which shall include multiple attempts, on multiple dates, with multiple representatives of the managing underwriter(s), including oral and written communications with the most senior underwriter employees working on the IPO) to cause the managing underwriter(s) of the IPO to provide Baker Bros., provided Baker Bros. is a Major Investor immediately prior to the IPO, on the same terms, including the price per share, and subject to the same conditions, as are applicable to all other purchasers in the IPO, the option to purchase a number of shares of Common Stock being issued in the IPO equal to up to twenty-five percent (25%) of the total number of shares of Common Stock offered for sale in the IPO (the "New IPO Shares"). Baker Bros. may elect to allocate such New IPO Shares among the funds which it advises in its sole discretion.

(e) No Publicity. The Company agrees that it will not, without the prior written consent of Baker Bros., use in advertising, publicity or marketing communications regarding the Company's Series B Preferred Stock financing (whether oral or written) or other public communication or filing, the Baker Bros. name or, to the Company's knowledge, the name of any partner or employee thereof, nor any trade name, trademark, trade device, service mark, symbol or any abbreviation, or contraction thereof owned by Baker Bros., except that the Company may make any such disclosure if, upon the advice of counsel, there is no alternative to such disclosure because it is required by applicable law or regulation, and Baker Bros. is notified of such obligation in advance and given reasonable opportunity to minimize such disclosure. Notwithstanding the foregoing, the Company may disclose the name of Baker Bros. in connection with the provision of any details regarding this Agreement or the Related Agreements (as defined in the Purchase Agreement) and the transactions contemplated hereby and thereby to any of its executive officers, directors, stockholders, accountants, counsel and financial advisors with a need to know such information, provided that such recipient is notified of the foregoing confidentiality obligations.

4. Preemptive Rights.

(a) Content of Preemptive Right. Subject to the terms and conditions specified in this Section 4 and applicable securities laws, in the event the Company proposes to offer or sell any New Securities, the Company shall first make an offering of such New Securities to each Investor holding at least 100,000 shares of the Company's Preferred Stock (as adjusted for any share splits, combinations, dividends or the like with respect to such shares) (a "***ROFR Investor***") in accordance with the provisions of this Section 4.

(b) Offer Notice. The Company shall deliver a notice, in accordance with the provisions of Section 5(a) hereof, (the "***Offer Notice***") to each of the ROFR Investors stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms upon which it proposes to offer such New Securities.

(c) Exercise of Preemptive Right. By written notification received by the Company within ten (10) days after receipt of the Offer Notice, each of the ROFR Investors may elect to purchase or obtain, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the number of shares of Common Stock issuable or issued upon conversion of Preferred Stock (and any other securities convertible into, or otherwise exercisable or exchangeable for, shares of Common Stock) then held by such ROFR Investor bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all outstanding convertible and/or exercisable securities including outstanding options and warrants and including the ungranted option pool provided for in any equity plan established by the Company and approved by the Board) and held by all securityholders of the Company.

(d) Undersubscription. If all New Securities referred to in the Offer Notice are not elected to be fully purchased or obtained as provided in Section 4(c), the Company may, during the one hundred fifty (150) day period following the expiration of the period provided in Section 4(c), offer, sell or agree to sell the remaining unsubscribed portion of such New

Securities (collectively, the "***Refused Securities***") to any person or persons at a price not less than, and upon terms not materially more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within sixty (60) days after the end of such one hundred fifty (150) day period, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Investors in accordance with this Section 4.

(e) Exempt Issuance. The preemptive right in this Section 4 shall not be applicable to the issuance or sale of: (i) any shares issued pursuant to the Purchase Agreement; (ii) any Excluded Stock, as such term is defined in the Certificate, including any options or rights to subscribe for or purchase Excluded Stock or securities by their terms convertible into or exchangeable for Excluded Stock or options to purchase or rights to subscribe for or purchase such convertible or exchangeable securities for Excluded Stock; (iii) any securities that, with approval of the Board, are not offered to any existing stockholder of the Company; (iv) shares as to which the application of this Section 4 is waived by (x) Holders holding a majority of the outstanding Registrable Securities or (y) the Board. In addition to the foregoing, the preemptive right in this Section 4 shall not be applicable with respect to any ROFR Investor in any offering of New Securities if (A) at the time of such offering, the Investor is not an "accredited investor," as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act and (B) such offering of the New Securities is otherwise being offered only to accredited investors and/or Persons other than U.S. Persons (as defined in Rule 902 under the Securities Act).

(f) Assignability. The preemptive right set forth in this Section 4 may not be assigned or transferred except that such right is assignable by each ROFR Investor to any Affiliate of such ROFR Investor.

(g) Termination. The preemptive right set forth in this Section 4 shall terminate upon the earlier of: (i) immediately prior to the consummation of the Qualified IPO, or (ii) immediately prior to the consummation of a Change of Control (as such term is defined in the Certificate). The preemptive right set forth in this Section 4 shall terminate with respect to any ROFR Investor who fails to purchase, in any transaction subject to this Section 4, all of such ROFR Investor's pro rata amount of the New Securities allocated (or, if less than such ROFR Investor's pro rata amount is offered by the Company, such lesser amount so offered) to such ROFR Investor pursuant to this Section 4. Following any such termination, such ROFR Investor shall no longer be deemed a "ROFR Investor" for any purpose of this Section 4.

5. Miscellaneous.

(a) Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement will be in writing and will be deemed delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service, by e-mail or by facsimile) to the address, e-mail address or facsimile telephone number set forth beneath the name of such party below (or to such other address, e-mail address or facsimile telephone number as such party will have specified in a written notice given to the other parties hereto):

(i) if to the Company:

Kodiak Sciences Inc.
2631 Hanover Street
Palo Alto, California 94304
Attention: Victor Perlroth
E-mail: vperlroth@kodiaksciences.com

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

Jones Day
1755 Embarcadero Road
Palo Alto, California 94303
Attention: David B. SIkes
Facsimile: (650) 739-3900

(ii) if to an Investor:

To the address, e-mail address or facsimile telephone number of such Investor indicated on such Investor's signature page.

(b) Entire Agreement. This Agreement (including the exhibits hereto) and the documents mentioned herein constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede any and all prior understandings and agreements, whether written or oral, with respect to such subject matter.

(c) Amendments, Waivers and Consents. Any term of this Agreement (other than Section 3 and Section 4) 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 the holders of a majority of the shares of Common Stock and Preferred Stock, voting together as a single class, with the Preferred Stock voting on an as-converted into Common Stock basis. The provisions of Section 3 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) in a manner that materially decreases the rights of Major Investors hereunder only with the written consent of the Company and the Major Investors holding a majority of the Registrable Securities that are held by all of the Major Investors. The provisions of Section 4 may be amended or waived (either generally or in a particular instance and either retroactively or prospectively) only as set forth in Section 4 or with the written consent of the Company and the ROFR Investors holding a majority of the Registrable Securities that are held by all of the ROFR Investors. Any amendment, termination or waiver effected in accordance with this Section 5(c) shall be binding on all parties hereto (including future Investors), even if they do not execute such consent. No consent shall be necessary to add additional Persons as signatories to this Agreement, provided that such Persons shall hold or have acquired shares of the Company's capital stock.

(d) Binding Effect; Assignment. This Agreement and any amendment or waiver affected in accordance with Section 5(c) shall be binding upon and inure to the benefit of the personal representatives, successors and permitted assigns of the respective parties hereto. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of holders of at least a majority of the Registrable Securities held by Investors. Except with respect to the indemnified persons contemplated by Section 2(j) who are intended third party beneficiaries of this Agreement and except as otherwise expressly provided for herein, nothing in this Agreement 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.

(e) Titles and Subtitles. The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to “Sections” and “Exhibits” will mean “Sections” and “Exhibits” to this Agreement.

(f) Governing Law; Dispute Resolution. This Agreement shall be governed by and construed under the laws of the State of Delaware in all respects as such laws are applied to agreements among Delaware residents entered into and performed entirely within Delaware, without giving effect to conflict of law principles thereof. The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in the county where the Company’s principal office is located.

(g) Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement shall continue in full force and effect and shall be interpreted so as reasonably to effect the intent of the parties hereto. The parties hereto shall use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that shall achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

(i) Specific Performance. The Company recognizes that the rights of the Holders under this Agreement are unique, and, accordingly, the Holders shall, in addition to such other remedies as may be available to them at law or in equity, have the right to enforce their rights hereunder by actions for injunctive relief and specific performance to the extent permitted by law. This Agreement is not intended to limit or abridge any rights of the Holders which may exist apart from this Agreement.

(j) Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

COMPANY:

KODIAK SCIENCES INC.

By: /s/ Victor Perlroth
Name: Victor Perlroth
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

667, L.P.

By: **BAKER BROS. ADVISORS LP,** management company and investment adviser to **667, L.P.,** pursuant to authority granted to it by Baker Biotech Capital, L.P., general partner to 667, L.P., and not as the general partner.

By: /s/ Scott L. Lessing
Name: Scott L. Lessing
Title: President

Contact information for notices hereunder:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

BAKER BROTHERS LIFE SCIENCES, L.P.

By: **BAKER BROS. ADVISORS LP,** management company and investment adviser to **Baker Brothers Life Sciences, L.P.,** pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P., general partner to Baker Brothers Life Sciences, L.P., and not as the general partner.

By: /s/ Scott L. Lessing
Name: Scott L. Lessing

Title: President

Contact information for notices hereunder:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Matt Altman
Print Investor's Name

/s/ Matt Altman
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Asia Intelligence Holdings Limited
Name of the Entity

/s/ Rong Lu
Signature

Rong Lu
Print Name

Director
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

John Bedbrook
Print Investor's Name

/s/ John Bedbrook
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Bedbrook Survivors Trust
Name of the Entity

/s/ John Bedbrook
Signature

John Bedbrook
Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Derek Berry
Print Investor's Name

/s/ Derek Berry
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Jack Cabala
Print Investor's Name

/s/ Jack Cabala
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

John K. Cabala
Print Investor's Name

/s/ John K. Cabala
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Stephen A. Charles
Print Investor's Name

/s/ Stephen A. Charles
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

David Collet
Print Investor's Name

/s/ David Collet
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Michelle Hocking De Geest
Print Investor's Name

/s/ Michelle Hocking De Geest
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Francois Guy Drouin Revocable Trust Dated Feb 25, 2010
Name of the Entity

/s/ Francois Drouin, Trustee
Signature

Francois Drouin, Trustee
Print Name

_____
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Jean P Drovin Revocable Trust
Name of the Entity

/s/ Jean Drovin
Signature

Jean Drovin
Print Name

Trustee
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Karl Englest
Print Investor's Name

/s/ Karl Englest
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

ERNEST J. GALLO 1993 PERSONAL TRUST
Name of the Entity

/s/ ERNEST J. GALLO
Signature

ERNEST J. GALLO
Print Name

TRUSTEE
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Michael A Fournel
Print Investor's Name

/s/ Michael A Fournel
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

GC&H Investments, LLC
Name of the Entity

/s/ Jim Kindler
Signature

Jim Kindler
Print Name

Manager
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

[ILLEGIBLE]
Name of the Entity

/s/ Corey Goodman
Signature

Corey Goodman
Print Name

Managing Partner - Trustee
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Alan Grayce
Print Investor's Name

/s/ Alan Grayce
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Nahum Guzik
Print Investor's Name

/s/ Nahum Guzik
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Ketchum Capital, LLC
Name of the Entity

/s/ Karl Englert
Signature

Karl Englert
Print Name

Manager
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Bruce Keyt
Print Investor's Name

/s/ Bruce Keyt
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Michael Kiparsky
Print Investor's Name

/s/ Michael Kiparsky
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

[ILLEGIBLE]
Print Investor's Name

[ILLEGIBLE]
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

James Montazee
Print Investor's Name

/s/ James Montazee
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

DUSTIN A. MOSKOVITZ TTEE
DUSTIN A. MOSKOVITZ TRUST DTD 12/27/05

By: /s/ Jed Clark
Name: Jed Clark
Title: Authorized Signatory

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

The O'Brien Family Trust
Name of the Entity

/s/ Eric O'Brien
Signature

Eric O'Brien
Print Name

Trustee
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Print Investor's Name

Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title.

John S Osterweis, trustee for the Osterweis Receivable Trust dated 4/13/18
Name of the Entity

/s/ John S Osterweis
Signature

John S Osterweis
Print Name

Trustee
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

PAUL AND MORCIA COOK LIVING TRUST
Name of the Entity DATED 4-21-92

/s/ PAUL M. COOK
Signature

PAUL M. COOK, TRUSTEE
Print Name

TRUSTEE
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Paul L Beckman
Print Investor's Name

/s/ Paul L Beckman
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

/s/ Paul L Beckman/ Linda S Beckman
Signature

Paul L Beckman/ Linda S Beckman
Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

D. Victor Perlroth
Print Investor's Name

/s/ D. Victor Perlroth
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

MLPF&S FBO Daniel Victor Perlroth
Print Investor's Name

/s/ Victor Perlroth
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Mark G. Perlroth
Print Investor's Name

/s/ Mark G. Perlroth
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Frank Perlroth
Print Investor's Name

/s/ Frank Perlroth
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

Sarah Nicole Perlroth

By: /s/ Sarah Nicole Perlroth
Name: Sarah Nicole Perlroth
Title: n/a

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Andrew Raab
Print Investor's Name

/s/ Andrew Raab
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Erik D. Ragatz
Print Investor's Name

Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Ragatz Revocable Trust Dated 1/9/06
Name of the Entity

/s/ Erik D. Ragatz
Signature

Erik D. Ragatz
Print Name

TRUSTEE
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Robert L. Morse Jr. and Susan Cleary Morse Trust
Name of the Entity

/s/ Robert L. Morse Jr.
Signature

Robert L. Morse Jr.
Print Name

Trustee
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Scott Robertson
Print Investor's Name

/s/ Scott Robertson
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Robert E. Sarafan
Print Investor's Name

/s/ Robert E. Sarafan
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Thomas A.
Print Investor's Name

/s/ Thomas A.
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Marc Saiontz
Print Investor's Name

/s/ Marc Saiontz
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Steven Sanislo
Print Investor's Name

/s/ Steven Sanislo
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

John Schroer
Print Investor's Name

/s/ John Schroer
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

R. Randolph Scott
Print Investor's Name

/s/ R. Randolph Scott
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Gregory A. Sissel
Print Investor's Name

/s/ Gregory A. Sissel
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Smith Family Trust
Name of the Entity

/s/ Fred Smith
Signature

Fred Smith
Print Name

Trustee
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

David Stack
Print Investor's Name

/s/ David Stack
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Stanford-StartX LLC
Name of the Entity

/s/ Sabrina Liang
Signature

Sabrina Liang
Print Name

Director, School & Department Funds
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Steep Rock Capital LTD
Name of the Entity

/s/ Paul Swigart
Signature

Paul Swigart
Print Name

Director
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written:

INVESTOR:

If you are an **individual,** please print your name and sign below:

Andrew Stephens
Print Investor's Name

/s/ Andrew Stephens
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

The Stephens Family Trust dated June 13, 2006
Name of the Entity

/s/ Andrew Stephens
Signature

Andrew Stephens
Print Name

Trustee
Title

Contact information for notices hereunder:

Address:

Attn:
Fax:
Email:

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

The Cheng Family Trust
Name of the Entity

/s/ Wallace Cheng
Signature

Wallace Cheng and Gretchen Cheng, As Trustees of the Cheng Family Trust dated March 7, 2013
Print Name

Trustee
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Franklin H. Top, Jr. Revocable Inter Vivos Trust, dated 12/3/1991
Name of the Entity

/s/ Franklin H. Top, Jr.
Signature

Franklin H. Top, Jr.
Print Name

Trustee
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Lois E. Top Revocable Inter Vivos Trust, dated December 3, 1991
Name of the Entity

/s/ Lois E. Top
Signature

Lois E. Top
Print Name

Trustee
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Walt Ordemann
Print Investor's Name

/s/ Walt Ordemann
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Trevor Watt
Print Investor's Name

/s/ Trevor Watt
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Steven Winch
Print Investor's Name

/s/ Steven Winch
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Peter Van Vlasselaer
Print Investor's Name

/s/ Peter Van Vlasselaer
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Grant Yonehiro
Print Investor's Name

/s/ Grant Yonehiro
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Fan Zhang
Print Investor's Name

/s/ Fan Zhang
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Tony Zheng
Print Investor's Name

/s/ Tony Zheng
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Masaya LLC
Name of the Entity

/s/ Carlos Gonzalez
Signature

Carlos Gonzalez
Print Name

Managing Member
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Macro Biotech LLC
Name of the Entity

/s/ Carlos Gonzalez
Signature

Carlos Gonzalez
Print Name

Manager
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

_____
Print Investor's Name

_____
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

SEM Biopharm, LLC
Name of the Entity

/s/ Rafael Urquia II
Signature

Rafael Urquia II
Print Name

Manager
Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

IN WITNESS WHEREOF, the Company and the Investors have executed this **INVESTORS' RIGHTS AGREEMENT** as of the day and year first above written.

INVESTOR:

If you are an **individual,** please print your name and sign below:

Ron Glickman
Print Investor's Name

/s/ Ron Glickman
Investor's Signature

If you are signing on behalf of an **entity,** print the name of the entity and sign below, indicating your title:

Name of the Entity

Signature

Print Name

Title

Contact information for notices hereunder:

Address: _____

Attn: _____
Fax: _____
Email: _____

Exhibit 4.3

EXECUTION VERSION

CONVERTIBLE NOTE PURCHASE AND SECURITY AGREEMENT

This Convertible Note Purchase and Security Agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of August 11, 2017 (the " Effective Date") by and among Kodiak Sciences Inc., a Delaware corporation (the "Company"), the Guarantors from time to time party hereto, the purchasers from time to time party hereto (each a "Purchaser" and collectively, the "Purchasers") and Baker Bros. Advisors LP, as agent and collateral agent for the Purchasers (in such capacity, the "Designated Agent").

RECITALS

WHEREAS, the Purchasers are willing, pursuant to the terms and conditions of this Agreement, to purchase (the "Note Purchase") from the Company convertible senior secured promissory notes in the form attached as Exhibit A (each as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Notes") in an aggregate principal amount equal to Ten Million Dollars ($10,000,000) (the "Note Purchase Amount") which Note Purchases are, and are deemed to be, part of a single loan issued pursuant to this Agreement;

WHEREAS, each Purchaser owns securities of the Company, and each Purchaser shall be entitled at any time after the Target Financing Date (as defined below) to convert such Purchaser's Notes into newly issued, fully paid and non-assessable shares of the Series B Preferred Stock, par value $0.0001 per share, of the Company (the "Class B Shares") at a price per share equal to $ 5.00 (as it may be adjusted from time to time pursuant to Section 5.6, the "Conversion Price") on the terms and subject to the conditions set forth herein; and

WHEREAS, the Notes are subject to conversion into Equity Interests of the Company on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

"Account Control Agreement" has the meaning set forth in Section 4.10.

"Affiliate" of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person and (b) any officer or director of such Person. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, no Purchaser shall be deemed an Affiliate of any Loan Party.

"Approved Financing" means a preferred stock financing of the Company, with the principal purpose of raising capital, and having aggregate cash proceeds of at least $17,500,000 and less than $25,000,000, including the Outstanding Balance of the Notes and all accrued but unpaid and uncapitalized interest thereon.

"Change of Control" means an event or series of events (i) by which the Company's shareholders as of the Effective Date shall cease to beneficially own and control at least 50.1% on a fully diluted basis of the economic and voting interests in the capital stock of the Company; (ii) by which any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder) shall beneficially own and control 50.1% or more on a fully diluted basis of the economic and voting interests in the capital stock of the Company or (iii) which constitutes a liquidation, dissolution or winding up of the Company or a Deemed Liquidation Event (as defined in the Company's certificate of incorporation).

"Class B Shares" has the meaning set forth in the recitals hereto.

"Class B Share Warrants " means warrants exercisable for an aggregate of 500,000 of the Class B Shares, in substantially the form attached hereto as Exhibit B, with an exercise price of $0.01 per share.

"Collateral" has the meaning set forth in Section 4.1.

"Collateral Documents" means, collectively, this Agreement, the Intellectual Property Security Agreements, and each of the mortgages, collateral assignments, security agreements, pledge agreements or other similar agreements delivered to the Designated Agent pursuant to Section 4, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Designated Agent for the benefit of the Purchasers to secure the Secured Obligations.

"Common Stock" means the Common Stock of the Company, par value $0.0001 per share.

"Company" has the meaning set forth in the preamble hereto.

"Conversion Price" has the meaning set forth in the recitals hereto.

"Designated Agent" has the meaning set forth in the preamble hereto.

"Disqualification Events" has the meaning set forth in Section 7.5 hereto.

"Effective Date" has the meaning set forth in the preamble hereto.

"Equity Financing" means an equity financing of the Company after the Effective Date, with the principal purpose of raising capital, excluding any equity offering pursuant to an employee benefit plan or the issuance of equity interests to service providers in the ordinary course of business consistent with past practice.

"Equity Interests" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in, or equivalents (regardless of how designated) of, a Person (other than an individual), whether voting or non-voting, and (b) all securities convertible into or exchangeable for any security described in clause (a) or any other security described in this clause (b) and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any such security, whether or not presently convertible, exchangeable or exercisable. For the avoidance of doubt, "Equity Interests" shall not include debt instruments that are convertible into Equity Interests.

"Event of Default" has the meaning set forth in Section 9.

"GAAP" means generally accepted accounting principles as in effect in the United States of America.

"Guarantor " shall mean each wholly-owned domestic Subsidiary of the Company and any person that from time to time delivers a joinder to this Agreement with respect to the obligations of the Company under the Note Documents.

"Indebtedness" of any Person means without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person as lessee under capital leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (with the amount thereof being measured as the fair market value of such property), (f) all obligations, contingent or otherwise, with respect to letters of credit (whether or not drawn), banker's acceptances and surety bonds issued for the account of such Person, (g) all obligations for which such Person is obligated pursuant to any interest rate swap, interest rate cap, interest rate collar or other interest rate hedging agreement or derivative agreements or arrangements and, (h) all guarantees or other contingent obligations of such Person in respect of any of the foregoing.

"Investment" means, with respect to any Person, (a) the purchase or other acquisition of any debt or equity security of any other Person, (b) the making of any loan, advance or capital contribution to any other Person, (c) becoming obligated with respect to a guarantees or other contingent obligation in respect of obligations of any other Person or (d) the acquisition of (i) all or substantially all of the property of, or a line of business or division of, another Person or (ii) at least a majority of the voting of another Person, in each case whether or not involving a merger or consolidation with such other Person.

"Lien" means any mortgage, deed of trust, or pledge, security interest, hypothecation, assignment, assigned deposit, arrangement, encumbrance, encroachment, lien (statutory or otherwise), claim, option, reservation or defect of any kind, or preference, or priority, or other security agreement or preferential arrangement of any kind of or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing statement under the UCC, or under the comparable law of any other jurisdiction).

"Loan Party" means the Company and any Guarantor.

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

" Note Documents" means this Agreement, any Notes, any Collateral Document, any joinder and any other agreements or documents executed and delivered in connection with the foregoing.

"Outstanding Balance" has the meaning set forth in Section 3.2.

"Permitted Liens" means (a) Liens created hereunder in favor of the Designated Agent, for the benefit of the Purchasers, (b) Liens securing indebtedness permitted pursuant to Section 8.2(b)(iii) below and (c) Liens securing the payments of taxes, assessments and governmental charges or levies that are not delinquent; (d) bankers Liens', rights of setoff and similar Liens incurred on deposits made in the ordinary course of business; (e) statutory liens of landlords and deposits in the ordinary course of business consistent with past practices to secure the performance of leases; (f) the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business; (g) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business; (h) Liens securing judgments for the payment of money not constituting an Event of Default, or securing appeal or other surety bonds relating to such judgments; (i) any interest or title of a licensor, sublicensor, lessor or sublessor with respect to any assets under any non-exclusive license or lease agreement entered into in the ordinary course of business which do not secure any Indebtedness; and (j) Liens arising from precautionary UCC financing statements or similar filings made in respect of operating leases entered into by the Company or any of its Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"Purchasers" has the meaning set forth in the preamble hereto.

"Qualified Financing" means a preferred stock financing of the Company after the Effective Date, with the principal purpose of raising capital, and having aggregate cash proceeds of at least $25,000,000, including the Outstanding Balance of the Notes and all accrued but unpaid and uncapitalized interest thereon.

"Qualified Financing Price" has the meaning set forth in Section 5.2.

"Qualified Financing Shares" has the meaning set forth in Section 5.2.

"Requisite Purchasers" means Purchasers holding at least 75% of the Outstanding Balance, in the aggregate, of all Notes issued under this Agreement.

"Secured Obligations" means all money, debts, obligations and liabilities which now are or have been or at any time hereafter may be or become due, owing or incurred by the Company to the Designated Agent or any Purchaser, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, and which, in all instances, arise under, out of, or in connection with this Agreement, any Note, any other Note Document, whether on account of principal, interest (including, without limitation, interest accruing on the Note and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, indemnities, costs, expenses, or otherwise; provided, that for the avoidance of doubt, the Secured Obligations shall not include any obligations of the Company or its Subsidiaries arising out of or in connection with any obligations under any equity documents, including, without limitation, any equity benefits plan, any equities issued pursuant to an employee benefit plan or to service providers in the ordinary course of business, the Stockholders Agreements, the Company's certificate of incorporation as amended from time to time and/or any document or agreement evidencing the Class B Share Warrants.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled (as determined in accordance with GAAP), or both, by such Person.

"Stockholders Agreements" means, collectively, that certain Investor Rights Agreement, that certain Voting Agreement and that certain Right of First Refusal and Co-Sale Agreement, each dated as of September 8, 2015 and as amended, restated, amended and restated or otherwise modified from time to time, by and among the Company, the stockholders party thereto and the warrantholders party thereto.

"Target Financing Date" means January 31, 2018.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the relevant jurisdiction and as amended from time to time hereafter.

2. NOTE PURCHASE. On the Effective Date, the Company will issue, and the Purchasers will purchase, Notes in an aggregate amount equal to the Note Purchase Amount, subject to the terms and conditions set forth in this Agreement.

3. TERM; INTEREST; REPAYMENT; PREPAYMENT.

3.1 Term. The Notes and all accrued and unpaid interest thereon and any and all other sums payable to the Purchasers hereunder shall be due and payable in full on the earliest to occur of (x) December 1, 2020, (y) the date of the consummation of a Change of Control and (z) the date of any acceleration of the Notes in accordance with Section 9 (the "Maturity Date").

3.2 Interest; Repayment. Interest on the unpaid principal balance of the Notes (such balance as increased as provided in this Section 3.2, the "Outstanding Balance") will accrue from October 1, 2017 at the rate of two and a half percent (2.5%) per month, calculated on the basis of a 360 day year and actual days elapsed. Accrued interest shall be added to the Outstanding Balance on a monthly basis on the last day of each calendar month, commencing on October 31, 2017, and no such accrued interest shall be due and payable prior to the Maturity Date. To the extent not previously converted pursuant to Section 5 hereof, the Company will repay the Outstanding Balance plus all accrued and unpaid interest thereon on the Maturity Date.

4. COLLATERAL

4.1 Security Interest. This Agreement constitutes a "security agreement" within the meaning of the UCC. In order to secure payment and performance of the Secured Obligations, each Loan Party hereby grants, collaterally assigns, and pledges to the Designated Agent, for the benefit of the Purchasers, a first-priority security interest in and Lien on all of such Loan Party's right, title, estate, claim and interest in and to any or all of the items listed on Exhibit C to this Agreement (collectively, the "Collateral").

4.2 Care of Collateral. The Designated Agent shall have the right, but not the obligation, at any time an Event of Default exists, to pay any taxes or levies on or with respect to the Collateral, which payment shall be made for the account of Company and shall constitute part of the Secured Obligations.

4.3 Financing Statements. At the request of the Designated Agent, each Loan Party will promptly cooperate with the Designated Agent in filing such financing statements, continuation statements, assignments, certificates and other documents with respect to the Collateral, pursuant to the applicable UCC and otherwise, as the Designated Agent may reasonably request in order to enable the Designated Agent to perfect and from time to time to renew the security interest granted, all in form satisfactory to the Designated Agent, and the Company will pay the costs of filing the same in all public offices within the United States where the Designated Agent deems necessary or reasonably desirable.

4.4 Impairment of Collateral. No impairment of, injury to, or loss or destruction of any of the Collateral shall relieve any Loan Party of any of the Secured Obligations, except as may be specifically provided otherwise herein.

4.5 Return of Collateral. Upon payment or conversion in full of the Notes and any other amounts due hereunder, the Designated Agent shall promptly release its security interest in, and return to the Loan Parties all Collateral hereunder.

4.6 Further Assurances. Each Loan Party agrees that at any time and from time to time, at its expense, such Loan Party will promptly execute and deliver all further instruments and documents, and take all further action that the Designated Agent may reasonably request, in order to perfect and protect the security interests granted or purported to be granted hereby and to enable the Designated Agent or any Purchaser to exercise and enforce its rights and remedies hereunder with respect to any Collateral, which instruments and documents shall include, without limitation, any and all necessary or appropriate filings with the U.S. Patent and Trademark Office.

4.7 Designated Agent Appointed Attorney-in-Fact. Subject to Section 4.8, each Loan Party hereby irrevocably appoints the Designated Agent as such Loan Party's attorney-in-fact, with full authority in the place and stead of such Loan and in its name or otherwise, from time to time in the Designated Agent's discretion and without notice to the Loan Party, to take any action and to execute any instrument which the Designated Agent may deem reasonably necessary or advisable to accomplish the purposes of this Agreement and to perfect or continue the perfection of any security interest, including without limitation, to receive, endorse and collect all instruments made payable to the Loan Party representing any interest payment, principal payment or other payment in respect of the Collateral or any part thereof and to give full discharge for the same, and to transfer the Collateral into the name of the Designated Agent or a third party as the UCC permits, when and to the extent permitted by this Agreement. The Designated Agent's appointment as attorney in fact, and all of Designated Agent's rights and powers, coupled with an interest, are irrevocable until all Secured Obligations have been fully repaid and performed.

4.8 Designated Agent May Perform. Upon the occurrence and during the continuance of an Event of Default, the Designated Agent may exercise the power of attorney granted to it in Section 4.7 to (but shall not be obligated and shall have no liability to any Person for failure to) itself perform, or cause performance of, this Agreement, and the reasonable expenses of the Designated Agent incurred in connection therewith shall be payable by the Company; provided that the Designated Agent may exercise the power of attorney to sign any Loan Party's name on any documents necessary to perfect or continue the perfection of any security interest regardless of whether an Event of Default has occurred.

4.9 Intellectual Property. As to Collateral in the form of intellectual property ("Intellectual Property Collateral"):

(a) With respect to each item of the Intellectual Property Collateral, each Loan Party agrees to take, at its expense, all commercially reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authority within the United States, to (i) maintain the validity and enforceability of such Intellectual Property Collateral and maintain such Intellectual Property Collateral in full force and effect, and (ii) pursue the registration and maintenance of each patent, trademark, or copyright registration or application, now or hereafter included in such Intellectual Property Collateral. No Loan Party shall, without the written consent of the Designated Agent, discontinue use of or otherwise abandon or fail to pursue the registration or maintenance of any Intellectual Property Collateral, other than Intellectual Property Collateral which is not material to the business of the Loan Parties, taken as a whole.

(b) In the event that a Loan Party becomes aware that an item of the Intellectual Property Collateral which is material to the business of the Loan Parties, taken as a whole, is being infringed or misappropriated by a third party, the Company shall promptly notify the Designated Agent and shall take such actions, at its expense, as the Company or the Designated Agent deems reasonable and appropriate under the circumstances to protect or enforce such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation.

(c) Each Loan Party agrees to execute and deliver an agreement, in substantially the form set forth in Exhibit D hereto (an "Intellectual Property Security Agreement"), for recording the security interest granted hereunder to the Designated Agent, for the benefit of the Purchasers, in such Intellectual Property Collateral with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities within the United States necessary to perfect the security interest hereunder in such Intellectual Property Collateral.

(d) Each Loan Party agrees that should it obtain an ownership interest in any items that would constitute Intellectual Property Collateral that is not on the date hereof a part of the Intellectual Property Collateral ("After-Acquired Intellectual Property") (i) the provisions of this Agreement shall automatically apply thereto, and (ii) any such After-Acquired Intellectual Property and, in the case of trademarks, the goodwill symbolized thereby, shall automatically become part of the Intellectual Property Collateral subject to the terms and conditions of this Agreement with respect thereto. The Company shall give prompt written notice to the Designated Agent identifying the After-Acquired Intellectual Property, and each applicable Loan Party shall execute and deliver to the Designated Agent an Intellectual Property Security Agreement covering such After-Acquired Intellectual Property, which Intellectual Property Security Agreement shall be recorded with the U.S. Patent and Trademark Office, the U.S. Copyright Office and any other governmental authorities within the United States necessary to perfect the security interest hereunder in such After-Acquired Intellectual Property.

4.10 Deposit Accounts. Subject to Section 8.1(h), no Loan Party shall deposit, or cause or permit to be deposited, any cash, checks, drafts or similar items in any deposit accounts other than those with respect to which such Loan Party shall have delivered to the Designated Agent a fully executed account control agreement reasonably acceptable to the Designated Agent (each, an "Account Control Agreement"). Until so deposited all such payments shall be held in trust by the Loan Parties for the Designated Agent and shall not be commingled with any other funds or property of any Person. Unless an Event of Default exists, the Designated Agent will not give notice to any depositary bank pursuant to an Account Control Agreement requiring such bank to disregard further instructions from the applicable Loan Parties. Notwithstanding the foregoing, an Account Control Agreement shall not be required for a payroll account provided that (a) such payroll account is maintained in the ordinary course of business, (b) no monies other than monies to be used to pay payroll shall be kept in such payroll accounts, and (c) the payroll account shall not be funded more than four (4) Business Days prior to the applicable payroll payment date or in an amount greater than the anticipated payroll.

4.11 Pledged Stock. Any Collateral constituting Equity Interests which are represented by certificates (the "Pledged Interests") shall be promptly delivered to the Designated Agent, together with irrevocable stock powers or similar transfer instruments, executed in blank, for such Pledged Interests. While an Event of Default exists, the Designated Agent shall have the right to vote the Pledged Interests or other Collateral or give consents, waivers or ratifications in respect thereof. Each Loan Party shall deliver to the Designated Agent all non-cash distributions made on or in respect of the Collateral and any distributions made in connection with a liquidation or the return of capital.

5. CONVERSION. The Outstanding Balance plus accrued interest is convertible on the following basis:

5.1 Optional Conversion. At any time after the Target Financing Date has occurred until the Notes of such Purchaser have been fully paid in cash or converted into preferred stock in accordance herewith, each Purchaser shall have the right to convert all or any portion of the Notes held by such Purchaser into a number of Class B Shares equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) the Conversion Price. Upon each such conversion, the Purchaser receiving Class B Shares shall be entitled to the rights and privileges, including, without limitation, voting rights, registration rights, liquidation preferences and other rights, with respect to such Class B Shares as set forth in the Company's certificate of incorporation. The Purchasers shall exercise such right to convert by (i) surrendering to the Company the Note to be converted, (ii) delivering an executed conversion notice in substantially the form attached as Exhibit A to such Note and (iii) if such Purchaser is not party to the Stockholders Agreements, delivering joinders or such other documents as are reasonably necessary to become a party to the Stockholders Agreements. The Company shall deliver the Class B Shares to a Purchaser within five business days after such Purchaser complies with the immediately preceding sentence.

5.2 Automatic Conversion Upon Qualified Financing. If a Qualified Financing occurs on or prior to the Target Financing Date, the Outstanding Balance of the Notes, plus accrued interest thereon, shall automatically be converted into a number of shares of the class of preferred stock issued in such Qualified Financing (the "Qualified Financing Shares") on the date that aggregate cash proceeds of $25,000,000 or greater have been received by the Company pursuant to the Qualified Financing equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) the original issue price of the Qualified Financing Shares (it being understood that such original issue price shall not exceed a maximum price of $6.00 per share, and if such original issue price exceeds $6.00 per share, for purposes of this calculation, the original issue price shall be deemed to be $6.00 per share (in each case as adjusted pursuant to Section 5.6)) (the "Qualified Conversion Price"). The Company shall provide the Purchasers with at least ten calendar days' prior written notice of the anticipated occurrence of any Qualified Financing and the Purchasers shall irrevocably confirm (in writing, delivered to the Company at least three business days prior to the consummation thereof) their intention to effect the conversion in accordance with the terms hereof. The Company shall deliver the Qualified Financing Shares to the Purchasers concurrently with consummation of the Qualified Financing. Within ten business days after request by the Company, any Purchaser that is not party to the Stockholders Agreements shall deliver joinders or such other documents as are reasonably necessary for such Purchaser to become a party to the Stockholders Agreements.

5.3 Automatic Conversion with Requisite Purchaser Consent. If, on or prior to the Target Financing Date, the Company consummates an Approved Financing, then upon the election of the Requisite Purchasers (in their sole discretion) pursuant to the following sentence, the Outstanding Balance of the Notes, plus accrued interest thereon, shall automatically be converted into a number of shares of the class of preferred stock issued in such Approved Financing (the "Approved Financing Shares") on the date that aggregate cash proceeds of $17,500,000 or greater have been received by the Company pursuant to the Approved Financing, equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) the original issue price of the Approved Financing Shares (it being understood that such original issue price shall not exceed a maximum price of $6.00 per share, and if such original issue price exceeds $6.00 per share, for purposes of this calculation, the original issue price shall be deemed to be $6.00 per share (in each case as adjusted pursuant to Section 5.6)) (the "Approved Conversion Price"). The Company shall provide the Purchasers with at least ten calendar days' prior written notice of the anticipated occurrence of any Approved Financing, and the Purchasers shall irrevocably confirm (in writing, delivered to the Company at least three business days prior to the consummation thereof) their election to effect the conversion in accordance with the terms hereof. The Company shall deliver the Approved Financing Shares to the Purchasers concurrently with consummation of the Approved Financing. Within ten business days after request by the Company, any Purchaser that is not party to the Stockholders Agreements shall deliver joinders or such other documents as are reasonably necessary for such Purchaser to become a party to the Stockholders Agreements.

5.4 Repayment or Optional Conversion After Target Financing Date. If, after the Target Financing Date, the Company consummates an Equity Financing of the Company, then the Notes will, be due and payable in full in cash on the date of consummation of such Equity Financing unless a Purchaser elects, at its option, to convert the Outstanding Balance of its Notes, plus accrued but unpaid and uncapitalized interest thereon, into a number of shares of the class of equity interests issued in such Equity Financing ("Other Financing Shares") equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) the original issue price of the Other Financing Shares. The Company shall provide the Purchasers with at least ten calendar days' prior written notice of the anticipated occurrence of any Equity Financing. The Purchasers shall exercise such right to convert by (i) surrendering to the Company the Note to be converted, (ii) delivering an executed conversion notice in substantially the form attached as Exhibit A to such Note and (iii) if such Purchaser is not party to the Stockholders Agreements, delivering joinders or such other documents as are reasonably necessary to become a party to the Stockholders Agreements. The Company shall deliver the Other Financing Shares to a Purchaser within five business days after such Purchaser complies with the immediately preceding sentence.

5.5 Conversion or Repurchase Upon Change of Control. If, prior to consummation of a Qualified Financing, a Change of Control occurs, then each Purchaser may elect, at its option, to (a) convert the Outstanding Balance of its Notes, plus accrued but unpaid and uncapitalized interest thereon, into Class B Shares at the Conversion Price or (b) require the Company to repurchase the Notes at a repurchase price equal to 150% of the Outstanding Balance of such Notes, plus accrued but unpaid and uncapitalized interest thereon, in cash on the date of consummation of such Change of Control. The Company shall provide the Purchasers with at least ten business days' prior written notice of the occurrence of any Change of Control.

The Purchasers shall exercise such right to convert by, prior to the consummation of such Change of Control, (i) surrendering to the Company the Note to be converted, (ii) delivering an executed conversion notice in substantially the form attached as Exhibit A to such Note and (iii) if such Purchaser is not party to the Stockholders Agreements, delivering joinders or such other documents as are reasonably necessary to become a party to the Stockholders Agreements. Any such conversion shall be effective immediately prior to, but contingent upon, such Change of Control.

5.6 Adjustment of Conversion Price. In the event of any recapitalization, stock split, stock dividend, reverse stock split, issuance of capital stock of the Company after the date hereof, distribution by the Company upon its capital stock or similar event, the Company, and the Purchasers shall negotiate in good faith to adjust the Conversion Price or original issue price, as applicable, to equitably preserve the value of the Notes and the value of the Equity Interests into which the Notes convert after giving effect to such recapitalization, stock split, stock dividend, reverse stock split, issuance, distribution or similar event.

5.7 Reservation of Securities. The Company shall reserve, until all Notes have been fully repaid or converted into securities in accordance with this Agreement, such Class B Shares, any Qualified Financing Shares, any Approved Financing Shares or any Other Financing Shares, as applicable, as each Purchaser is entitled to receive upon conversion of such Purchaser's Notes. Prior to the issuance of any Class B Shares, any Qualified Financing Shares, any Approved Financing Shares or any Other Financing Shares (or any instrument exercisable for or converted into Equity Interests) and whenever otherwise required, the Company will amend its certificate of incorporation to ensure that there is a sufficient quantity of such Equity Interests into which each Note can be converted.

6. REPRESENTATIONS AND WARRANTIES OF THE LOAN PARTIES. Each Loan Party hereby represents and warrants to the Purchasers on the date hereof as follows:

6.1 Organization, Good Standing and Qualification. Each Loan Party is a corporation duly organized, validly existing and in good standing under, and by virtue of, the laws of its jurisdiction of formation and has all requisite corporate power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted. Each Loan Party is qualified to do business as a foreign corporation in each jurisdiction where failure to be so qualified would have a material adverse effect on the financial condition, business, or operations of the Loan Parties taken as a whole.

6.2 Capitalization.

(a) Company Capitalization. The authorized capital of the Company immediately prior to the Effective Date consists of (i) 18,753,596 shares of preferred stock, par value $0.0001 per share, of which (A) 6,253,596 shares have been designated Series A Preferred Stock, 5,593,154 of which are issued and outstanding, and (B) 12,500,000 shares have been designated Series B Preferred Stock, 6,792,000 of which are issued and outstanding, and (ii) 28,500,000 shares of Common Stock, par value $0.0001 per share, of which 7,930,831 (including 429,322 shares subject to repurchase by the Company) are issued and outstanding. Under (i) the Company's 2009 Option and Profits

Interest Plan, (A) vested and unvested options to purchase 92,500 shares of Common Stock have been granted and are currently outstanding, and (B) no Common Stock remains available for issuance, and (ii) the Company's 2015 Stock Incentive Plan, 1,722,018 shares of Common Stock are reserved for issuance to officers, directors, employees and consultants of the Company, 1,251,298 of which have been granted or are currently outstanding.

(b) Options, Warrants, Reserved Shares. The Company has reserved 5,669,804 of its Class B Shares for possible issuance upon the conversion of the Notes issued hereunder and the exercise of the Class B Share Warrants (the "Conversion Shares"). Except as described in this Section 6.2, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the capital stock of the Company. Apart from the exceptions noted in this Section 6.2 and apart from repurchase rights (a) of the Company over shares of Common Stock pursuant to customary repurchase arrangements or the Company's organizational documents and (b) under the Stockholders Agreements, no shares (including the Conversion Shares) of the Company's outstanding capital stock, or stock issuable upon exercise or exchange of any outstanding options or other stock issuable by the Company, are subject to any rights of first refusal or other rights to purchase such stock, pursuant to any agreement or commitment of the Company.

6.3 Subsidiaries. Except as set forth on Schedule 6.3 attached hereto, the Company does not have any Subsidiaries, and each such Subsidiary is wholly owned (directly or indirectly) by the Company.

6.4 Due Authorization; Consents. All corporate action on the part of each Loan Party and its officers, directors and stockholders necessary for (a) the authorization, execution and delivery of, and the performance of all obligations of such Loan Party under this Agreement and the other Note Documents, (b) the authorization, issuance, execution and delivery of the Notes by the Company and (c) the authorization, issuance, reservation for issuance and delivery by the Company of all of the equity securities issuable upon conversion of the Outstanding Balance (and the securities issuable upon conversion thereof) has been taken. This Agreement, the Intellectual Property Security Agreements and each of the Notes constitutes a valid and binding obligation of the Loan Parties party thereto, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles. All consents, approvals and authorizations of, and registrations, qualifications and filings with, any federal or state governmental agency, authority or body, or any third party, required in connection with the execution, delivery and performance of this Agreement, the Notes and the other Note Documents and the consummation of the transactions contemplated hereby and thereby have been obtained; provided, however, that with respect to any required filings under Regulation D or any other federal or state securities filings, the Company will make such filings within fifteen business days after the Effective Date.

6.5 Valid Issuance of Stock. The outstanding shares of the capital stock of each Loan Party are duly and validly issued, fully paid and non-assessable, and such shares of such capital stock, and all outstanding options and other securities of each Loan Party have been issued in full compliance with the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "Act"), and the registration and qualification requirements of all applicable state securities laws, or in compliance with applicable exemptions therefrom, and all other provisions of applicable federal and state securities laws, including, without limitation, anti-fraud provisions.

6.6 Compliance with Other Instruments. The authorization, execution and delivery of this Agreement, the issuance and delivery of the Notes, the execution and delivery of any other Note Document and the performance of all obligations hereunder and thereunder, will not constitute or result in a breach, default or violation of any law or regulation applicable to any Loan Party or any material term or provision of the Company's current certificate of incorporation or bylaws (or any comparable organization document of any Loan Party) or any material agreement or instrument by which any Loan Party is bound or to which its properties or assets are subject.

6.7 Investment Company Act. Neither the Company nor any other Loan Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company", within the meaning of the Investment Company Act of 1940.

6.8 Ownership of Properties.

(a) Each Loan Party and each of its Subsidiaries has valid and legal title to, or valid leasehold interests in, all property necessary or used in the ordinary conduct of its business, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, business, or operations of the Loan Parties taken as a whole.

(b) Each Loan Party owns, or is licensed or otherwise has the right to use, all intellectual property necessary to conduct its business as currently conducted except for such intellectual property the failure of which to own or have a license or other right to use would not reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the financial condition, business, or operations of the Loan Parties taken as a whole. To the knowledge of each Loan Party, (a) the conduct and operations of the businesses of each Loan Party do not, and the anticipated products and intellectual property applications of the Loan Parties will not, infringe upon, misappropriate, dilute or violate any intellectual property owned by any other Person and (b) no other Person has contested any right, title or interest of any Loan Party in any Intellectual Property Collateral or any anticipated products and applications derived or expected to be derived therefrom.

(c) The property of each Loan Party and each of its Subsidiaries is subject to no Liens other than Permitted Liens.

6.9 Other Security Interests. No Loan Party has heretofore assigned or granted a security interest in any of the Collateral, has not otherwise suffered or permitted to exist any Lien on the Collateral, and will not hereafter assign or grant a security interest in or suffer or permit any Lien on all or any portion of the Collateral other than Permitted Liens.

7. REPRESENTATIONS AND WARRANTIES OF PURCHASERS. Each Purchaser represents and warrants to the Company as follows:

7.1 Investigation; Economic Risk. Each Purchaser acknowledges that it has had an opportunity to discuss the business, affairs and current prospects of the Company with its officers. Each Purchaser further acknowledges having had access to information about the Company that it has requested. Each Purchaser acknowledges that it is able to fend for itself in the transactions contemplated by this Agreement and has the ability to bear the economic risks of its investment pursuant to this Agreement. Each Purchaser further acknowledges that it has obtained its own attorneys, business advisors and tax advisors as to legal, business and tax advice (or has decided not to obtain such advice) and has not relied on the Company for such advice.

7.2 Purchase for Own Account. Each Note issued to each Purchaser and the securities issuable upon exercise or conversion thereof will be acquired by such Purchaser for its own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

7.3 Exempt from Registration; Restricted Securities. Each Purchaser understands that the sale of the Notes will not be registered under the Act on the grounds that the sale provided for in this Agreement is exempt from registration under of the Act, and that the reliance of Holdings on such exemption is predicated in part on each Purchaser's representations set forth in this Agreement. Each Purchaser understands that the Notes and the securities issuable upon exercise or conversion thereof are restricted securities within the meaning of Rule 144 under the Act, and must be held indefinitely unless they are subsequently registered or an exemption from such registration is available.

7.4 Accredited Investor. Each Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D of the Securities and Exchange Commission.

7.5 Foreign Investors. If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to purchase the Notes or any use of this Agreement or the Stockholder Agreements, including (i) the legal requirements within its jurisdiction for the purchase of the Notes, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any government or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Notes or any equity securities which the Notes may be converted into pursuant to the terms hereof. The Company's offer and sale and Purchaser's acquisition of and payment for and continued beneficial ownership of the Notes or any equity securities which the Notes may be converted into pursuant to the terms hereof will not violate any applicable securities or other laws of such Purchaser's jurisdiction.

7.6 No “Bad Actor” Disqualification Events. Neither (i) Purchaser, (ii) any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members, nor (iii) any beneficial owner of the Company’s voting equity securities (in accordance with Rule 506(d) of the Securities Act held by the Purchaser is subject to any of the “bad actor” disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act (“ Disqualification Events”), except for Disqualification Events covered by Rule 506(d)(2)(ii) or (iii) or (d)(3) under the Securities Act and disclosed reasonably in advance of a Closing in writing in reasonable detail to the Company.

8. COVENANTS. The following covenants shall apply so long as any Notes remain outstanding:

8.1 Affirmative Covenants. The Company covenants, for so long as this Agreement is in effect or any Secured Obligations (other than contingent indemnification obligations for which no claim has been asserted) remain outstanding:

(a) upon one business day’s prior notice (provided no notice is required if an Event of Default has occurred and is continuing), the Designated Agent or its agents shall have the right to inspect the Collateral and to audit and copy the Company’s books and records during the Company’s regular business hours;

(b) (i) the Company shall at all times insure all of the tangible personal property Collateral and carry such other business insurance as is customary for companies similarly situated to the Company; and (ii) within 30 days after the Effective Date, all property policies will have a lender’s loss payable endorsement showing the Designated Agent as a lender loss payee and all liability policies will show the Designated Agent as an additional insured and provide that the insurer must give the Designated Agent at least twenty (20) days notice before canceling its policy;

(c) the Company will file, when due, all income and other material tax returns and reports required by applicable law, and will pay when due, all income and other material taxes, assessments, deposits and contributions now or in the future owed (except for taxes and assessments being contested in good faith with adequate reserves under GAAP);

(d) the Company will comply, in all material respects, with all applicable laws, rules and regulations;

(e) as soon as available, but not later than 210 days after the end of each fiscal year, the Company will deliver annual audited (unless the Designated Agent agrees in its reasonable discretion that such financial statements may be unaudited) and certified consolidated balance sheets and related statements of income and stockholders’ equity, prepared in accordance with GAAP, together with a comparison in reasonable detail to the prior year’s audited financial statements;

(f) promptly after the occurrence thereof, the Company will notify the Purchasers of the occurrence of any Event of Default or any event which would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, business, or operations of the Loan Parties taken as a whole;

(g) the Company promptly will promptly deliver such additional information regarding the business, financial or corporate affairs of any Loan Party or any Subsidiary thereof, or compliance with the terms of the Note Documents, as any Purchaser may from time to time reasonably request; and

(h) within 30 calendar days after the Effective Date, the Company will deliver Account Control Agreements with respect to its deposit accounts existing on the Effective Date for which an Account Control Agreement is required pursuant to Section 4.10.

8.2 Negative Covenants. Neither the Company nor any Subsidiary shall, without the prior written consent of the Designated Agent, take any of the following actions:

(a) create, incur, assume or suffer to exist any Lien on or with respect to any of its assets constituting Collateral, whether now owned or hereafter acquired, except Permitted Liens;

(b) create, incur, assume or suffer to exist any Indebtedness or any guarantees or other contingent obligations with respect thereto, except (i) the Notes issued hereunder, (ii) debt existing on the Effective Date and disclosed to the Purchasers and (iii) other debt in an aggregate amount outstanding not to exceed $50,000;

(c) merge into or consolidate with any Person or permit any Person to merge into it, or enter into any transaction which would constitute a Change of Control, except that any Subsidiary may merge into the Company so long as the Company is the surviving entity;

(d) sell, lease, license, transfer or otherwise dispose of (i) all or substantially all of its assets or (ii) any of its material assets outside of the ordinary course of business;

(e) form any Subsidiaries or make any Investments except for (i) Investments existing on the Effective Date, (ii) cash or cash equivalents, (iii) deposit accounts with respect to which the Company has delivered to the Designated Agent a fully executed Account Control Agreement, (iv) extensions of trade credit in the ordinary course of business, and (v) Investments between or among the Loan Parties;

(f) (i) declare or pay any dividends or make other distributions in respect of its Equity Interests other than dividends payable solely in the form of additional securities and dividends by any Subsidiary of the Company to the Company or (ii) redeem or repurchase any Equity Interests of the Company other than pursuant to equity incentive agreements with service providers giving the Company the right to repurchase shares upon the termination of services;

(g) solely with respect to the Company, issue any class or series of shares of Equity Interests in the Company requiring any cash payment prior to the payment in full or conversion in full of the Notes, other than pursuant to any conversion of the Notes in accordance with the terms of this Agreement and in connection with an exercise of the Class B Share Warrants;

(h) amend or waive (i) its certificate of incorporation, bylaws or other organizational documents in a manner materially adverse to the Purchasers or (ii) the Stockholders Agreements other than as required in connection with this Agreement or in connection with an Equity Financing;

(i) enter into any transaction or arrangement with any Affiliate of the Loan Party or any Subsidiary except (i) in the ordinary course of business and pursuant to the reasonable requirements of the business of such Loan Party or such Subsidiary; provided that such transaction shall be upon fair and reasonable terms no less favorable to such Loan Party or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Subsidiary, (ii) the transactions under the Note Documents, (iii) the Stockholders Agreements, (iv) payment of compensation and benefits (including equity incentive plans, employee benefit plans and arrangements and customary indemnities) to officers, directors and employees of the Loan Parties or another Subsidiary as approved by the Company's Board of Directors, (v) as permitted by Section 8.2(e) or 8.2(f) and (vi) consisting of an Equity Financing;

(j) engage in any line of business other than the businesses engaged in on the Effective Date and businesses reasonably related thereto;

(k) change its name, type of organization, jurisdiction of organization, organizational identification number or location from those as of the Effective Date without first giving at least 10 days' prior written notice to the Designated Agent and taking all action reasonably required by the Designated Agent for the purpose of perfecting or protecting the security interest granted by this Agreement; or

(l) sell, transfer or otherwise dispose of any capital stock of any direct or indirect Subsidiary (or cause or permit any direct or indirect Subsidiary to sell, transfer or otherwise dispose of any capital stock of any direct or indirect Subsidiary), or cause or permit any direct or indirect Subsidiary to sell, lease, transfer, or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such Subsidiary to a non-Affiliate.

8.3 Use of Proceeds. The Company shall use the proceeds of the Note Purchase to fund working capital requirements of the Company and for other general corporate purposes. No proceeds will be used to repay any existing indebtedness for borrowed money, in each case, without the prior written consent of Requisite Purchasers. No proceeds will be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities or for any other purpose not permitted by Regulations T, U or X of the Board of Governors of the Federal Reserve System.

9. DEFAULT.

9.1 For purposes of this Agreement, the term "Event of Default" shall mean any of the following:

(a) any Loan Party shall fail to pay any (i) principal of or interest on any Note when the same shall be due and payable, or (ii) any other amounts payable hereunder or under any other Note Document within three business days of the same becoming due and payable;

(b) the Company fails to comply with its obligation to convert the Notes as described in this Agreement, and such default continues for a period of three business days;

(c) (i) any Loan Party shall default under any agreement under which any Indebtedness in an aggregate principal amount then outstanding of $50,000 or more is created in a manner entitling the holder of such Indebtedness or a trustee to accelerate the maturity of such Indebtedness or (ii) any Loan Party shall fail to make any payment when due (after any applicable notice or grace period) under any Indebtedness in an aggregate principal amount then outstanding of $50,000 or more;

(d) any representation or warranty made by any Loan Party under or in connection with this Agreement shall prove to have been incorrect in any material respect when made;

(e) any Loan Party shall fail to perform or observe any term, covenant or agreement contained in this Agreement, any Note, any Intellectual Property Security Agreement or any other Note Document and, in the case of the covenants and agreements set forth in Sections 4.9, 4.10, 4.11 or 8.1(b)(i), (c) or (d), such failure to perform continues for a period of 15 business days after the earlier of (i) any Loan Party obtaining knowledge thereof or (ii) receipt by the Company of written notice thereof from the Designated Agent or any Purchaser;

(f) the filing of a petition in bankruptcy or under any similar insolvency law by any Loan Party, the making of an assignment for the benefit of creditors, or if any involuntary petition in bankruptcy or under any similar insolvency law is filed against any Loan Party and such petition is not dismissed within sixty (60) days after the filing thereof; or

(g) (i) any material provision of any Note Document, at any time after its execution and delivery and for any reason other than satisfaction in full of all the Secured Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of any material provision of any Note Document; or any Loan Party denies that it has any or further liability or obligation under any Note Document or purports to revoke, terminate or rescind any material provision of any Note Document; or (ii) any Collateral Document after delivery thereof shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected first priority Lien on any portion of the Collateral purported to be covered thereby.

9.2 After the occurrence and during the continuance of an Event of Default, the Designated Agent may, at its option, and at the direction of the Requisite Purchasers shall, accelerate repayment of the Outstanding Balance payable (but if an Event of Default described in Section 9.2(f) occurs, the Outstanding Balance is immediately due and payable without any action by the Designated Agent) in which case the Outstanding Balance and all accrued and unpaid interest thereon and all other amounts due hereunder and under the other Note Documents shall be due and payable immediately. After the occurrence and during the continuance of any Event of Default, the Designated Agent, on behalf of the Purchasers, may, without notice or demand do any or all of the following: (a) settle or adjust disputes and claims directly with account debtors for amounts, on terms and in any order that Designated Agent considers advisable; (b) notify account debtors that payments are to be made directly and exclusively to the Designated Agent; (c) make any payments and do any acts it considers necessary or reasonable to protect its security interest in the Collateral (and the Company will reasonably cooperate with the Designated Agent accordingly); (d) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale and sell or otherwise dispose the Collateral; (e) deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any control agreement or similar agreements providing control of any Collateral; (f) exercise any other rights and remedies permitted by the UCC or other applicable law. All of the Designated Agent's rights and remedies under this Agreement or any other agreement between Purchasers and the Company are cumulative. The Company waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by the Designated Agent on which the Company is liable.

10. CONDITIONS PRECEDENT. This Agreement shall become effective and binding upon the parties hereto only on the Effective Date if the following conditions precedent have been satisfied:

(a) The Purchasers shall have received (i) a counterpart of this Agreement signed on behalf of each party hereto, (ii) a Note payable to each Purchaser signed by the Company, and (iii) an Intellectual Property Security Agreement signed by each Loan Party that owns Intellectual Property Collateral, in each case, in form and substance satisfactory to the Purchasers;

(b) The Purchasers shall have received Class B Share Warrants, duly authorized, executed and delivered by the Company, exercisable for an aggregate amount of 500,000 of the Class B Shares;

(c) The Purchasers shall have received proper financing statements in form appropriate for filing under the UCC of all jurisdictions that the Designated Agent may deem reasonably necessary in order to perfect and protect the first priority liens and security interests created hereunder covering the Collateral described herein;

(d) The Purchasers shall have received certified copies of the resolutions of the Board of Directors of the Company approving this Agreement, the transactions contemplated hereby and each Note Document to which it is or is to be a party;

(e) The Purchasers shall have received results of a recent lien search with respect to the Loan Parties, and such search report shall reveal no liens on any of the Collateral other than Permitted Liens;

(f) The Company shall have paid or caused to be paid by means of a deduction from the Note Purchase Amount such reasonably incurred fees and expenses of the Purchasers in connection with the negotiation and preparation of the Note Documents, including the reasonable and documented fees and expenses of counsel to the Purchasers, up to a maximum of $100,000;

(g) The Company shall have filed an amendment to the Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware;

(h) The Purchasers shall have received the documents specified on the Closing Checklist attached hereto as Exhibit E and such other documents as any Purchaser shall have reasonably requested in connection with this Agreement and the other Note Documents; and

(i) The Company shall have received, by payment of wire transfer of readily available funds to the account designated by the Company, the Note Purchase Amount less any deduction made in accordance with Section 10(f).

11. GUARANTEES.

11.1 Guarantees.

(a) Each Guarantor hereby jointly and severally, irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, to each Purchaser and its successors and assigns the full and punctual payment when due and full and punctual performance within applicable grace periods of all Secured Obligations (all the foregoing being hereinafter collectively called the "Guaranteed Obligations"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from each such Guarantor, and that each such Guarantor shall remain bound under this Article 11 notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any Default under this Agreement or the Notes or the Guaranteed Obligations. The obligations of each Guarantor hereunder shall not be affected by (i) the failure of any Purchaser or the Designated Agent to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Agreement, the Note Documents or

any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement, the Notes or any other agreement; (iv) the release of any security held by any Purchaser or the Designated Agent for the Guaranteed Obligations or any of them; (v) the failure of any Purchaser or the Designated Agent to exercise any right or remedy against any other guarantor of the Guaranteed Obligations; or (vi) any change in the ownership of such Guarantor.

(c) Each Guarantor further agrees that its guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Purchaser or the Designated Agent to any security held for payment of the Guaranteed Obligations.

(d) Except as expressly set forth in this Article 11, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise (other than the defense of payment in full of the Secured Obligations). Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Purchaser or the Designated Agent to assert any claim or demand or to enforce any remedy under this Agreement, the Note Documents or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of any Guarantor as a matter of law or equity.

(e) Except as otherwise provided herein, each Guarantor agrees that its guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Guarantor further agrees that its guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Purchaser or the Designated Agent upon the bankruptcy or reorganization of the Company or otherwise.

(f) In furtherance of the foregoing and not in limitation of any other right which any Purchaser or the Designated Agent has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Guarantor hereby promises to and shall, upon receipt of written demand by the Designated Agent, forthwith pay, or cause to be paid, in cash, to the Purchasers or the Designated Agent an amount equal to the sum of (i) the unpaid principal amount of such Guaranteed Obligations, (ii) accrued and unpaid interest on such Guaranteed Obligations required under the Note Documents (but only to the extent not prohibited by law) and (iii) all other monetary obligations of the Company to the Purchasers and the Designated Agent required under the Note Documents.

(g) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Purchasers in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. Each Guarantor further agrees that, as between it, on the one hand, and the Purchasers and the Designated Agent, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 9 for the purposes of any guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 9 of this Agreement, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Section 11.1.

(h) Each Guarantor also agrees to pay any and all costs and expenses (including reasonable attorney's fees and expenses) incurred by the Designated Agent or any Purchaser in enforcing any rights under this Section 11.1.

(i) Upon request of the Designated Agent, each Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Agreement.

11.2 Limitation on Liability. Any term or provision of this Agreement to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Agreement, as it relates to such Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

12. MISCELLANEOUS.

12.1 Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed in all respects by and construed in accordance with the laws of the State of New York without regard to provisions regarding choice of laws. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each of the Company, the Designated Agent and the Purchasers irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Note Documents or the actions of the Designated Agent or any Purchaser in the negotiation, administration, performance or enforcement thereof.

12.2 Successors and Assigns.

(a) Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto. Without the prior written consent of the Requisite Purchasers, the Company may not assign any of its rights or obligations under this Agreement, any Note, any Intellectual Property Security Agreement or any other Note Document, and any such purported assignment shall be void. Each Purchaser, so long as no Event of Default has occurred and is continuing, with the consent of the Company (not to be unreasonably withheld), may assign or grant a participation in its Note or its rights and obligations hereunder or under any Note; provided, that (i) no such consent shall be required in connection with any assignment to another Purchaser, an Affiliate of a Purchaser or any shareholder of Holdings, (ii) with respect to any assignment, Purchaser or any registered assign, as applicable, shall provide to the Company the relevant documentation effecting the assignment and, for the avoidance of doubt, no such assignment shall be effective until recorded in the Register in accordance with Section 12.2(b) and (iii) with respect to any grant of a participation, the Purchaser or registered assign that grants such participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of the participant and the principal amounts (and stated interest) of the participant's interest in the Note.

(b) The Company shall maintain a copy of the assignment documentation provided to it by any Purchaser (or any registered assign) and a register for the recordation of the names and addresses of the Purchasers, and the principal amounts (and stated interest) of each Note owing to each Purchaser (or any registered assign) pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Company and each Purchaser (and registered assign) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Purchaser hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Purchaser (or registered assign) at any reasonable time and from time to time upon reasonable prior notice).

12.3 Entire Agreement. This Agreement, the Notes, the Collateral Documents, the other Note Documents and the Exhibits and Schedules hereto and thereto (all of which are hereby expressly incorporated herein by this reference) constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

12.4 Notices. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service, by e-mail or by facsimile) to the address, e-mail address or facsimile telephone number set forth beneath the name of such party on its signature page to this Agreement (or to such other address, e-mail address or facsimile telephone number as such party will have specified in a written notice given to the other parties hereto).

12.5 Amendments and Termination. Any term of this Agreement and any other Note Document may be amended only with the written consent of the Company, the Designated Agent and the Requisite Purchasers. However, no amendment may, without the consent of all affected Purchasers (a) reduce the percentage of Purchasers required to take or approve any action hereunder or thereunder; (b) reduce the amount or change the time of payment of any amount owing or payable with respect to any Note or change the rate of interest or the manner of calculation of interest payable with respect to any Note; (c) release the securities interest granted in respect of all or substantially all of the Collateral for the Notes, or modify the manner of payment or the order of priorities in which payments or distributions hereunder will be made as between the Purchasers and the Company or as among the Purchasers; (d) alter or modify in any respect, or waive, the provisions with respect to the conversion or redemption of the Notes; or (e) consent to any assignment of the Company's rights under the Note Documents. The Collateral Documents shall terminate automatically upon the conversion of the Notes in full pursuant to the terms hereof or when the Secured Obligations (other than contingent indemnification obligations for which no claim has been asserted) have been paid in full.

12.6 Titles and Subtitles. The titles of the sections and clauses of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

12.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Delivery by telecopier or e-mail of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

12.8 Severability. Should any provision of this Agreement be determined to be illegal or unenforceable, such determination shall not affect the remaining provisions of this Agreement.

12.9 Expenses. The Company agrees to reimburse the Designated Agent on demand for the reasonable costs and expenses of one counsel for the Designated Agent actually incurred in connection with the preparation, execution, delivery, administration, modification and amendment of, or any consent or waiver under, the Note Documents; provided, that the Company's obligation to pay costs and expenses of the Designated Agent (including, without limitation, the reasonable costs and expenses of counsel thereof) in connection with the preparation, execution and delivery of this Agreement, the Notes and the other Note Documents on or prior to the date hereof shall be subject to the limit set forth in Section 10(f); and (ii) all costs and expenses of the Designated Agent and each Purchaser in connection with the enforcement of the Note Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including the reasonable fees and expenses of counsel for the Designated Agent and each Purchaser with respect thereto).

12.10 Agent. Each of the Purchasers hereby irrevocably appoints the Designated Agent as its agent, and the Designated Agent accepts such appointment, and each of the Purchasers authorizes the Designated Agent to take such actions on its behalf and to exercise such powers as are delegated to the Designated Agent by the terms of the Note Documents,

together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Designated Agent is hereby expressly authorized to execute any and all documents (including releases) with respect to the Collateral and the rights of the Purchasers with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Note Documents. Without limiting the generality of the foregoing, the Designated Agent shall have the sole and exclusive right and authority (to the exclusion of the Purchasers), and is hereby authorized by the Purchasers as provided in this Agreement and the other Note Documents or as directed in writing by the Requisite Purchasers, to take and exercise all actions in connection with the Collateral and any other exercise of remedies hereunder or thereunder. None of the Designated Agent or any of its directors, officers, employees or agents shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Note Document or the transactions contemplated hereby (except to the extent resulting from its own gross negligence or willful misconduct as determined in a final non-appealable judgment by a court of competent jurisdiction), or (b) be responsible in any manner to any Purchaser for any recital, statement, representation or warranty made by any Loan Party or Affiliate of any Loan Party, or any officer thereof, contained in this Agreement or in any other Note Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Designated Agent under or in connection with, this Agreement or any other Note Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Note Document (or the creation, perfection or priority of any Lien or security interest therein), or for any failure of any Loan Party or any other party to any Note Document to perform its obligations hereunder or thereunder. The Designated Agent shall not be under any obligation to the Purchasers to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Note Document, or to inspect the properties, books or records of any Loan Party or Affiliate of any Loan Party.

12.11 Allocation of Payments. The Purchasers acknowledge that the Notes are *pari passu* obligations against each of the other Notes. Each payment of interest or principal on the Notes shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid balances of principal outstanding thereunder. If any Purchaser shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest under any of his, her or its Notes or other obligations hereunder in an amount in excess of his, her or its pro rata share thereof as provided herein, then such Purchaser shall forthwith pay such excess to the Designated Agent which amount the Designated Agent shall thereupon pay to the Purchasers on a pro rata basis.

12.12 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Note Document, the interest paid or agreed to be paid under the Note Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If any Purchaser shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Notes or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Purchasers exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the obligations hereunder.

12.13 Certain Tax Matters. Any and all payments by or on account of any obligation of the Company under the Notes or this Agreement shall be made without deduction or withholding for any taxes, levies, imposts, duties, deductions, withholdings or assessments, fees or other charges imposed by any governmental authority, including any interest, additions to tax or penalties applicable thereto ("Taxes"), except as required by applicable law. If the Company is required by applicable law to withhold or deduct any Taxes from any such payment, then the Company shall withhold or deduct such Taxes, the Company shall timely pay the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law, and the sum payable by the applicable Loan Party shall be increased as necessary so that after deduction or withholding has been made for any such Tax (other than any such Tax that is an income Tax), including such deductions or withholdings applicable to additional sums payable under this Section 12.13, the applicable recipient receive an amount equal to the sum it would have received had no such deduction or withholding been made. Notwithstanding the foregoing, the increase of the sum payable described in the immediately preceding sentence shall not be required with respect to payments by or on account of any obligation of the Company under the Notes or this Agreement for Taxes withheld or deducted from such payments (A) to the extent such Taxes result from the failure of the applicable recipient to provide to the Company (i) a valid properly executed IRS Form W-9 (if such recipient is a U.S. person for U.S. federal income tax purposes) or (ii) a valid properly executed appropriate IRS Form W-8 (if such recipient is not a U.S. person for U.S. federal income tax purposes) establishing a complete exemption from U.S. federal tax withholding to the extent it is legally entitled to do so or (B) in the case of a Purchaser (or registered assign) that is not a U.S. person for U.S. federal income tax purposes, to the extent such Taxes are U.S. federal withholding Taxes imposed on amounts payable to or for the account of such person with respect to an applicable interest in a Note pursuant to a law in effect on the date on which (i) such person acquires such interest in the Note or (ii) such person changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such person's assignor immediately before such person became a party hereto or to such person immediately before it changed its lending office. The Company agrees to pay any and all stamp, court or documentary, intangible, recording, filing or similar Taxes that arise in respect of this Agreement or the Note.

12.14 **ORIGINAL ISSUE DISCOUNT LEGEND**. THE NOTES HAVE BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE NOTES MAY BE OBTAINED BY WRITING TO THE DESIGNATED AGENT AT ITS ADDRESS AS SPECIFIED IN SECTION 12.4 OF THIS AGREEMENT.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase and Security Agreement to be effective as of the date first above written.

KODIAK SCIENCES INC.

By: /s/ Victor Perlroth, M.D.
Name: Victor Perlroth, M.D.
Title: Chairman and CEO

Address: 2361 Hanover Street
Palo Alto California 94304

KODIAK SCIENCES FINANCING CORPORATION

By: /s/ Victor Perlroth, M.D.
Name: Victor Perlroth, M.D.
Title: Authorized Signatory

Address: 2361 Hanover Street
Palo Alto California 94304

BAKER BROS. ADVISORS LP,
as the Designated Agent

By: /s/ Scott Lessing
Scott Lessing
President

Address Before November 1, 2017:
667 Madison Avenue, 21st Floor
New York, NY 10065
Attn: Scott Lessing

Address as of November 1, 2017:
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

667, L.P.,
as a Purchaser

By: BAKER BROS. ADVISORS LP,
management company and investment adviser to **667, L.P.,** pursuant to authority granted to it by Baker Biotech Capital, L.P., general partner to 667, L.P., and not as the general partner.

By: /s/ Scott Lessing
Scott Lessing
President

Address before November 1, 2017:
c/o Baker Bros. Advisors LP
667 Madison Avenue, 21st Floor
New York, NY 10065
Attn: Scott Lessing

Address as of November 1, 2017:
c/o Baker Bros. Advisors LP
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

BAKER BROTHERS LIFE SCIENCES, L.P.,
as a Purchaser

By: BAKER BROS. ADVISORS LP,
management company and investment adviser to **Baker Brothers Life Sciences, LP.,** pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P., general partner to Baker Brothers Life Sciences, L.P., and not as the general partner.

By: /s/ Scott Lessing
Scott Lessing
President

Address before November 1, 2017:
c/o Baker Bros. Advisors LP
667 Madison Avenue, 21st Floor
New York, NY 10065
Attn: Scott Lessing

Address as of November 1, 2017:
c/o Baker Bros. Advisors LP
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

DUSTIN A. MOSKOVITZ TRUST,
as a Purchaser

By: /s/ Dustin A. Moskovitz
Name: Dustin A. Moskovitz
Title: Trustee

Address: 394 Pacific Ave, 2nd Floor
San Francisco, CA 94111

MACRO CONTINENTAL, INC.,
as a Purchaser

By: /s/ Carlos A. Gonzalez May
Name: Carlos A. Gonzalez May
Title: Director

Address: c/o Rivas Capital LLC
222 Third St., Ste 3211
Cambridge, MA 02142

[Signature Page to Convertible Note Purchase and Security Agreement]

SIGMA EMERGING MARKETS LTD.,
as a Purchaser

By: /s/ Rafael Urquia II
Name: Rafael Urquia II
Title: Secretary

Address: OMC Chambers, Wickhams Cay 1
Road Town, Tortola
British Virgin Islands
Attn.: Mr. Jaime J. Montealegre

[Signature Page to Convertible Note Purchase and Security Agreement]

SCHEDULE 6.3

Subsidiaries

Kodiak Sciences Financing Corporation
Kodiak Sciences GmbH

Exhibit 4.4

FORM FOR DISTRIBUTION TO PURCHASERS

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO BAKER BROS. ADVISORS LP AT ITS ADDRESS AS SPECIFIED IN SECTION 12.4 OF THE NOTE PURCHASE AGREEMENT.

CONVERTIBLE NOTE

$[ ] New York, New York
No. [ ] [ ]

FOR VALUE RECEIVED, the undersigned, KODIAK SCIENCES INC., a Delaware corporation (the "**Company**"), hereby unconditionally promises to pay to [ ] or its registered assigns (the "**Purchaser**") at the address specified in the Note Purchase Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, the principal sum of DOLLARS AND ZERO CENTS ($ .00), together with interest as set forth in the Note Purchase Agreement until the date on which the principal amount is paid in full, converted in whole or cancelled in accordance with the terms of the Note Purchase Agreement. Amounts evidenced hereby shall be paid in the amounts and on the dates specified in Section 3 of the Note Purchase Agreement.

This Note (a) is one of the Notes referred to in the Convertible Note Purchase and Security Agreement (the "**Note Purchase Agreement")** dated as of August [ ], 2017 by and among the Company, the Guarantors from time to time party hereto, the purchasers from time to time party hereto and Baker Bros. Advisors LP, as a agent and as collateral agent for the purchasers and (b) is subject to the provisions of the Note Purchase Agreement. This Note is convertible as provided in the Note Purchase Agreement. This Note is secured and guaranteed as provided in the Note Purchase Agreement and the Note Documents. Reference is hereby made to the Note Purchase Agreement and the Note Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security and the guarantees, the terms and conditions upon which the security interests and each guarantee were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence and during the continuance of any one or more of the Events of Default, all obligations under the Note Purchase Agreement, as evidenced by this Note, shall become, or may be declared to be, immediately due and payable, all as provided in the Note Purchase Agreement.

All parties now and hereafter liable with respect to this Note, whether as maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Note Purchase Agreement and used herein shall have the meanings given to them in the Note Purchase Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE NOTE PURCHASE AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE NOTE PURCHASE AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Company has caused this Note to be executed as of the date first above written.

KODIAK SCIENCES INC.,
a Delaware corporation

By: _____
Name: Victor Perlroth, M.D.
Title: Chairman and CEO

[SIGNATURE PAGE TO CONVERTIBLE NOTE]

Exhibit A

CONVERSION NOTICE

To convert this Note in accordance with the conversion provisions of the Note Purchase Agreement, check the applicable box:

☐ Section 5.1

☐ Section 5.4

☐ Section 5.5

To convert only part of this Note, state the principal amount to be converted:

$_____

If you want the stock certificate representing the Equity Interests issuable upon conversion made out in another person's name, fill in the form below:

_____

(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

(Print or type other person's name, address and zip code)

Date:_____ Signature(s):_____

_____

(Sign exactly as your name(s) appear(s) on the other side of this Note)

Exhibit 4.5

FORM FOR DISTRIBUTION TO PURCHASERS

Issue Date: August **[•],** 2017
Warrant No. **[•]** «B Warrant»

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACT AND QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS, UNLESS THE CORPORATION HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION OR QUALIFICATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

KODIAK SCIENCES INC.

WARRANT TO PURCHASE STOCK

THIS CERTIFIES that [•] (the "Holder") is entitled, upon the terms and subject to the conditions hereinafter set forth, at any time on or prior to the Maturity Date, but not thereafter, to subscribe for and purchase from Kodiak Sciences Inc., a Delaware corporation (the "Company"), a number of Shares (as defined below) at an exercise price of $0.01 per Share (as may be adjusted pursuant to the terms of this Warrant, the "Exercise Price"). This Warrant is one of the "Warrants" issued pursuant to that certain Convertible Note Purchase and Security Agreement by and among the Company and the Purchasers described therein, dated as of August [ ], 2017 as may from time to time hereafter be amended, modified or supplemented (the "Purchase Agreement").

The following is a statement of the rights of the Holder of this Warrant and the conditions to which this Warrant is subject, and to which the Holder, by the acceptance of this Warrant, agrees:

1. Certain Definitions.

(a) "Affiliate" means, with respect to any specified individual or entity, any other individual or entity who or that, directly or indirectly, controls, is controlled by, or is under common control with such specified individual or entity, including without limitation any partner, officer, director, manager or employee of such entity and any venture capital fund now or hereafter existing that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, such individual or entity.

(b) "Change of Control Event" shall mean the occurrence of any of the following events, unless the Majority Holders elect otherwise by written notice sent to the Company at least five (5) days prior to the effective date of any such event: means the occurrence of any of the following events: (i) a merger or consolidation of the Company by means of a single transaction or in a series of related transactions with or into any other Person or Persons in which the stockholders of the Company as of immediately prior to such merger or consolidation do not continue to hold at least 50% of the voting power of the capital stock of the Company or the surviving or acquiring entity or its parent as a result of their holdings immediately following such merger or consolidation; (ii) the sale, lease, exclusive license or other disposition, in a single transaction or in a series of

related transactions, of all or substantially all of the assets of the Company; or (iii) a purchase, tender or exchange offer accepted by the holders of a majority of the outstanding voting shares of capital stock of the Company, directly or indirectly, in one or more related transactions; (iv) the Company has elected to reorganize, recapitalize or reclassify its capital stock (other than to change domicile); (v) any transaction or series of related transactions in which any stockholder acquires Beneficial Ownership (as defined under the Securities Exchange Act of 1934) at least 50% of the voting power of the capital stock of the Company; and (vi) any other like transaction or series of related transactions immediately following which the stockholders of the Company as of immediately prior to such transaction or series of related transactions do not own at least a 50% interest of the surviving entity or its parent as a result of their holdings immediately following such merger or consolidation.

(c) "Common Stock" shall mean the Company's common stock, par value $0.0001 per share.

(d) "IPO" shall mean the Company's initial public offering of its Common Stock pursuant to a registration statement under the Securities Act of 1933, as amended.

(e) "Majority Holders" shall mean the holders of at least 75% of the Shares issued upon exercise of outstanding Warrants (assuming full exercise of all such outstanding Warrants).

(f) "Maturity Date" shall be the earlier to occur of (i) August [ ], 2022; (ii) immediately prior to a Change of Control Event.

(g) "Series B Preferred Stock" shall mean the Company's Series B Preferred Stock, par value $0.0001 per share.

(h) "Shares" shall mean the number of shares of Series B Preferred Stock obtained by dividing (x) [•][1] by (y) $5.00.

2. Exercise of Warrant.

(a) The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, at any time after the date hereof and before the close of business (or in the case of a Change of Control Event, prior to the consummation thereof) on the Maturity Date, by the surrender of this Warrant and the Notice of Exercise annexed hereto duly executed at the Company's principal executive office (or such other office or agency of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), and upon payment of the aggregate Exercise Price of the Shares thereby purchased (by cash or by check, bank draft payable to the order of the Company or pursuant to Section 2(b)); whereupon the Holder shall be entitled to receive a certificate for the number of Shares so purchased. The Company agrees that if at the time of the surrender of this Warrant and purchase of the Shares, the Holder shall be entitled to exercise this Warrant, the Shares so purchased shall be and be deemed to be issued to the Holder as the record owner of such Shares as of the close of business on the date on which this Warrant shall have been exercised as aforesaid.

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1 Note to Draft: To be 25% of principal amount of associated Note.

(b) In lieu of exercising this Warrant by payment of cash or check pursuant to Section 2 above, the Holder may elect to receive Shares equal to the value of this Warrant (or the portion thereof being exercised), at any time after the date hereof and before the close of business on the Expiration Date, by surrender of this Warrant at the principal executive office of the Company, together with the Notice of Conversion annexed hereto, in which event the Company will issue to the Holder, Shares in accordance with the following formula:

$$X = \frac{Y(A-B)}{A}$$

Where, X = The number of Shares to be issued to Holder;

Y = The number of Shares for which the Warrant is being exercised;

A = The fair market value of one Share (at the date of such calculation); and

B = The Exercise Price (as adjusted to the date of such calculation).

(i) For purposes of this subsection (b), the fair market value of a Share is defined as follows:

(1) if the exercise is in connection with the Company's IPO, and if the Company's registration statement relating to such IPO has been declared effective by the Securities and Exchange Commission, then the fair market value shall be the initial "Price to Public" specified in the final prospectus with respect to the IPO;

(2) if the exercise is in connection with a Change of Control Event, then the fair market value shall be the value received in such Change of Control by the holders of the securities as to which purchase rights under this Warrant exist;

(3) if the exercise occurs after, and not in connection with the Company's IPO, and:

a) if the securities as to which purchase rights under this Warrant exist are traded on a national securities exchange, the value shall be deemed to be the closing price on such exchange (or if the securities are traded on more than one securities exchange, on the New York Stock Exchange or The Nasdaq Stock Market, as the case may be) on the day three (3) days prior to the date of the Notice of Conversion; or

b) if the securities as to which purchase rights under this Warrant exist are actively traded over-the-counter, the value shall be deemed to be the closing bid price on the day three (3) days prior to the date of the Notice of Conversion;

(4) if there is no active public market for the securities as to which purchase rights under this Warrant exist, and the exercise is not subject to clause (1) or (2) above, the value shall be the fair market value thereof, as determined in good faith by the Company's Board of Directors.

3. Exercise upon Change of Control Event. Notwithstanding anything else to the contrary contained herein, if the Holder has not exercised this Warrant prior to the closing of a Change of Control Event, the Holder may, at its election by written notice to the Company (an "Election Notice"), either: (a) give notice of its intent to exercise this Warrant in advance of such Change of Control Event (and may condition such exercise on the consummation of such Change of Control) by returning the Exercise Notice attached hereto duly executed by or on behalf of such Holder; or (b) in lieu of exercising this Warrant in advance of such Change of Control Event and receiving the consideration which the holder of the Shares issuable on such conversion of this Warrant would receive in connection with such Change of Control (the "Event Consideration"), surrender this Warrant for cancellation and to receive, in redemption of and in exchange for this Warrant, an amount equal to the difference between (i) the Event Consideration with respect to the Shares for which this Warrant is exercisable immediately prior to the consummation of such Change of Control Event, minus (ii) the aggregate Exercise Price of the Shares for which this Warrant was exercisable immediately prior to the consummation of such Change of Control Event (the "Net Warrant Event Consideration"). If, in connection with such Change of Control Event, the price per share paid for shares of the Company's capital stock of the same class and series as the Shares is greater than the Exercise Price in effect at the time immediately preceding the consummation of such Change of Control Event (as determined in good faith by the Company), such consideration is in the form of all cash and/or marketable securities and the Holder has not, prior to the time immediately preceding the consummation of such Change of Control Event, provided an Election Notice, then (x) the Holder shall be deemed to have elected to surrender this Warrant for cancellation and to receive, in redemption of and in exchange for this Warrant, an amount equal to the Net Warrant Event Consideration, and (y) this Warrant shall be terminated and of no further force after the consummation of the Change of Control Event other than as evidence of the Holder's right to receive the Net Warrant Event Consideration.

4. Conversion of Preferred Stock. Notwithstanding anything else to the contrary contained herein, if the Warrant is exercisable for Preferred Stock and all outstanding shares of the series of Preferred Stock for which this Warrant is exercisable for are converted to shares of Common Stock or any other security, in accordance with the terms of the Certificate of Incorporation, in connection with the Company's IPO or otherwise, then thereafter (a) this Warrant shall become exercisable for such number of shares of Common Stock or such other security as is equal to the number of shares of Common Stock or such other security that each Share was converted into, multiplied by the number of Shares subject to this Warrant immediately prior to such conversion, and (b) the Exercise Price shall automatically be adjusted to equal to the number obtained by dividing (i) the aggregate Exercise Price for which this Warrant was exercisable immediately prior to such conversion by (ii) the number of shares of Common Stock or such other security for which this Warrant is exercisable immediately after such conversion, all as may be further adjusted pursuant to the provisions of this Section 4, as applicable. The foregoing provisions shall similarly apply to successive conversions of the nature contemplated by this Section 4.

5. Shares Issued on Exercise. The Company covenants and agrees (i) that at all times there shall be reserved for issuance and delivery upon exercise of this Warrant all Shares or other shares of capital stock from time to time issuable upon exercise of this Warrant, and (ii) that all Shares that may be issued upon the exercise of the rights represented by this Warrant will, upon issuance in accordance with the terms hereof, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. Certificates for Shares purchased hereunder shall be delivered to the Holder promptly after the date on which this Warrant is exercised.

6. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon the exercise of this Warrant, an amount equal to such fraction multiplied by $5.00 shall be paid in cash to the Holder.

7. Charges, Taxes and Expenses. Issuance of certificates for Shares upon the exercise of this Warrant shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder; provided, however, that in no event shall the Company be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of any certificate in a name other than that of the Holder, and the Company shall not be required to issue or deliver any such certificate unless and until the person or persons requesting the issue thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid or is not payable.

8. No Rights as Stockholder. This Warrant does not entitle the Holder to any voting rights or other rights as a stockholder of the Company prior to the exercise hereof.

9. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday, a Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday, Sunday or legal holiday.

10. Adjustments. The Exercise Price and the number of Shares purchasable hereunder are subject to adjustment from time to time as set forth in this Section 10.

(a) Reclassification, etc. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities or any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 10. In any such case, appropriate provisions shall be made with respect to the rights and interest of the Holder so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities or property deliverable upon exercise hereof.

(b) Subdivision or Combination of Shares. In the event that the Company shall at any time subdivide the outstanding securities as to which purchase rights under this Warrant exist, or shall issue a stock dividend on the securities as to which purchase rights under this Warrant exist, the number of securities as to which purchase rights under this Warrant exist immediately prior to such subdivision or to the issuance of such stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Company shall at any time combine the outstanding securities as to which purchase rights under this Warrant exist, the number of securities as to which purchase rights under this Warrant exist immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

(c) Adjustment for Capital Reorganization, Merger or Consolidation. If at any time while this Warrant, or any portion hereof, remains outstanding and unexpired there shall be a reorganization (other than a combination, reclassification or subdivision of shares as otherwise provided for herein) involving the Company that is not a Change of Control Event (a "Reorganization Event"), then this Warrant shall cease to represent the right to receive any of the securities as to which purchase rights under this Warrant exist and shall automatically represent the right to receive upon the exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price then in effect, the number of shares of stock or other securities or property offered to the Company's holders of securities as to which purchase rights under this Warrant exist in connection with such Reorganization Event that a holder of such securities deliverable upon exercise of this Warrant would have been entitled to receive in such Reorganization Event if this Warrant had been exercised immediately before such Reorganization Event, subject to further adjustment as provided in this Section 10. The foregoing provisions of this Section 10(c) shall similarly apply to successive reorganizations, consolidations, mergers, sales, and transfers and, to the extent that this Warrant is assigned to or assumed by any successor corporation or entity, whether by operation of law or otherwise, to the stock or securities of any other corporation that are at the time receivable upon the exercise of this Warrant. If the per-share consideration payable to the Holder for Shares in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith by the Company's Board of Directors. In all events, appropriate adjustment (as determined in good faith by the Company's Board of Directors) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, to any shares or other property deliverable after that event upon exercise of this Warrant.

(d) Successive Transactions. The foregoing provisions of this Section 10 shall similarly apply to each successive reclassification, capital reorganization and change of Shares or other securities.

11. Notices. In the event (i) the Company shall take a record of the holders of the securities at the time receivable upon the exercise of this Warrant for the purpose of entitling them to receive any dividend or other distribution, or any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right, (ii) of any capital reorganization of the Company, (iii) of any reclassification of the capital stock of the Company, (iv)

of any Change of Control Event or (v) of any voluntary dissolution, liquidation or winding-up of the Company, then, and in each such case, the Company will mail or cause to be mailed to the Holder a notice specifying, as the case may be, (A) the date on which a record is to be taken for the purpose of such dividend, distribution or right, and stating the amount and character of such dividend, distribution or right, or (B) the date on which such reorganization, reclassification, Change of Control Event, dissolution, liquidation or winding-up is expected to take place, and the time, if any is to be fixed, as of which the holders of the securities at the time receivable upon the exercise of this Warrant shall be entitled to exchange such securities for the securities or other property deliverable upon such reorganization, reclassification, Change of Control Event, dissolution, liquidation or winding-up. Such notice shall be mailed or otherwise given at least ten (10) days prior to the date therein specified.

12. Miscellaneous.

(a) Restrictions on Transfer. This Warrant and all rights hereunder shall not be assignable, conveyable or transferable, without the prior written consent of the Company, except to an Affiliate of the Holder, provided that such assignment shall be contingent upon the assignee providing a written instrument to the Company notifying the Company of such assignment and agreeing in writing to be bound by the terms of this Agreement. Except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assigns of the parties hereto.

(b) Amendment and Waivers. No amendment or waiver of any provision of this Warrant, nor consent to any departure by the Company herefrom, shall in any event be effective unless the same shall be in writing and signed by the Company and the Holder and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Any such amendment or waiver in accordance with this paragraph shall be binding upon future holder of all such Warrant or Shares.

(c) Loss, Theft, Destruction or Mutilation of Warrant. On receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor and amount.

(d) Notices. Any notice, request or other communication required or permitted hereunder shall be given in accordance with Section 12.4 of the Purchase Agreement.

(e) Successors and Assigns. Subject to Section 12(a), the rights and obligations of the Company and the Holder of this Warrant shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

(f) Entire Agreement. This Warrant and the Purchase Agreement and the exhibits and schedules hereto and thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

(g) Governing Law. This Warrant shall be governed in all respects by the laws of the State of Delaware without regard to its principles of conflicts of law. Each Holder hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction and venue of the Delaware Court of Chancery for any litigation arising out of or relating to this Warrant and the transactions contemplated hereby (and agrees not to commence any litigation relating thereto except in such court), and agrees that process may be served upon them in any manner authorized by the laws of the State of Delaware for such persons and waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process. **EACH OF THE COMPANY AND THE HOLDER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS WARRANT OR THE TRANSACTIONS CONTEMPLATED HEREBY**.

(h) Allocation. The Company agrees that the allocation of any amount (including zero) to the Warrant for purposes of Treasury Regulation section 1.1273-2(h) and other Tax purposes shall be subject to the approval of the Holder, not to be unreasonably withheld.

(i) Dispute Resolution. In the case of a dispute as to the determination of any calculation pursuant to this Warrant, the disputing party shall submit the disputed determinations or arithmetic calculations to the other party. If the Holder and the Company are unable to agree upon such determination within ten (10) business days of such disputed determination or arithmetic calculation being submitted to the non-disputing party, then the Company shall, within five (5) business days submit the dispute to an independent, reputable accountant. The Company shall cause, at the expense of the non-prevailing party, the accountant to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten (10) business days from the time it receives the disputed determinations or calculations. Such accountant's determination or calculation shall be binding upon all parties absent demonstrable error.

(j) Remedies. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officers thereunto duly authorized.

KODIAK SCIENCES INC.

By: _____

Name: Victor Perlroth, M.D.
Title: Chairman and CEO

IN WITNESS WHEREOF, the undersigned has executed this Warrant effective as of the date first written above.

HOLDER:

_____

By: _____

Name: _____

Title: _____

Address:

NOTICE OF EXERCISE

TO: Kodiak Sciences Inc.
2631 Hanover Street
Palo Alto, California 94304
Attention: Secretary

1. The undersigned hereby elects to purchase _____ shares (the "Shares") of _____ Stock of Kodiak Sciences Inc. pursuant to the terms of the attached Warrant, and:

_____ tenders herewith payment of the purchase price in full; or

_____ elects Net Exercise pursuant to the Warrant.

2. Please issue a certificate or certificates representing the Shares in the name of the undersigned or in such other name as is specified below:

_____
(Print Name)

Address:_____

_____

3. The undersigned confirms that the Shares are being acquired for the account of the undersigned for investment only and not with a view to, or for resale in connection with, the distribution thereof, that the undersigned has no present intention of distributing or selling the Shares and that the undersigned is an "accredited investor" as defined in Regulation D, Rule 501(a), promulgated under the Securities Act.

_____ _____
(Date) (Signature)

_____
(Print Name)

NOTICE OF CONVERSION

TO: Kodiak Sciences Inc.
2631 Hanover Street
Palo Alto, California 94304
Attention: Secretary

1. The undersigned hereby elects to convert the attached Warrant into _____ shares (the "Shares") of _____ Stock of Kodiak Sciences Inc. pursuant to Section 2(b) of such Warrant, which conversion shall be effected pursuant to the terms of the attached Warrant.

2. Please issue a certificate or certificates representing the Shares in the name of the undersigned or in such other name as is specified below:

_____
(Print Name)

Address: _____

_____

3. The undersigned represents that the Shares are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares.

_____ _____
(Date) (Signature)

_____
(Print Name)

Exhibit 4.6

Execution Version

CONVERTIBLE NOTE PURCHASE AGREEMENT

This Convertible Note Purchase Agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "Agreement") is entered into as of February 2, 2018 (the "Effective Date") by and among Kodiak Sciences Inc., a Delaware corporation (the "Company"), and the purchasers from time to time party hereto (each a "Purchaser" and collectively, the "Purchasers"), and, solely for purposes of Section 2.3, Baker Bros. Advisors LP.

RECITALS

WHEREAS, the Purchasers are willing, pursuant to the terms and conditions of this Agreement, to purchase (the "Note Purchase") from the Company convertible promissory notes in the form attached as Exhibit A (each as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Notes") in an initial aggregate principal amount equal to Thirty One Million Two Hundred Thousand Dollars ($31,200,000) (the "Initial Note Purchase Amount"), which may be increased by an aggregate principal amount not to exceed the Incremental Note Purchase Amount in accordance with Section 2.2, which Note Purchases are, and are deemed to be, part of a single loan issued pursuant to this Agreement;

WHEREAS, the Notes are subject to conversion into Equity Interests of the Company on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. DEFINITIONS.

1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following respective meanings:

"Affiliate" of any Person means (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person and (b) any officer or director of such Person. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Unless expressly stated otherwise herein, no Purchaser shall be deemed an Affiliate of the Company.

"Change of Control" means an event or series of events (i) by which the Company's shareholders as of the Effective Date shall cease to beneficially own and control at least 50.1% on a fully diluted basis of the economic and voting interests in the capital stock of the Company; (ii) by which any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder) shall beneficially own and control 50.1% or more on a fully diluted

basis of the economic and voting interests in the capital stock of the Company; (iii) which constitutes a liquidation, dissolution or winding up of the Company or a Deemed Liquidation Event (as defined in the Company's certificate of incorporation); or (iv) which constitutes a sale or other disposition of the Company or all or substantially all of the assets of the Company.

"Class B Shares" means the Series B Preferred Stock, par value $0.0001 per share, of the Company.

"Class B Equivalent Shares" means a class of capital stock having rights, preferences and privileges that are pari passu with the Class B Shares.

"Common Stock" means the Common Stock of the Company, par value $0.0001 per share.

"Company" has the meaning set forth in the preamble hereto.

"Conversion Price" has the meaning set forth in Section 5.3 hereto.

"Disqualification Events" has the meaning set forth in Section 7.6 hereto.

"Effective Date" has the meaning set forth in the preamble hereto.

"Equity Financing" means an equity financing of the Company after the Effective Date, with the principal purpose of raising capital, excluding any equity offering pursuant to an employee benefit plan or the issuance of equity interests to service providers in the ordinary course of business consistent with past practice.

"Equity Interests" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in, or equivalents (regardless of how designated) of, a Person (other than an individual), whether voting or non-voting, and (b) all securities convertible into or exchangeable for any security described in clause (a) or any other security described in this clause (b) and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any such security, whether or not presently convertible, exchangeable or exercisable. For the avoidance of doubt, "Equity Interests" shall not include debt instruments that are convertible into Equity Interests.

"Event of Default" has the meaning set forth in Section 9.

"Financing Option" has the meaning set forth in Section 2.3.

"GAAP" means generally accepted accounting principles as in effect in the United States of America.

"Incremental BBA Financing" has the meaning set forth in Section 2.3.

"Incremental Closing Date" has the meaning set forth in Section 2.2.

"Incremental Notes" has the meaning set forth in Section 2.2.

"Incremental Notes Notice" has the meaning set forth in Section 2.3.

"Incremental Note Purchase Amount" means $1,800,000.

"Incremental Purchasers" means the purchasers of Notes up to the Incremental Note Purchase Amount on the Incremental Closing Date, each of whom shall agree to be a "Purchaser" under this Agreement.

" Indebtedness" of any Person means without duplication, (a) all indebtedness of such Person for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person as lessee under capital leases which have been or should be recorded as liabilities on a balance sheet of such Person in accordance with GAAP, (d) all obligations of such Person to pay the deferred purchase price of property or services (excluding trade accounts payable in the ordinary course of business), (e) all indebtedness secured by a Lien on the property of such Person, whether or not such indebtedness shall have been assumed by such Person (with the amount thereof being measured as the fair market value of such property), (f) all obligations, contingent or otherwise, with respect to letters of credit (whether or not drawn), banker's acceptances and surety bonds issued for the account of such Person, (g) all obligations for which such Person is obligated pursuant to any interest rate swap, interest rate cap, interest rate collar or other interest rate hedging agreement or derivative agreements or arrangements and, (h) all guarantees or other contingent obligations of such Person in respect of any of the foregoing.

"Investment" means, with respect to any Person, (a) the purchase or other acquisition of any debt or equity security of any other Person, (b) the making of any loan, advance or capital contribution to any other Person, (c) becoming obligated with respect to a guarantees or other contingent obligation in respect of obligations of any other Person or (d) the acquisition of (i) all or substantially all of the property of, or a line of business or division of, another Person or (ii) at least a majority of the voting of another Person, in each case whether or not involving a merger or consolidation with such other Person.

"Lien" means any mortgage, deed of trust, or pledge, security interest, hypothecation, assignment, assigned deposit, arrangement, encumbrance, encroachment, lien (statutory or otherwise), claim, option, reservation or defect of any kind, or preference, or priority, or other security agreement or preferential arrangement of any kind of or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing statement under the UCC, or under the comparable law of any other jurisdiction).

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

"Note Documents" means this Agreement, any Notes, any joinder and any other agreements or documents executed and delivered in connection with the foregoing.

"Obligations" means all money, debts, obligations and liabilities which now are or have been or at any time hereafter may be or become due, owing or incurred by the Company to Purchaser, whether direct or indirect, absolute or contingent, due or to become due, or now existing

or hereafter incurred, and which, in all instances, arise under, out of, or in connection with this Agreement, any Note, any other Note Document, whether on account of principal, interest (including, without limitation, interest accruing on the Note and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations, fees, indemnities, costs, expenses, or otherwise; provided, that for the avoidance of doubt, the Obligations shall not include any obligations of the Company or its Subsidiaries arising out of or in connection with any obligations under any equity documents, including, without limitation, any equity benefits plan, any equities issued pursuant to an employee benefit plan or to service providers in the ordinary course of business, the Stockholders Agreements, and/or the Company's certificate of incorporation as amended from time to time.

"Outstanding Balance" has the meaning set forth in Section 3.2.

"Permitted Liens" means (a) Liens securing the Secured Convertible Notes; (b) Liens securing Indebtedness permitted pursuant to Section 8.2(b)(iii) below; (c) Liens securing the payments of taxes, assessments and governmental charges or levies that are not delinquent; (d) bankers Liens', rights of setoff and similar Liens incurred on deposits made in the ordinary course of business; (e) statutory liens of landlords and deposits in the ordinary course of business consistent with past practices to secure the performance of leases; (f) the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business; (g) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation, or to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business; (h) Liens securing judgments for the payment of money not constituting an Event of Default, or securing appeal or other surety bonds relating to such judgments; (i) any interest or title of a licensor, sublicensor, lessor or sublessor with respect to any assets under any non-exclusive license or lease agreement entered into in the ordinary course of business which do not secure any Indebtedness; and (j) Liens arising from precautionary UCC financing statements or similar filings made in respect of operating leases entered into by the Company or any of its Subsidiaries.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"Purchasers" has the meaning set forth in the preamble hereto.

"Qualified Conversion Price" has the meaning set forth in Section 5.1.

"Qualified IPO" means an initial public offering of the Company after the Effective Date (a) having aggregate cash proceeds of at least $75,000,000 or (b) in which all of the Secured Convertible Notes are converted into capital stock of the Company.

"Qualified IPO Shares" has the meaning set forth in Section 5.1.

"Requisite Purchasers" means Purchasers holding more than 50% of the Outstanding Balance, in the aggregate, of all Notes issued under this Agreement.

"Secured Convertible Notes" means the convertible senior secured promissory notes issued under the Secured Note Purchase Agreement.

"Secured Note Purchase Agreement" means that certain Convertible Note Purchase and Security Agreement dated as of August 11, 2017, and as amended, restated, amended and restated or otherwise modified from time to time, by and among the Company, the guarantors from time to time party thereto, the purchasers from time to time party thereto and Baker Bros. Advisors LP, as agent and collateral agent for the purchasers.

"Stockholders Agreements" means, collectively, that certain Investor Rights Agreement, that certain Voting Agreement and that certain Right of First Refusal and Co-Sale Agreement, each dated as of September 8, 2015 and as amended, restated, amended and restated or otherwise modified from time to time, by and among the Company, the stockholders party thereto and the warrantholders party thereto.

"Subordination Agreement" has the meaning set forth in Section 10(f) hereto.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled (as determined in accordance with GAAP), or both, by such Person.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the relevant jurisdiction and as amended from time to time hereafter.

2. NOTE PURCHASE.

2.1 On the Effective Date, the Company will issue, and the Purchasers will purchase, Notes in an aggregate amount equal to the Initial Note Purchase Amount, subject to the terms and conditions set forth in this Agreement.

2.2 On or prior to February 23, 2018, at its election the Company will issue, and the Incremental Purchasers will purchase, Notes in an aggregate amount not to exceed the Incremental Note Purchase Amount, subject to the terms and conditions set forth in this Agreement and satisfaction of the following conditions precedent (such Notes, the "Incremental Notes," and the date on which such conditions are satisfied and such Incremental Notes are purchased, the "Incremental Closing Date"):

(a) the Company shall have delivered to each Incremental Purchaser a Note payable to such Incremental Purchaser signed by the Company, in each case, in form and substance satisfactory to such Incremental Purchaser;

(b) each Incremental Purchaser shall be a Purchaser under this Agreement and shall have delivered a counterpart signature page hereto;

(c) each Incremental Purchaser shall have delivered a counterpart signature page to the Subordination Agreement;

(d) the Company shall have complied with its obligations under Section 2.3;

(e) no Event of Default shall have occurred and be continuing; and

(f) each representation and warranty contained herein or in any other Note Document shall be true and correct in all material respects (without duplication of any materiality qualifier contained therein) as of the Incremental Closing Date.

2.3 Right of First Refusal.

(a) At least five business days prior to the Incremental Closing Date, the Company shall give Baker Bros. Advisors LP written notice of the issuance of any Incremental Notes and the aggregate principal amount of any such issuance (the "Incremental Notes Notice"). Thereafter, Bakers Bros. Advisors LP and any of its Affiliates shall have the option (the "Financing Option") to purchase up to 20.0% of the aggregate principal amount of the proposed Incremental Notes specified in the Incremental Notes Notice (the "Incremental BBA Financing"). Baker Bros. Advisors LP may exercise such Financing Option by sending to the Company within three business days following the giving of the Incremental Notes Notice, written notice of the exercise of the Financing Option and the principal amount of Incremental Notes with respect to which the Financing Option will be exercised.

(b) If Baker Bros. Advisors LP or any of its Affiliates elect not to provide all or part of the Incremental BBA Financing, then the right of Baker Bros. Advisors LP or its Affiliates to provide such Incremental BBA Financing shall be deemed terminated.

3. TERM; INTEREST; REPAYMENT; PREPAYMENT.

3.1 Term. The Notes and all accrued and unpaid interest thereon and any and all other sums payable to the Purchasers hereunder shall be due and payable in full on the earliest to occur of (x) December 1, 2020, (y) the date of the consummation of a Change of Control and (z) the date of any acceleration of the Notes in accordance with Section 9 (the "Maturity Date").

3.2 Interest; Repayment. Interest on the unpaid principal balance of the Notes (such balance as increased as provided in this Section 3.2, the "Outstanding Balance") will accrue from the Effective Date at the rate of six percent (6.0%) per annum, calculated on the basis of a 360 day year and actual days elapsed. Accrued interest shall be added to the Outstanding Balance on a monthly basis on the last day of each calendar month, commencing on February 28, 2018, and no such accrued interest shall be due and payable prior to the Maturity Date. To the extent not previously converted pursuant to Section 5 hereof, the Company will repay the Outstanding Balance plus all accrued and unpaid interest thereon on the Maturity Date.

3.3 Prepayment. The Notes may not be prepaid without the prior written consent of Purchasers holding at least 60% of the Outstanding Balance, in the aggregate, of all Notes issued under this Agreement.

4. [RESERVED]

5. CONVERSION. The Outstanding Balance plus accrued interest is convertible on the following basis:

5.1 Automatic Conversion Upon Qualified IPO. If a Qualified IPO occurs, the Outstanding Balance of the Notes, plus accrued interest thereon, shall automatically be converted into a number of shares of the capital stock issued in such Qualified IPO (the "Qualified IPO Shares") equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) either (x) if a Qualified IPO occurs prior to February 2, 2019, 80% of the price per share at which shares of capital stock are offered to the public in the Qualified IPO or (y) if a Qualified IPO occurs after February 2, 2019 but prior to the Maturity Date, 75% of the price per share at which shares of capital stock are offered to the public in the Qualified IPO, in each case prior to any underwriters' commissions or discounts, (the "Qualified Conversion Price"). The Company shall provide the Purchasers with at least seven calendar days' prior written notice of the anticipated occurrence of any Qualified IPO. The Company shall deliver the Qualified IPO Shares to the Purchasers concurrently with consummation of the Qualified IPO.

5.2 Optional Conversion. If the Company consummates an initial public offering that is not a Qualified IPO, a Purchaser may at its option elect to convert its Notes into shares of the capital stock issued in such initial public offering at the Qualified Conversion Price, on the terms and conditions set forth in Section 5.1, as if such initial public offering was a Qualified IPO. The Company shall provide the Purchasers with at least ten calendar days' prior written notice of the anticipated occurrence of any initial public offering, and any Purchaser electing to convert its Notes in connection with such initial public offering shall irrevocably confirm (in writing, delivered to the Company at least three business days prior to the consummation thereof) its election to effect the conversion in accordance with the terms hereof.

5.3 Conversion or Repurchase Upon Change of Control. If, prior to consummation of a Qualified IPO, a Change of Control occurs, then each Purchaser may elect, at its option, to (a) convert the Outstanding Balance of its Notes, plus accrued but unpaid and uncapitalized interest thereon, into Class B Equivalent Shares at a conversion price equal to $350,000,000 divided by the number of outstanding shares of the Company's capital stock on a fully-diluted basis (the "Conversion Price"), or (b) require the Company to repurchase the Notes at a repurchase price equal to 150% of the Outstanding Balance of such Notes, plus accrued but unpaid and uncapitalized interest thereon, in cash on the date of consummation of such Change of Control. The Company shall provide the Purchasers with at least ten business days' prior written notice of the occurrence of any Change of Control. The Purchasers shall exercise such right to convert by, prior to the consummation of such Change of Control, (i) surrendering to the Company the Note to be converted, (ii) delivering an executed conversion notice in substantially the form attached as Exhibit A to such Note and (iii) if such Purchaser is not party to the Stockholders Agreements, delivering joinders or such other documents as are reasonably necessary to become a party to the Stockholders Agreements. Any such conversion shall be effective immediately prior to, but contingent upon, such Change of Control.

5.4 Optional Conversion Upon Equity Financing. If, prior to the consummation of an initial public offering or a Change of Control, the Company consummates an Equity Financing, then the Purchaser may elect, at its option, to convert the Outstanding Balance of its Notes, plus accrued but unpaid and uncapitalized interest thereon, into a number of shares of the class of equity interests issued in such Equity Financing ("Other Financing Shares") equal to (i) the Outstanding Balance of the Notes to be converted plus any accrued but unpaid and uncapitalized interest thereon divided by (ii) either (x) if the Equity Financing occurs prior to February 2, 2019, 80% of the original issue price of the Other Financing Shares; or (y) if the Equity Financing occurs after February 2, 2019 but prior to the Maturity Date, 75% of the original issue price of the Other Financing Shares. The Company shall provide the Purchasers with at least ten calendar days' prior written notice of the anticipated occurrence of any Equity Financing. The Purchasers shall exercise such right to convert by (i) surrendering to the Company the Note to be converted, (ii) delivering an executed conversion notice in substantially the form attached as Exhibit A to such Note and (iii) if such Purchaser is not party to the Stockholders Agreements, delivering joinders or such other documents as are reasonably necessary to become a party to the Stockholders Agreements. The Company shall deliver the Other Financing Shares to a Purchaser within five business days after such Purchaser complies with the immediately preceding sentence.

5.5 Adjustment of Conversion Price. In the event of any recapitalization, stock split, stock dividend, reverse stock split, issuance of capital stock of the Company after the date hereof, distribution by the Company upon its capital stock or similar event, the Company, and the Purchasers shall negotiate in good faith to adjust the Conversion Price or original issue price, as applicable, to equitably preserve the value of the Notes and the value of the Equity Interests into which the Notes convert after giving effect to such recapitalization, stock split, stock dividend, reverse stock split, issuance, distribution or similar event.

5.6 Reservation of Securities. Prior to the issuance of any Qualified IPO Shares, Other Financing Shares or Class B Equivalent Shares (or any instrument exercisable for or converted into Equity Interests) and whenever otherwise required, the Company will amend its certificate of incorporation to ensure that there is a sufficient quantity of such Equity Interests into which each Note can be converted and shall reserve a sufficient number of such Equity Interests to permit the conversion of each Purchaser's Notes.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to the Purchasers on the date hereof as follows:

6.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under, and by virtue of, the laws of its jurisdiction of formation and has all requisite corporate power and authority to own its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted. The Company is qualified to do business as a foreign corporation in each jurisdiction where failure to be so qualified would have a material adverse effect on the financial condition, business, or operations of the Company.

6.2 Capitalization.

(a) Company Capitalization. The authorized capital of the Company immediately prior to the Effective Date consists of (i) 18,753,595 shares of preferred stock, par value $0.0001 per share, of which (A) 6,253,595 shares have been designated Series A Preferred Stock, 5,593,154 of which are issued and outstanding, and (B) 12,500,000 shares have been designated Series B Preferred Stock, 6,792,000 of which are issued and outstanding, and (ii) 28,500,000 shares of Common Stock, par value $0.0001 per share, of which 7,936,734 (including 272,656 shares subject to repurchase by the Company) are issued and outstanding. Under (i) the Company's 2009 Option and Profits Interest Plan, (A) vested and unvested options to purchase 89,000 shares of Common Stock have been granted and are currently outstanding, and (B) no Common Stock remains available for issuance, and (ii) the Company's 2015 Stock Incentive Plan, 1,720,671 shares of Common Stock are reserved for issuance to officers, directors, employees and consultants of the Company, 1,115,114 of which have been granted or are currently outstanding.

(b) Options, Warrants, Reserved Shares. Except for the Secured Convertible Notes, the warrants issued in connection with the Secured Note Purchase Agreement and as described in this Section 6.2, there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the capital stock of the Company. Apart from the exceptions noted in this Section 6.2 and apart from repurchase rights (a) of the Company over shares of Common Stock pursuant to customary repurchase arrangements or the Company's organizational documents and (b) under the Stockholders Agreements, no shares of the Company's outstanding capital stock, or stock issuable upon exercise or exchange of any outstanding options or other stock issuable by the Company, are subject to any rights of first refusal or other rights to purchase such stock, pursuant to any agreement or commitment of the Company.

6.3 Subsidiaries. Except as set forth on Schedule 6.3 attached hereto, the Company does not have any Subsidiaries, and each such Subsidiary is wholly owned (directly or indirectly) by the Company.

6.4 Due Authorization; Consents. All corporate action on the part of the Company and its officers, directors and stockholders necessary for (a) the authorization, execution and delivery of, and the performance of all obligations of the Company under this Agreement and the other Note Documents, (b) the authorization, issuance, execution and delivery of the Notes by the Company and (c) the authorization, issuance, reservation for issuance and delivery by the Company of all of the equity securities issuable upon conversion of the Outstanding Balance (and the securities issuable upon conversion thereof) has been taken. This Agreement and each of the Notes constitutes a valid and binding obligation of the Company, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles. All consents, approvals and authorizations of, and registrations, qualifications and filings with, any federal or state governmental agency, authority or body, or any third party, required in connection with the execution, delivery and performance of this Agreement, the Notes and the other Note Documents and the consummation of the transactions

contemplated hereby and thereby have been obtained; provided, however, that with respect to any required filings under Regulation D or any other federal or state securities filings, the Company will make such filings within fifteen business days after the Effective Date.

6.5 Valid Issuance of Stock. The outstanding shares of the capital stock of the Company are duly and validly issued, fully paid and non-assessable, and such shares of such capital stock, and all outstanding options and other securities of the Company have been issued in full compliance with the registration and prospectus delivery requirements of the Securities Act of 1933, as amended (the "Act"), and the registration and qualification requirements of all applicable state securities laws, or in compliance with applicable exemptions therefrom, and all other provisions of applicable federal and state securities laws, including, without limitation, anti-fraud provisions.

6.6 Compliance with Other Instruments. The authorization, execution and delivery of this Agreement, the issuance and delivery of the Notes, the execution and delivery of any other Note Document and the performance of all obligations hereunder and thereunder, will not constitute or result in a breach, default or violation of any law or regulation applicable to the Company or any material term or provision of the Company's current certificate of incorporation or bylaws or any material agreement or instrument by which the Company is bound or to which its properties or assets are subject.

6.7 Investment Company Act. The Company is not an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company", within the meaning of the Investment Company Act of 1940.

6.8 Ownership of Properties.

(a) The Company and each of its Subsidiaries has valid and legal title to, or valid leasehold interests in, all property necessary or used in the ordinary conduct of its business, except as would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, business, or operations of the Company.

(b) The Company owns, or is licensed or otherwise has the right to use, all intellectual property necessary to conduct its business as currently conducted except for such intellectual property the failure of which to own or have a license or other right to use would not reasonably be expected to have, either individually or in the aggregate, a material adverse effect on the financial condition, business, or operations of the Company. To the knowledge of the Company, (a) the conduct and operations of the businesses of the Company do not, and the anticipated products and intellectual property applications of the Company will not, infringe upon, misappropriate, dilute or violate any intellectual property owned by any other Person and (b) no other Person has contested any right, title or interest of the Company in any intellectual property or any anticipated products and applications derived or expected to be derived therefrom.

(c) The property of the Company and each of its Subsidiaries is subject to no Liens other than Permitted Liens.

7. REPRESENTATIONS AND WARRANTIES OF PURCHASERS. Each Purchaser represents and warrants to the Company as follows:

7.1 Investigation; Economic Risk. Each Purchaser acknowledges that it has had an opportunity to discuss the business, affairs and current prospects of the Company with its officers. Each Purchaser further acknowledges having had access to information about the Company that it has requested. Each Purchaser acknowledges that it is able to fend for itself in the transactions contemplated by this Agreement and has the ability to bear the economic risks of its investment pursuant to this Agreement. Each Purchaser further acknowledges that it has obtained its own attorneys, business advisors and tax advisors as to legal, business and tax advice (or has decided not to obtain such advice) and has not relied on the Company for such advice.

7.2 Purchase for Own Account. Each Note issued to each Purchaser and the securities issuable upon exercise or conversion thereof will be acquired by such Purchaser for its own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

7.3 Exempt from Registration; Restricted Securities. Each Purchaser understands that the sale of the Notes will not be registered under the Act on the grounds that the sale provided for in this Agreement is exempt from registration under of the Act, and that the reliance of the Company on such exemption is predicated in part on each Purchaser's representations set forth in this Agreement. Each Purchaser understands that the Notes and the securities issuable upon exercise or conversion thereof are restricted securities within the meaning of Rule 144 under the Act, and must be held indefinitely unless they are subsequently registered or an exemption from such registration is available.

7.4 Accredited Investor. Each Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D of the Securities and Exchange Commission.

7.5 Foreign Investors. If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to purchase the Notes or any use of this Agreement or the Stockholder Agreements, including (i) the legal requirements within its jurisdiction for the purchase of the Notes, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any government or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Notes or any equity securities which the Notes may be converted into pursuant to the terms hereof. The Company's offer and sale and Purchaser's acquisition of and payment for and continued beneficial ownership of the Notes or any equity securities which the Notes may be converted into pursuant to the terms hereof will not violate any applicable securities or other laws of such Purchaser's jurisdiction.

7.6 No "Bad Actor" Disqualification Events. Neither (i) Purchaser, (ii) any of its directors, executive officers, other officers that may serve as a director or officer of any company in which it invests, general partners or managing members, nor (iii) any beneficial owner of the Company's voting equity securities (in accordance with Rule 506(d) of the Securities Act

held by the Purchaser is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) through (viii) under the Securities Act ("Disqualification Events"), except for Disqualification Events covered by Rule 506(d)(2)(ii) or (iii) or (d)(3) under the Securities Act and disclosed reasonably in advance of a Closing in writing in reasonable detail to the Company.

8. COVENANTS. The following covenants shall apply so long as any Notes remain outstanding:

8.1 Affirmative Covenants. The Company covenants, for so long as this Agreement is in effect or any Obligations (other than contingent indemnification obligations for which no claim has been asserted) remain outstanding:

(a) upon one business day's prior notice (provided no notice is required if an Event of Default has occurred and is continuing), the Purchasers or their agents shall have the right to audit and copy the Company's financial books and records during the Company's regular business hours;

(b) the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and permits;

(c) the Company will file, when due, all income and other material tax returns and reports required by applicable law, and will pay when due, all income and other material taxes, assessments, deposits and contributions now or in the future owed (except for taxes and assessments being contested in good faith with adequate reserves under GAAP);

(d) the Company will comply, in all material respects, with all applicable laws, rules and regulations;

(e) as soon as available, but not later than 210 days after the end of each fiscal year, the Company will deliver annual audited (unless the Requisite Purchasers agree in their reasonable discretion that such financial statements may be unaudited) and certified consolidated balance sheets and related statements of income and stockholders' equity, prepared in accordance with GAAP, together with a comparison in reasonable detail to the prior year's audited financial statements;

(f) promptly after the occurrence thereof, the Company will notify the Purchasers of the occurrence of any Event of Default or any event which would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, business, or operations of the Company; and

(g) the Company will promptly deliver such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary thereof, or compliance with the terms of the Note Documents, as any Purchaser may from time to time reasonably request.

8.2 Negative Covenants. Neither the Company nor any Subsidiary shall, without the prior written consent of the Requisite Purchasers, take any of the following actions:

(a) [reserved];

(b) without the prior written consent of Purchasers holding at least 60% of the Outstanding Balance, create, incur, assume or suffer to exist any Indebtedness or any guarantees or other contingent obligations with respect thereto, except (i) the Notes issued hereunder, (ii) Indebtedness (including the Secured Convertible Notes) existing on the Effective Date and disclosed to the Purchasers and (iii) other Indebtedness in an aggregate amount outstanding not to exceed $1,000,000;

(c) merge into or consolidate with any Person or permit any Person to merge into it, or enter into any transaction which would constitute a Change of Control, except that any Subsidiary may merge into the Company so long as the Company is the surviving entity;

(d) sell, lease, license, transfer or otherwise dispose of (i) all or substantially all of its assets or (ii) any of its material assets outside of the ordinary course of business;

(e) form any Subsidiaries or make any Investments except for (i) Investments existing on the Effective Date, (ii) cash or cash equivalents, (iii) extensions of trade credit in the ordinary course of business and (iv) Investments between or among the Company and any Subsidiary or between or among any Subsidiaries;

(f) (i) declare or pay any dividends or make other distributions in respect of its Equity Interests other than dividends payable solely in the form of additional securities and dividends by any Subsidiary of the Company to the Company or (ii) redeem or repurchase any Equity Interests of the Company other than pursuant to equity incentive agreements with service providers giving the Company the right to repurchase shares upon the termination of services at the lower of the original purchase price and the then-current fair market value thereof;

(g) solely with respect to the Company, issue any class or series of shares of Equity Interests in the Company requiring any cash payment prior to the payment in full or conversion in full of the Notes, other than pursuant to any conversion of the Notes in accordance with the terms of this Agreement, and conversion of the Secured Convertible Notes in accordance with the terms of the Secured Note Purchase Agreement;

(h) amend or waive (i) its certificate of incorporation, bylaws or other organizational documents in a manner materially adverse to the Purchasers or (ii) the Stockholders Agreements other than as required in connection with this Agreement or in connection with an Equity Financing;

(i) enter into any transaction or arrangement with any Affiliate of the Company or any Subsidiary except (i) in the ordinary course of business and pursuant to the reasonable requirements of the business of the Company or such Subsidiary; provided

that such transaction shall be upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Subsidiary, (ii) the transactions under the Note Documents, (iii) the Stockholders Agreements, (iv) payment of compensation and benefits (including equity incentive plans, employee benefit plans and arrangements and customary indemnities) to officers, directors and employees of the Company or another Subsidiary as approved by the Company's Board of Directors, (v) as permitted by Section 8.2(e) or 8.2(f) and (vi) consisting of an Equity Financing;

(j) engage in any line of business other than the businesses engaged in on the Effective Date and businesses reasonably related thereto; or

(k) sell, transfer or otherwise dispose of any capital stock of any direct or indirect Subsidiary (or cause or permit any direct or indirect Subsidiary to sell, transfer or otherwise dispose of any capital stock of any direct or indirect Subsidiary), or cause or permit any direct or indirect Subsidiary to sell, lease, transfer, or otherwise dispose (in a single transaction or series of related transactions) of all or substantially all of the assets of such Subsidiary to a non-Affiliate.

8.3 Registration Rights. In connection with a Qualified IPO, the Company shall agree to enter into an agreement with any Purchaser who may be deemed an "Affiliate," as defined under Rule 144 of the Act, to provide for a selling stockholder shelf registration statement, if requested by such Purchaser at or after the date 180 days after the IPO, in a form substantially similar to Exhibit C.

8.4 Use of Proceeds. The Company shall use the proceeds of the Note Purchases to fund working capital requirements of the Company and for other general corporate purposes. No proceeds will be used to repay any existing indebtedness for borrowed money, in each case, without the prior written consent of Requisite Purchasers. No proceeds will be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities or for any other purpose not permitted by Regulations T, U or X of the Board of Governors of the Federal Reserve System.

8.5 Post-Closing Amendment to the Investors' Rights Agreement. The Company shall, within twenty days of the Effective Date, use its reasonable best efforts to cause the Company's Investors Rights Agreement to be amended to provide that the common shares issuable on a conversion of any Notes pursuant to Section 5.1 or Section 5.2 and any Other Financing Securities (or common shares issuable upon the conversion thereof) issuable pursuant to Section 5.4 will be deemed to be "Conversion Securities" for purposes of the Company's Investors Rights Agreement and to cause the holders of Notes to be added as parties to the Investors Rights Agreement through execution of a joinder thereto.

9. DEFAULT.

9.1 For purposes of this Agreement, the term "Event of Default" shall mean any of the following:

(a) the Company shall fail to pay any (i) principal of or interest on any Note when the same shall be due and payable, or (ii) any other amounts payable hereunder or under any other Note Document within three business days of the same becoming due and payable;

(b) the Company fails to comply with its obligation to convert the Notes as described in this Agreement, and such default continues for a period of three business days;

(c) (i) the Company shall default under any agreement under which any Indebtedness in an aggregate principal amount then outstanding of $50,000 or more is created in a manner entitling the holder of such Indebtedness or a trustee to accelerate the maturity of such Indebtedness or (ii) the Company shall fail to make any payment when due (after any applicable notice or grace period) under any Indebtedness in an aggregate principal amount then outstanding of $50,000 or more;

(d) any representation or warranty made by the Company under or in connection with this Agreement shall prove to have been incorrect in any material respect when made;

(e) the Company shall fail to perform or observe any term, covenant or agreement contained in this Agreement, any Note or any other Note Document and, in the case of the covenants and agreements set forth in Sections 8.1(b), (c) or (d), such failure to perform continues for a period of 15 business days after the earlier of (i) the Company obtaining knowledge thereof or (ii) receipt by the Company of written notice thereof from any Purchaser;

(f) the filing of a petition in bankruptcy or under any similar insolvency law by the Company, the making of an assignment for the benefit of creditors, or if any involuntary petition in bankruptcy or under any similar insolvency law is filed against the Company and such petition is not dismissed within sixty (60) days after the filing thereof; or

(g) any material provision of any Note Document, at any time after its execution and delivery and for any reason other than satisfaction in full of all the Obligations, ceases to be in full force and effect; or the Company or any other Person contests in any manner the validity or enforceability of any material provision of any Note Document; or the Company denies that it has any or further liability or obligation under any Note Document or purports to revoke, terminate or rescind any material provision of any Note Document.

9.2 After the occurrence and during the continuance of an Event of Default, the Requisite Purchasers may accelerate repayment of the Outstanding Balance payable (but if an Event of Default described in Section 9.1(f) occurs, the Outstanding Balance is immediately due and payable without any action by the Purchasers) in which case the Outstanding Balance and all accrued and unpaid interest thereon and all other amounts due hereunder and under the other Note Documents shall be due and payable immediately. After the occurrence and during the

continuance of any Event of Default, the Purchasers may, without notice or demand exercise any rights and remedies permitted by applicable law. All of the Purchasers' rights and remedies under this Agreement or any other agreement between Purchasers and the Company are cumulative. The Company waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by any Purchaser on which the Company is liable.

10. CONDITIONS PRECEDENT. This Agreement shall become effective and binding upon the parties hereto only on the Effective Date if the following conditions precedent have been satisfied:

(a) The Purchasers shall have received (i) a counterpart of this Agreement signed on behalf of each party hereto and (ii) a Note payable to each Purchaser signed by the Company, in each case, in form and substance satisfactory to the Purchasers;

(b) The Purchasers shall have received certified copies of the resolutions of the Board of Directors of the Company approving this Agreement, the transactions contemplated hereby and each Note Document to which it is or is to be a party;

(c) The Company shall have paid or caused to be paid by means of a deduction from the Initial Note Purchase Amount such reasonably incurred fees and expenses of the Purchasers in connection with the negotiation and preparation of the Note Documents, including the reasonable and documented fees and expenses of counsel to Baker Bros. Advisors LP, up to a maximum of $100,000; and the reasonable and documented fees and expenses of counsel to Perceptive Advisors LLC, up to a maximum of $50,000;

(d) The Purchasers shall have received the documents specified on the Closing Checklist attached hereto as Exhibit B and such other documents as any Purchaser shall have reasonably requested in connection with this Agreement and the other Note Documents;

(e) The Company shall have received, by payment of wire transfer of readily available funds to the account designated by the Company, the Initial Note Purchase Amount less any deduction made in accordance with Section 10(c); and

(f) The Purchasers shall have received a fully-executed copy of the Subordination Agreement dated as of the Effective Date, by and among the Purchasers, the Company and the Senior Creditors identified therein (the "Subordination Agreement").

11. MISCELLANEOUS.

11.1 Governing Law; Jurisdiction; Waiver of Jury Trial. This Agreement shall be governed in all respects by and construed in accordance with the laws of the State of New York without regard to provisions regarding choice of laws. Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York

City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Note Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the fullest extent permitted by law, in such Federal court. Each of the Company and the Purchasers irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Note Documents or the actions of any Purchaser in the negotiation, administration, performance or enforcement thereof.

11.2 Successors and Assigns.

(a) Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and assigns of the parties hereto. Without the prior written consent of the Requisite Purchasers, the Company may not assign any of its rights or obligations under this Agreement, any Note or any other Note Document, and any such purported assignment shall be void. Each Purchaser, so long as no Event of Default has occurred and is continuing, with the consent of the Company (not to be unreasonably withheld), may assign or grant a participation in its Note or its rights and obligations hereunder or under any Note; provided, that (i) no such consent shall be required in connection with any assignment to another Purchaser, an Affiliate of a Purchaser or any shareholder of the Company, (ii) with respect to any assignment, Purchaser or any registered assign, as applicable, shall provide to the Company the relevant documentation effecting the assignment and, for the avoidance of doubt, no such assignment shall be effective until recorded in the Register in accordance with Section 11.2(b) and (iii) with respect to any grant of a participation, the Purchaser or registered assign that grants such participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of the participant and the principal amounts (and stated interest) of the participant's interest in the Note.

(b) The Company shall maintain a copy of the assignment documentation provided to it by any Purchaser (or any registered assign) and a register for the recordation of the names and addresses of the Purchasers, and the principal amounts (and stated interest) of each Note owing to each Purchaser (or any registered assign) pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Company and each Purchaser (and registered assign) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Purchaser hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Purchaser (or registered assign) at any reasonable time and from time to time upon reasonable prior notice).

11.3 Entire Agreement. This Agreement, the Notes, the other Note Documents and the Exhibits and Schedules hereto and thereto (all of which are hereby expressly incorporated herein by this reference) constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof.

11.4 Notices. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed delivered, given and received when delivered (by hand, by registered mail, by courier or express delivery service, by e-mail or by facsimile) to the address, e-mail address or facsimile telephone number set forth beneath the name of such party on its signature page to this Agreement (or to such other address, e-mail address or facsimile telephone number as such party will have specified in a written notice given to the other parties hereto).

11.5 Amendments and Termination. Any term of this Agreement and any other Note Document may be amended only with the written consent of the Company and the Requisite Purchasers. However, no amendment may, without the consent of all affected Purchasers (a) reduce the percentage of Purchasers required to take or approve any action hereunder or thereunder; (b) reduce the amount or change the time of payment of any amount owing or payable with respect to any Note or change the rate of interest or the manner of calculation of interest payable with respect to any Note; (c) modify the manner of payment or the order of priorities in which payments or distributions hereunder will be made as between the Purchasers and the Company or as among the Purchasers; (d) alter or modify in any respect, or waive, the provisions with respect to the conversion or redemption of the Notes; or (e) consent to any assignment of the Company's rights under the Note Documents.

11.6 Titles and Subtitles. The titles of the sections and clauses of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

11.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Delivery by telecopier or e-mail of an executed counterpart of a signature page shall be effective as delivery of an original executed counterpart.

11.8 Severability. Should any provision of this Agreement be determined to be illegal or unenforceable, such determination shall not affect the remaining provisions of this Agreement.

11.9 Expenses. The Company agrees to reimburse the Purchasers on demand for the reasonable costs and expenses of one counsel for the Purchasers actually incurred in connection with the preparation, execution, delivery, administration, modification and amendment of, or any consent or waiver under, the Note Documents; provided, that (i) the Company's obligation to pay costs and expenses of the Purchasers (including, without limitation, the reasonable costs and expenses of counsel thereof) in connection with the preparation, execution and delivery of this Agreement, the Notes and the other Note Documents on or prior to the date hereof shall be subject to the limit set forth in Section 10(c); and (ii) all costs and expenses of each Purchaser in connection with the enforcement of the Note Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including the reasonable fees and expenses of counsel for each Purchaser with respect thereto).

11.10 Market Stand-off. Each Purchaser hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to an initial public offering of the Company and ending on the date

specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports, and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or any successor provisions or amendments thereto): (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for the initial public offering of the Company or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Section 11.10 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Purchasers only if all officers and directors are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than one percent (1%) of the Company's outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding convertible securities. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 11.10 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 11.10 or that are necessary to give further effect thereto.

11.11 Allocation of Payments. The Purchasers acknowledge that the Notes are *pari passu* obligations against each of the other Notes. Each payment of interest or principal on the Notes shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid balances of principal outstanding thereunder. If any Purchaser shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest under any of his, her or its Notes or other obligations hereunder in an amount in excess of his, her or its pro rata share thereof as provided herein, then such Purchaser shall forthwith pay such excess to the Purchasers on a pro rata basis.

11.12 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Note Document, the interest paid or agreed to be paid under the Note Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If any Purchaser shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Notes or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Purchasers exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the obligations hereunder.

11.13 Certain Tax Matters. Any and all payments by or on account of any obligation of the Company under the Notes or this Agreement shall be made without deduction or withholding for any taxes, levies, imposts, duties, deductions, withholdings or assessments, fees or other charges imposed by any governmental authority, including any interest, additions to tax or penalties applicable thereto ("Taxes"), except as required by applicable law. If the Company is required by applicable law to withhold or deduct any Taxes from any such payment, then the Company shall withhold or deduct such Taxes, the Company shall timely pay the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law, and the sum payable by the Company shall be increased as necessary so that after deduction or withholding has been made for any such Tax (other than any such Tax that is an income Tax), including such deductions or withholdings applicable to additional sums payable under this Section 11.13, the applicable recipient receive an amount equal to the sum it would have received had no such deduction or withholding been made. Notwithstanding the foregoing, the increase of the sum payable described in the immediately preceding sentence shall not be required with respect to payments by or on account of any obligation of the Company under the Notes or this Agreement for Taxes withheld or deducted from such payments (A) to the extent such Taxes result from the failure of the applicable recipient to provide to the Company (i) a valid properly executed IRS Form W-9 (if such recipient is a U.S. person for U.S. federal income tax purposes) or (ii) a valid properly executed appropriate IRS Form W-8 (if such recipient is not a U.S. person for U.S. federal income tax purposes) establishing a complete exemption from U.S. federal tax withholding to the extent it is legally entitled to do so or (B) in the case of a Purchaser (or registered assign) that is not a U.S. person for U.S. federal income tax purposes, to the extent such Taxes are U.S. federal withholding Taxes imposed on amounts payable to or for the account of such person with respect to an applicable interest in a Note pursuant to a law in effect on the date on which (i) such person acquires such interest in the Note or (ii) such person changes its lending office, except in each case to the extent that amounts with respect to such Taxes were payable either to such person's assignor immediately before such person became a party hereto or to such person immediately before it changed its lending office. The Company agrees to pay any and all stamp, court or documentary, intangible, recording, filing or similar Taxes that arise in respect of this Agreement or the Note.

11.14 **ORIGINAL ISSUE DISCOUNT LEGEND**. THE NOTES HAVE BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY OF THE NOTES MAY BE OBTAINED BY WRITING TO THE PURCHASERS AT THEIR ADDRESSES AS SPECIFIED IN SECTION 11.4 OF THIS AGREEMENT.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

KODIAK SCIENCES INC.

By: 

Name: Victor Perlroth, M.D.
Title: Chairman and CEO

Address: 2361 Hanover Street
Palo Alto, California 94304

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

667, L.P.,
as a Purchaser

By: BAKER BROS. ADVISORS LP, management company and investment adviser to **667, L.P.,** pursuant to authority granted to it by Baker Biotech Capital, L.P., general partner to 667, L.P., and not as the general partner.

By: 

Name: Scott Lessing
Title: President

Address:
c/o Baker Bros. Advisors LP
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

BAKER BROTHERS LIFE SCIENCES, L.P.,
as a Purchaser

By: BAKER BROS. ADVISORS LP,
management company and investment adviser to **Baker Brothers Life Sciences, L.P.,** pursuant to authority granted to it by Baker Brothers Life Sciences Capital, L.P., general partner to Baker Brothers Life Sciences, L.P., and not as the general partner.

By: 

Name: Scott Lessing
Title: President

Address:
c/o Baker Bros. Advisors LP
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

DUSTIN A. MOSKOVITZ TRUST,
as a Purchaser

By: DocuSigned by: Dustin Moskovitz 0460F8D115AE4FB...

Name: Dustin A. Moskovitz
Title: Trustee

Address: 394 PACIFIC AVE; FL 2
SAN FRANCISCO, CA 94111

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

SIGMA EMERGING MARKETS LTD.,
as a Purchaser

By: 

Name: Rafael Urquia II
Title: Secretary

Address: OMC Chambers, Wickhams Cay 1
Road Town, Tortola
British Virgin Islands
Attn.: Mr. Jaime J. Montealegre

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

MACRO CONTINENTAL, INC.,
as a Purchaser

By: 

Name: Carlos A. Gonzalez May
Title: Director

Address: c/o Rivas Capital LLC
222 Third St., Ste 3211
Cambridge, MA 02142

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

PERCEPTIVE LIFE SCIENCES MASTER FUND, LTD.
as a Purchaser

By: 

Name: James H. Mannix
Title: COO
Address: Perceptive Life Sciences Master Fund, Ltd.
Attn: Hossein Ekrami
51 Astor Place, 10th Floor
New York, NY 10003
Email: hossein@perceptivelife.com

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

MERIDIAN SMALL CAP GROWTH FUND,
as a Purchaser

By: ARROWMARK COLORADO HOLDINGS, LLC, its investment adviser

By: 

Name: David Corkins
Title: Managing Member

Address: 100 Fillmore Street Suite 325
Denver, CO 80206

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

ARROWMARK FUNDAMENTAL OPPORTUNITY FUND, L.P.,
as a Purchaser

By: ARROWMARK PARTNERS GP, LLC, its general partner

By: 

Name: David Corkins
Title: Managing Member

Address: 100 Fillmore Street, Suite 325
Denver, CO 80206

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

LOOKFAR INVESTMENTS LLC,
as a Purchaser

By: 

Name: David Corkins
Title: Managing Member

Address: 100 Fillmore Street Suite 325
Denver, CO 80206

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

THB IRON ROSE LLC,
as a Purchaser

By: ARROWMARK COLORADO HOLDINGS, LLC, its investment adviser

By: 

Name: David Corkins
Title: Managing Member

Address: 100 Fillmore Street Suite 325
Denver, CO 80206

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

THB IRON ROSE LLC, LIFE SCIENCE PORTFOLIO, as a Purchaser

By: ARROWMARK COLORADO HOLDINGS, LLC, its investment adviser

By: 

Name: David Corkins
Title: Managing Member

Address: 100 Fillmore Street Suite 325
Denver, CO 80206

(Signature Page to Convertible Note Purchase Agreement)

IN WITNESS WHEREOF, the parties have executed this Convertible Note Purchase Agreement to be effective as of the date first above written.

TONY YAO,
as a Purchaser

By: 

Name: Tony Yao

Address:

(Signature Page to Convertible Note Purchase Agreement)

Solely for purposes of Section 2.3:

BAKER BROS. ADVISORS LP

By: 

Scott Lessing
President

Address:
860 Washington St., 10th Floor
New York, NY 10014
Attn: Scott Lessing

(Signature Page to Convertible Note Purchase Agreement)

SCHEDULE 6.3

Subsidiaries

Kodiak Sciences Financing Corporation
Kodiak Sciences GmbH

EXHIBIT A

FORM OF NOTE

This instrument and the indebtedness, rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination Agreement (as amended, restated, supplemented or modified from time to time, the "Subordination Agreement"), dated as of February 2, 2018, by and among the Subordinated Creditors identified therein, the Company and the Senior Creditors identified therein, to certain indebtedness, rights and obligations of the Company, and all liens and security interests of the Senior Creditors securing the same, all as described in the Subordination Agreement, and each holder and transferee of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.

CONVERTIBLE NOTE

$[ ] New York, New York
No. [ ] [ ]

FOR VALUE RECEIVED, the undersigned, KODIAK SCIENCES INC., a Delaware corporation (the "**Company**"), hereby unconditionally promises to pay to [ ] or its registered assigns (the "**Purchaser**") at the address specified in the Note Purchase Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, the principal sum of DOLLARS AND ZERO CENTS ($ .00), together with interest as set forth in the Note Purchase Agreement until the date on which the principal amount is paid in full, converted in whole or cancelled in accordance with the terms of the Note Purchase Agreement. Amounts evidenced hereby shall be paid in the amounts and on the dates specified in Section 3 of the Note Purchase Agreement.

This Note (a) is one of the Notes referred to in the Convertible Note Purchase Agreement (the "**Note Purchase Agreement**") dated as of February [ ], 2018 by and among the Company and the purchasers from time to time party hereto and (b) is subject to the provisions of the Note Purchase Agreement. This Note is convertible as provided in the Note Purchase Agreement.

Upon the occurrence and during the continuance of any one or more of the Events of Default, all obligations under the Note Purchase Agreement, as evidenced by this Note, shall become, or may be declared to be, immediately due and payable, all as provided in the Note Purchase Agreement.

All parties now and hereafter liable with respect to this Note, whether as maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Note Purchase Agreement and used herein shall have the meanings given to them in the Note Purchase Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE NOTE PURCHASE AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE NOTE PURCHASE AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Company has caused this Note to be executed as of the date first above written.

KODIAK SCIENCES INC.,
a Delaware corporation

By: _____
Name:
Title:

Exhibit A

CONVERSION NOTICE

To convert this Note in accordance with the conversion provisions of the Note Purchase Agreement, check the applicable box:

☐ Section 5.2

☐ Section 5.3

☐ Section 5.4

To convert only part of this Note, state the principal amount to be converted:

$

If you want the stock certificate representing the Equity Interests issuable upon conversion made out in another person's name, fill in the form below:

_____

(Insert other person's soc. sec. or tax I.D. no.)

_____

_____

_____

(Print or type other person's name, address and zip code)

Date: Signature(s): _____

_____

(Sign exactly as your name(s) appear(s) on the other side of this Note)

EXHIBIT B

CLOSING CHECKLIST

Exh. B-1

Kodiak Sciences Inc.

$33,000,000
CONVERTIBLE SENIOR NOTES DUE 2020

TIME AND RESPONSIBILITIES CHECKLIST

CLOSING DATE: FEBRUARY 2, 2018

Company	Kodiak Sciences Inc., a Delaware corporation
CC	Jones Day, counsel to the Company
GDC	Gibson, Dunn & Crutcher LLP, counsel to Purchasers

Terms not otherwise defined herein are used herein as defined in the Note Purchase Agreement. This Closing Checklist is only intended to summarize the closing requirements under the Note Purchase Agreement. For any specific closing requirements, please consult the Note Purchase Agreement.

	DOCUMENT	RESPONSIBLE PARTIES	STATUS/NOTES	SIGNATORIES
	Note Documents			
1.	Note Purchase Agreement	GDC	Company to coordinate execution.	☐ Company ☐ Purchasers
	Exhibits	GDC		N/A
	Exhibit A – Form of Note		Agreed Form.	N/A
	Exhibit B – Closing Checklist			N/A
	Exhibit C – Form of Registration Rights		Agreed Form.	
	Schedules	Company/CC		N/A
	6.3 – Subsidiaries			N/A
2.	Notes	CC		
	i. Baker Brothers Life Sciences, L.P.			☐ Company
	ii. 667, L.P.			☐ Company
	iii. The Dustin A. Moskovitz Trust			☐ Company
	iv. Sigma Emerging Markets Ltd.			☐ Company
	v. Macro Continental, Inc.			☐ Company
	vi. Perceptive Life Sciences Mater Fund, Ltd. THB Iron Rose, LLC			☐ Company
	vii. Lookfar Investments, LLC			☐ Company
	viii. THB Iron Rose, LLC Life Science			☐ Company
	ix. Portfolio Tony Yao			☐ Company
	x. Meridian Small Cap Growth Fund			☐ Company
	xi. ArrowMark Fundamental Opportunity			☐ Company
	xii. Fund, L.P.			
3.	Subordination Agreement	GDC		☐ Purchasers ☐ Baker Bros. Advisors LP ☐ Company
4.	Side Letter re: Subordination Agreement from Senior Creditors	GDC		☐ Senior Creditors
5.	Closing Certificate	CC	Included in Secretary's Certificate.	☐ Company

	Document	Responsible Parties	Status/Notes	Signatories
6.	Secretary's Certificate of the Company	CC		☐ Company
	Certificate of Incorporation	CC		☐ Company
	Bylaws	CC		N/A
	Board Consent	CC		☐ Company
	Incumbency	CC		☐ Company
	Good standing certificates	CC	DE and CA	N/A
7.	Consent to Waiver of IRA provisions			☐ Majority of Registrable Securities of the Company
8.	Payment of fees and expenses	Company		N/A

EXHIBIT C

FORM OF SHELF REGISTRATION STATEMENT

Exh. C-1

FORM OF REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made as of January [ ], 2018, by and between Kodiak Sciences Inc., a Delaware corporation (the "Company"), and the persons listed on the attached Schedule A who are signatories to this Agreement (collectively, the "Investors"). Unless otherwise defined herein, capitalized terms used in this Agreement have the respective meanings ascribed to them in Section 1.

RECITALS

WHEREAS, the Company and the Investors wish to provide for certain arrangements with respect to the registration of the Registrable Securities (as defined below) by the Company under the Securities Act.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1
Definitions

1.1. Certain Definitions. In addition to the terms defined elsewhere in this Agreement, as used in this Agreement, the following terms have the respective meanings set forth below:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

(c) "Common Stock" shall mean the common stock of the Company, par value $0.001 per share.

(d) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(e) [Reserved]

(f) "Other Shares" shall mean shares of Common Stock, other than Registrable Securities (as defined below), with respect to which registration rights have been granted by the Company from time to time.

(g) "Person" shall mean any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

(h) "Registrable Securities" shall mean the shares of Common Stock and any shares of Common Stock issued or issuable upon conversion or exercise of any other securities (whether equity, debt or otherwise) of the Company now owned or hereafter acquired by any of the Investors.

(i) The terms "register," "registered" and "registration" shall refer to a registration effected by preparing and filing a Registration Statement in compliance with the Securities Act, and such Registration Statement becoming effective under the Securities Act.

(j) "Registration Expenses" shall mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement, including, without limitation, all registration, qualification, and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company and up to $50,000 of reasonable legal expenses of one special counsel for Investors (if different from the Company's counsel and if such counsel is reasonably approved by the Company) per underwritten public offering, blue sky fees and expenses, and expenses of any regular or special audits incident to or required by any such registration, but shall not include Selling Expenses.

(k) "Registration Statement" means any registration statement of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement as may be necessary to comply with applicable securities laws other than a registration statement (and related prospectus) filed on Form S-4 or Form S-8 or any successor forms thereto.

(l) "Rule 144" shall mean Rule 144 as promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any similar successor rule that may be promulgated by the Commission.

(m) "Securities Act" shall mean the Securities Act of 1933, as amended, or any similar successor federal statute and the rules and regulations thereunder, all as the same shall be in effect from time to time.

(n) "Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities, the fees and expenses of any legal counsel (except for those expenses of legal counsel which are considered Registration Expenses) and any other advisors any of the Investors engage and all similar fees and commissions relating to the Investors' disposition of the Registrable Securities.

Section 2
Resale Registration Rights

2.1. Resale Registration Rights.

(a) Following demand by any Investor, the Company shall file with the Commission, as promptly as reasonably practicable, and in any event within sixty (60) days of such demand, a Registration Statement on Form S-3 covering the resale of the Registrable Securities by the Investors submitting such demand (the "Resale Registration Shelf"). Notwithstanding the foregoing, the Company shall not be obligated to file the Resale

Registration Shelf if it is not then eligible to register for resale the Registrable Securities on Form S-3. Such Resale Registration Shelf shall include a "final" prospectus, including the information required by Item 507 of Regulation S-K of the Securities Act, as provided by the Investors. Notwithstanding the foregoing, before filing the Resale Registration Shelf, the Company shall furnish to the Investors a copy of the Resale Registration Shelf and afford the Investors a reasonable opportunity to review and comment on the Resale Registration Shelf. The Company's obligation pursuant to this Section 2.1(a) is conditioned upon the Investors providing the information contemplated in Section 2.7.

(b) The Company shall use its reasonable best efforts to cause the Resale Registration Shelf and related prospectuses to become effective as promptly as practicable after filing. The Company shall use its reasonable best efforts to cause such Registration Statement to remain effective under the Securities Act until the earlier of the date (i) all Registrable Securities covered by the Resale Registration Shelf have been sold or may be sold freely without limitations or restrictions as to volume or manner of sale pursuant to Rule 144 and (ii) all of the Registrable Securities covered by the Resale Registration Shelf otherwise cease to be Registrable Securities pursuant to Section 2.9). The Company shall promptly, and within two (2) Business Days after the Company confirms effectiveness of the Resale Registration Shelf with the Commission, notify the Investors of the effectiveness of the Resale Registration Shelf.

(c) Notwithstanding anything contained herein to the contrary, the Company shall not be obligated to effect, or to take any action to effect, a registration pursuant to Section 2.1(a):

(i) if the Company has and maintains an effective Registration Statement on Form S-3 that provides for the resale of an unlimited number of securities by selling stockholders (the "Company Registration Shelf"); or

(ii) during the period forty-five (45) days prior to the Company's good faith estimate of the date of filing of a Company Registration Shelf; or

(iii) if the Company has caused a Registration Statement to become effective pursuant to this Section 2.1 during the prior twelve (12) month period.

(d) If the Company has a Company Registration Shelf in place at any time in which the Investors make a demand pursuant to Section 2.1(a), the Company shall file with the Commission, as promptly as practicable, and in any event within fifteen (15) business days after such demand, a "final" prospectus supplement to its Company Registration Shelf covering the resale of the Registrable Securities by the Investors (the "Prospectus"); provided, however, that the Company shall not be obligated to file more than one Prospectus pursuant to this Section 2.1(d) in any six-month period to add additional Registrable Securities to the Company Registration Shelf that were acquired by the Investors other than directly from the Company or in an underwritten public offering by the Company. The Prospectus shall include the information required under Item 507 of Regulation S-K of the Securities Act, which information shall be provided by the Investors. Notwithstanding the foregoing, before filing the Prospectus, the Company shall furnish to the Investors a copy of the Prospectus and afford the Investors a reasonable opportunity to review and comment on the Prospectus.

(e) Deferral and Suspension. At any time after being obligated to file a Resale Registration Shelf or Prospectus or after any Resale Registration Shelf has become effective or Prospectus filed with the Commission, the Company may defer the filing of or suspend the use of any such Resale Registration Shelf or Prospectus, upon giving written notice of such action to the Investors with a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board, the filing or use of a Resale Registration Shelf or Prospectus covering the Registrable Securities would be materially detrimental to the Company or its stockholders at such time and that the Board concludes, as a result, that it is in the best interests of the Company or its stockholders to defer the filing or suspend the filing or suspend the use of such Resale Registration Shelf or Prospectus at such time. The Company shall have the right to defer the filing of or suspend the use of such Resale Registration Shelf or Prospectus for a period of not more than one hundred twenty (120) days from the date the Company notifies the Investors of such deferral or suspension; provided, that the Company may not invoke this right more than once in any twelve (12) month period. In the case of the suspension of use of any effective Resale Registration Shelf or Prospectus, the Investors, immediately upon receipt of notice thereof from the Company, shall discontinue any offers or sales of Registrable Securities pursuant to such Resale Registration Shelf or Prospectus until advised in writing by the Company that the use of such Resale Registration Shelf or Prospectus may be resumed. In the case of a deferred Resale Registration Shelf or Prospectus, the Company shall provide prompt written notice to the Investors of (i) the Company's decision to file the Prospectus or file or seek effectiveness of the Resale Registration Shelf, as the case may be, following such deferral and (ii) the effectiveness of such Resale Registration Shelf.

(f) Other Shares. Subject to Section 2.2(e) below, any Resale Registration Shelf or Prospectus may include Other Shares, and may include securities of the Company being sold for the account of the Company; provided, that such Other Shares are excluded first from such Registration Statement in order to comply with any applicable laws or request from any Government Entity, Nasdaq or any applicable listing agency. For the avoidance of doubt, no Other Shares may be included in an underwritten offering pursuant to Section 2.2 without the consent of the Investors.

2.2. Sales and Underwritten Offerings of the Registrable Securities.

(a) Notwithstanding any provision contained herein to the contrary, the Investors, collectively, shall, subject to the limitations set forth in this Section 2.2, be permitted one (1) underwritten public offering in any twelve (12) month period, but no more than three underwritten public offerings in total, to effect the sale or distribution of Registrable Securities.

(b) If the Investors intend to effect an underwritten public offering pursuant to the Resale Registration Shelf or the Company Registration Shelf to sell or otherwise distribute Registrable Securities, they shall so advise the Company and provide as much notice to the Company as reasonably practicable (and in any event not less than fifteen (15) business days prior to the Investors' request that the Company file a prospectus supplement to a Resale Registration Shelf or Company Registration Shelf).

(c) In connection with any offering initiated by the Investors pursuant to this Section 2.2 involving an underwriting of shares of Registrable Securities, the Investors shall be entitled to select the underwriter or underwriters for such offering, subject to the consent of the Company, such consent not to be unreasonably withheld, conditioned or delayed.

(d) In connection with any offering initiated by the Investors pursuant to this Section 2.2 involving an underwriting of shares of Registrable Securities, the Company shall not be required to include any of the Registrable Securities in such underwriting unless the Investors (i) enter into an underwriting agreement in customary form with such underwriter or underwriters, (ii) accept customary terms in such underwriting agreement with regard to representations and warranties relating to ownership of the Registrable Securities and authority and power to enter into such underwriting agreement and (iii) complete and execute all questionnaires, powers of attorney, custody agreements, indemnities and other documents as may be requested by such underwriter or underwriters. Further, the Company shall not be required to enter into an underwriting agreement proposed by the underwriter or underwriters that contains representations, warranties or conditions that are not reasonable in light of the Company's then-current business or participate in any marketing, road show or comparable activity that may be required to complete the orderly sale of shares by the underwriter or underwriters.

(e) If the total amount of securities to be sold in any offering initiated by the Investors pursuant to this Section 2.2 involving an underwriting of shares of Registrable Securities exceeds the amount that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities (subject in each case to the cutback provisions set forth in this Section 2.2(e)), that the underwriters and the Company determine in their sole discretion shall not jeopardize the success of the offering. If the underwritten public offering has been requested pursuant to Section 2.2(a) hereof, the number of shares that are entitled to be included in the registration and underwriting shall be allocated in the following manner: (a) first, shares of Company equity securities that the Company desires to include in such registration shall be excluded and (b) second, Registrable Securities requested to be included in such registration by the Investors shall be excluded. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round down the number of shares allocated to any of the Investors to the nearest 100 shares.

2.3. Expenses of Registration. Except as otherwise may be agreed upon between the Investors and the Company, all Registration Expenses incurred in connection with registrations pursuant to this Agreement shall be borne by the Company. All Selling Expenses relating to securities registered on behalf of the Investors shall be borne by the Investors.

2.4. Registration Procedures. In the case of each registration of Registrable Securities effected by the Company pursuant to Section 2.1 (including pursuant to Section 2.1(c)(i)) hereof, the Company shall keep the Investors advised as to the initiation of each such registration and as to the status thereof. The Company shall use its reasonable best efforts, within the limits set forth in this Section 2.4 and subject to Section 2.1(e), to:

(a) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectuses used in connection with such Registration Statement as may be necessary to keep such Registration Statement effective and current and, during such effective period, comply with the provisions of the Securities Act with respect to the disposition of securities covered by such Registration Statement;

(b) furnish to the Investors such numbers of copies of a prospectus, including preliminary prospectuses, in conformity with the requirements of the Securities Act, and such other documents as the Investors may reasonably request in order to facilitate the disposition of Registrable Securities;

(c) use its reasonable best efforts to register and qualify the Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions in the United States as shall be reasonably requested by the Investors, provided, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or file a general consent to service of process in any such jurisdictions;

(d) subject to Section 2.2(d), in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering and take such other usual and customary action as the Investors may reasonably request in order to facilitate the disposition of such Registrable Securities in furtherance of this Agreement;

(e) notify the Investors at any time when a prospectus relating to a Registration Statement covering any Registrable Securities is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company shall use its reasonable best efforts to amend or supplement such prospectus in order to cause such prospectus not to include any 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 the light of the circumstances then existing;

(f) provide a transfer agent and registrar for all Registrable Securities registered pursuant to such Registration Statement and, if required, a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such Registration Statement;

(g) if requested by an Investor, use its reasonable best efforts to cause the Company’s transfer agent to remove any restrictive legend from any Registrable Securities being transferred by an Investor, within two (2) business days of such request;

(h) cause to be furnished, at the request of the Investors, on the date that Registrable Securities are delivered to underwriters for sale in connection with an underwritten offering pursuant to this Agreement, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters by such counsel, and (ii) a letter or letters from the independent certified public accountants of the Company, in form and substance as is customarily given by the Company’s independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters; and

(i) cause all such Registrable Securities included in a Registration Statement pursuant to this Agreement to be listed on each securities exchange or other securities trading markets on which Common Stock is then listed.

(j) for the sole purpose of enabling the Investors to conduct an investigation as to the accuracy of the Registration Statement for the purpose of reducing or eliminating the Investors' liability under the Securities Act, the Company shall make available for inspection by one firm of attorneys and one firm of accountants or other agents retained by the Investors (collectively, the "Inspectors") following reasonable notice all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably deemed necessary by each Inspector to enable each Inspector to exercise its due diligence responsibility and cause the Company's officers to supply such information which any Inspector may reasonably request for purposes of such due diligence. The Company shall not disclose material nonpublic information to the Inspectors unless the Company and the Investors agree and the Investors and the Inspectors enter into an appropriate confidentiality agreement with the Company with respect thereto.

2.5 The Investors Obligations.

(a) Discontinuance of Distribution. The Investors agree that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 2.4(e) hereof, the Investors shall immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities until the Investors' receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.4(e) hereof or receipt of notice that no supplement or amendment is required and that the Investors' disposition of the Registrable Securities may be resumed. The Company may provide appropriate stop orders to enforce the provisions of this Section 2.5(a).

(b) Compliance with Prospectus Delivery Requirements. The Investors covenant and agree that they shall comply with the prospectus delivery requirements of the Securities Act as applicable to them or an exemption therefrom in connection with sales of Registrable Securities pursuant to any Registration Statement filed by the Company pursuant to this Agreement.

(c) Notification of Sale of Registrable Securities. The Investors covenant and agree that they shall notify the Company following the sale of Registrable Securities to a third party as promptly as reasonably practicable, and in any event within thirty (30) days, following the sale of such Registrable Securities.

2.6. Indemnification.

(a) To the extent permitted by law, the Company shall indemnify the Investors, and, as applicable, their officers, directors, and constituent partners, legal counsel for each Investor and each Person controlling the Investors, with respect to which registration, related qualification, or related compliance of Registrable Securities has been effected pursuant to this Agreement, and each underwriter, if any, and each Person who controls any underwriter within the meaning of the Securities Act against all claims, losses, damages, or liabilities (or actions in respect thereof) to the extent such claims, losses, damages, or liabilities arise out of or are based upon (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus or other document (including any related Registration Statement) incident to any such registration, qualification, or compliance, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification, or compliance; and the Company shall pay as incurred to the Investors, each such underwriter, and each Person who controls the Investors or underwriter, any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action; provided, however, that the indemnity contained in this Section 2.6(a) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability, or action if settlement is effected without the consent of the Company (which consent shall not unreasonably be withheld); and provided, further, that the Company shall not be liable in any such case to the extent that any such claim, loss, damage, liability, or expense arises out of or is based upon any violation by such Investor of the obligations set forth in Section 2.5 hereof or any untrue statement or omission contained in such prospectus or other document based upon written information furnished to the Company by or on behalf of such Investors, such underwriter, or such controlling Person and stated to be for use in connection with such Registration Statement.

(b) To the extent permitted by law, each Investor (severally and not jointly) shall, if Registrable Securities held by such Investor are included for sale in the registration and related qualification and compliance effected pursuant to this Agreement, indemnify the Company, each of its directors, each officer of the Company who signs the applicable Registration Statement, each legal counsel and accountant for the Company and each underwriter of the Company's securities covered by such a Registration Statement, and each Person who controls the Company or such underwriter within the meaning of the Securities Act against all claims, losses, damages, and liabilities (or actions in respect thereof) arising out of or based upon (i) any untrue statement (or alleged untrue statement) of a material fact contained in any written information furnished to the Company by or on behalf of such Investor, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by such Investor of Section 2.5 hereof, the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law applicable to such Investor and relating to action or inaction required of such Investor in connection with any such registration and related qualification and compliance, and shall pay as incurred to such persons, any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action, in

each case only to the extent that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in (and such violation pertains to) such Registration Statement or related document in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Investor and stated to be specifically for use therein; provided, however, that the indemnity contained in this Section 2.6(b) shall not apply to amounts paid in settlement of any such claim, loss, damage, liability, or action if settlement is effected without the consent of such Investor (which consent shall not unreasonably be withheld); provided, further, that such Investor's liability under this Section 2.6(b) (when combined with any amounts such Investor is liable for under Section 2.6(d)) shall not exceed such Investor's net proceeds from the offering of securities made in connection with such registration.

(c) Promptly after receipt by an indemnified party under this Section 2.6 of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 2.6, notify the indemnifying party in writing of the commencement thereof and generally summarize such action. The indemnifying party shall have the right to participate in and to assume the defense of such claim; provided, however, that the indemnifying party shall be entitled to select counsel for the defense of such claim with the approval of any parties entitled to indemnification, which approval shall not be unreasonably withheld; provided further, however, that if either party reasonably determines that there may be a conflict between the position of the Company and the Investors in conducting the defense of such action, suit, or proceeding by reason of recognized claims for indemnity under this Section 2.6, then counsel for such party shall be entitled to conduct the defense to the extent reasonably determined by such counsel to be necessary to protect the interest of such party. The failure to notify an indemnifying party promptly of the commencement of any such action, if prejudicial to the ability of the indemnifying party to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 2.6, but the omission so to notify the indemnifying party shall not relieve such party of any liability that such party may have to any indemnified party otherwise than under this Section 2.6.

(d) If the indemnification provided for in this Section 2.6 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. In no event, however, shall (i) any amount due for contribution hereunder be in excess of the amount that would otherwise be due under Section 2.6(a) or Section 2.6(b), as applicable, based on the limitations of such provisions and (ii) a Person guilty of fraudulent misrepresentation (within the meaning of the Securities Act) be entitled to contribution from a Person who was not guilty of such fraudulent misrepresentation.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with an underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control; provided, however, that the failure of the underwriting agreement to provide for or address a matter provided for or addressed by the foregoing provisions shall not be a conflict between the underwriting agreement and the foregoing provisions.

(f) The obligations of the Company and the Investors under this Section 2.6 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement or otherwise.

2.7. Information. The Investors shall furnish to the Company such information regarding the Investors and the distribution proposed by the Investors as the Company may reasonably request and as shall be reasonably required in connection with any registration referred to in this Agreement. The Investors agree to, as promptly as practicable (and in any event prior to any sales made pursuant to a prospectus), furnish to the Company all information required to be disclosed in order to make the information previously furnished to the Company by the Investors not misleading. The Investors agree to keep confidential the receipt of any notice received pursuant to Section 2.4(e) and the contents thereof, except as required pursuant to applicable law. Notwithstanding anything to the contrary herein, the Company shall be under no obligation to name the Investors in any Registration Statement if the Investors have not provided the information required by this Section 2.7 with respect to the Investors as a selling securityholder in such Registration Statement or any related prospectus.

2.8. Rule 144 Requirements. With a view to making available to the Investors the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the Commission that may at any time permit the Investors to sell Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act at all times after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;

(c) prior to the filing of the Registration Statement or any amendment thereto (whether pre-effective or post-effective), and prior to the filing of any prospectus or prospectus supplement related thereto, to provide the Investors with copies of all of the pages thereof (if any) that reference the Investors; and

(d) furnish to any Investor, so long as the Investor owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested by an Investor in availing itself of any rule or regulation of the Commission which permits an Investor to sell any such securities without registration.

2.9. Termination of Status as Registrable Securities. Registrable Securities shall cease to be Registrable Securities upon the earliest to occur of the following events: (i) such Registrable Securities have been sold pursuant to an effective Registration Statement; (ii) such Registrable Securities have been sold by the Investors pursuant to Rule 144 (or other similar rule), (iii) such Registrable Securities may be resold by the Investor holding such Registrable Securities without limitations as to volume or manner of sale pursuant to Rule 144; or (iv) ten (10) years after the date of this Agreement.

Section 3
Miscellaneous

3.1. Amendment. No amendment, alteration or modification of any of the provisions of this Agreement shall be binding unless made in writing and signed by each of the Company and the Investors.

3.2. Injunctive Relief. It is hereby agreed and acknowledged that it shall be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person shall be irreparably damaged and shall not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to injunctive relief, including, without limitation, specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

3.3. Notices. All notices required or permitted under this Agreement must be in writing and sent to the address or facsimile number identified below. Notices must be given: (a) by personal delivery, with receipt acknowledged; (b) by facsimile followed by hard copy delivered by the methods under clause (c) or (d); (c) by prepaid certified or registered mail, return receipt requested; or (d) by prepaid reputable overnight delivery service. Notices shall be effective upon receipt. Either party may change its notice address by providing the other party written notice of such change. Notices shall be delivered as follows:

If to the Investors: At such Investor's address as set forth on Schedule A hereto

If to the Company: Kodiak Sciences Inc.
2632 Hanover Road
Palo Alto, CA 94304
Attn: Chief Financial Officer

with a copy to: Wilson Sonsini Goodrich & Rosati, PC
650 Page Mill Road
Palo Alto, CA 94304
Attn: Michael Nordtvedt

3.4. Governing Law; Jurisdiction; Venue; Jury Trial.

(a) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(b) Each of the Company and the Investors irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in the Borough of Manhattan, New York and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein, or for recognition or enforcement of any judgment, and each of the Company and the Investors irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the fullest extent permitted by applicable law, in such federal court. Each of the Company and the Investors hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the Company and the Investors irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement and the transactions contemplated herein in any court referred to in Section 3.4(b) hereof. Each of the Company and the Investors hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) EACH OF THE COMPANY AND THE INVESTORS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH OF THE COMPANY AND THE INVESTORS (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT EACH OF THE COMPANY AND THE INVESTORS HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

3.5. Successors, Assigns and Transferees. Any and all rights, duties and obligations hereunder shall not be assigned, transferred, delegated or sublicensed by any party hereto without the prior written consent of the other party; provided, however, that the Investors shall be entitled to transfer Registrable Securities to one or more of their affiliates and, solely in connection therewith, may assign their rights hereunder in respect of such transferred Registrable Securities, in each case, so long as such Investor is not relieved of any liability or obligations hereunder, without the prior consent of the Company. Any transfer or assignment made other than as provided in the first sentence of this Section 3.5 shall be null and void. Subject to the foregoing and except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the parties hereto. The Company shall not consummate any recapitalization, merger, consolidation, reorganization or other similar transaction whereby stockholders of the Company receive (either directly, through an exchange, via dividend from the Company or otherwise) equity (the "Other Equity") in any other entity (the "Other Entity") with respect to Registrable Securities hereunder, unless prior to the consummation thereof, the Other Entity assumes, by written instrument, the obligations under this Agreement with respect to such Other Equity as if such Other Equity were Registrable Securities hereunder.

3.6. Entire Agreement. This Agreement, together with any exhibits hereto, constitute the entire agreement between the parties relating to the subject matter hereof and all previous agreements or arrangements between the parties, written or oral, relating to the subject matter hereof are superseded.

3.7. Waiver. No failure on the part of either party hereto to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of either party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver thereof; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy.

3.8. Severability. If any part of this Agreement is declared invalid or unenforceable by any court of competent jurisdiction, such declaration shall not affect the remainder of the Agreement and the invalidated provision shall be revised in a manner that shall render such provision valid while preserving the parties' original intent to the maximum extent possible.

3.9. 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. All references in this Agreement to sections, paragraphs and exhibits shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits attached hereto.

3.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be enforceable against the parties that execute such counterparts (including by facsimile or other electronic means), and all of which together shall constitute one instrument.

3.11. Term and Termination. The Investors' rights to demand the registration of the Registrable Securities under this Agreement shall terminate automatically once all Registrable Securities cease to be Registrable Securities pursuant to the terms of Section 2.9 of this Agreement.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement effective as of the day, month and year first above written.

KODIAK SCIENCES INC.
a Delaware Corporation

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement]

INVESTOR

Schedule A

The Investors

This instrument and the indebtedness, rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination Agreement (as amended, restated, supplemented or modified from time to time, the "Subordination Agreement"), dated as of February 2, 2018, by and among the Subordinated Creditors identified therein, the Company and the Senior Creditors identified therein, to certain indebtedness, rights and obligations of the Company, and all liens and security interests of the Senior Creditors securing the same, all as described in the Subordination Agreement, and each holder and transferee of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.

CONVERTIBLE NOTE

$15,000,000 **New York, New York**
No. 12 **February 2, 2018**

FOR VALUE RECEIVED, the undersigned, KODIAK SCIENCES INC., a Delaware corporation (the **"Company"**), hereby unconditionally promises to pay to Perceptive Life Sciences Master Fund, Ltd. or its registered assigns (the **"Purchaser"**) at the address specified in the Note Purchase Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, the principal sum FIFTEEN MILLION DOLLARS AND ZERO CENTS ($15,000,000.00), together with interest as set forth in the Note Purchase Agreement until the date on which the principal amount is paid in full, converted in whole or cancelled in accordance with the terms of the Note Purchase Agreement. Amounts evidenced hereby shall be paid in the amounts and on the dates specified in Section 3 of the Note Purchase Agreement.

This Note (a) is one of the Notes referred to in the Convertible Note Purchase Agreement (the **"Note Purchase Agreement")** dated as of February 2, 2018 by and among the Company and the purchasers from time to time party hereto and (b) is subject to the provisions of the Note Purchase Agreement. This Note is convertible as provided in the Note Purchase Agreement.

Upon the occurrence and during the continuance of any one or more of the Events of Default, all obligations under the Note Purchase Agreement, as evidenced by this Note, shall become, or may be declared to be, immediately due and payable, all as provided in the Note Purchase Agreement.

All parties now and hereafter liable with respect to this Note, whether as maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Note Purchase Agreement and used herein shall have the meanings given to them in the Note Purchase Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE NOTE PURCHASE AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE NOTE PURCHASE AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Company has caused this Note to be executed as of the date first above written.

KODIAK SCIENCES INC.,
a Delaware corporation

By: /s/ Victor Perlroth, M.D.
Name: Victor Perlroth, M.D.
Title: Chairman and CEO

(*Signature Page to Convertible Note*)

2009 OPTION AND PROFITS INTEREST PLAN

1. PURPOSES.

The Company, by means of the Plan, seeks to retain the services of Employees, Officers, Consultants, Directors and Other Service Providers of the Company and its Affiliates, to secure and retain the services of new members of this group and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Affiliates.

2. DEFINITIONS.

(a) ***"Affiliate"*** means any parent or subsidiary entity of the Company, whether now or hereafter existing.

(b) ***"Board"*** means the Board of Directors of the Company as defined in the LLC Agreement.

(c) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the shareholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its subsidiaries to an entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date this Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided*, *however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Share Awards or Profits Interests subject to such agreement; *provided*, *however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(d) ***"Code"*** means the Internal Revenue Code of 1986, as amended.

(e) ***"Committee"*** means a Committee of one (1) or more members of the Board appointed by the Board in accordance with subsection 3(c).

(f) ***"Company"*** means Oligasis, LLC, a Delaware limited liability company.

(g) ***"Consultant"*** means any person, including an advisor, engaged by the Company or an Affiliate to render consulting or advisory services and who is compensated for such services. However, the term "Consultant" shall not include Directors or Shareholders.

(h) ***"Continuous Service"*** means that the Participant's service with the Company or an Affiliate, whether as an Employee, Shareholder, Director or Consultant, is not interrupted or terminated. The Participant's Continuous Service shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or an Affiliate or a change in the entity for which the Participant renders such service, *provided* that there is no interruption or termination of the Participant's services. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate will not constitute an interruption of Continuous Service. The Board or an officer of the Company designated by the Board, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave.

(i) ***"Director"*** of any entity means a member of the board of directors of such entity.

(j) ***"Disability"*** means the permanent and total disability of a person within the meaning of Section 22(e)(3) of the Code.

(k) ***"Employee"*** means any person employed by the Company or an Affiliate as an employee.

(l) ***"Exchange Act"*** means the Securities Exchange Act of 1934, as amended.

(m) "***Exchange Act Person***" means any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" shall not include (i) the Company or any subsidiary of the Company, (ii) any employee benefit plan of the Company or any subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an entity Owned, directly or indirectly, by the shareholders of the Company in

substantially the same proportions as their Ownership of shares of the Company; or (v) any natural person, entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date of the Plan as set forth in Section 15, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(n) ***"Fair Market Value"*** means, as of any date, the value of the Shares determined reasonably and in good faith by the Board.

(o) "***LLC Agreement***" means the Amended and Restated Limited Liability Company Agreement of the Company, dated as of July 13, 2009, as the same may be amended from time to time.

(p) ***"Officer"*** means any person designated by the Company or an Affiliate as an officer.

(q) ***"Option"*** means an option to purchase Shares granted pursuant to the Plan.

(r) ***"Option Agreement"*** means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an individual Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(s) ***"Optionholder"*** means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(t) ***"Other Service Provider"*** means any provider of services to the Company or an Affiliate other than an Employee, Director, Officer or Consultant. Other Service Providers shall include, without limitation, a Shareholder who is providing services to the Company either in such Shareholder's capacity as a Shareholder or in some other capacity; a "manager" of the Company or an Affiliate as such term may be defined in the applicable governing documents of such entity; or a partner of an Affiliate organized as a partnership if such partner is providing services to the Affiliate either in such partner's capacity as a partner, or in some other capacity.

(u) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or entity shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(v) ***"Participant"*** means a person to whom a Share Award or Profits Interest is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Share Award or Profits Interest.

(w) ***"Plan"*** means this 2009 Share Incentive Plan.

(x) ***"Profits Interest"*** means a Share granted under the Plan pursuant to a Profits Interest Agreement.

(y) ***"Profits Interest Agreement"*** means a written agreement between the Company and a Participant evidencing the terms and conditions of an individual grant of Shares. Each Profits Interest Agreement shall be subject to the terms and conditions of the Plan.

(z) ***"Restricted Share Agreement"*** means a written agreement between the Company and a Participant evidencing the terms and conditions of an individual grant of Shares pursuant to the Plan. Each Restricted Share Agreement shall be subject to the terms and conditions of the Plan.

(aa) ***"Restricted Share Award"*** means an award of Shares which is granted pursuant to the terms and conditions of Section 7.

(bb) ***"Securities Act"*** means the Securities Act of 1933, as amended.

(cc) ***"Share"*** means a Common Share of the Company, as defined in the LLC Agreement, and any securities into which such Shares may hereafter be converted.

(dd) ***"Share Award"*** means any right to receive Shares granted under the Plan, including an Option or a Restricted Share Award.

(ee) ***"Share Award Agreement"*** means a written agreement between the Company and a Participant evidencing the terms and conditions of a Share Award grant. Each Share Award Agreement shall be subject to the terms and conditions of the Plan.

(ff) ***"Shareholder"*** means a Shareholder of the Company, as defined in the LLC Agreement.

3. ADMINISTRATION.

(a) Administration by the Board. The Board shall administer the Plan unless and until the Board delegates administration to a Committee, as provided in subsection 3(c).

(b) Powers of the Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time which of the persons eligible under the Plan shall be granted Share Awards and Profits Interests; when and how each Share Award and Profits Interest shall be granted; the provisions of each Share Award Agreement and Profits Interest Agreement (which need not be identical), including the time or times when a person shall vest in an Option or Profits Interest or be permitted to exercise a Share Award; and the number of Shares with respect to which a Share Award or Profits Interest shall be granted to each such person.

(ii) To construe and interpret the Plan, the Share Awards and Profits Interests granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Share Award Agreement or Profits Interest Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To settle all controversies regarding the Plan and Share Awards and Profits Interests granted under it.

(iv) To accelerate the time at which a Share Award may first be exercised or the time during which a Share Award or Profits Interest, or any part thereof, will vest in accordance with the Plan, notwithstanding the provisions in the applicable Share Award Agreement or Profits Interest Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Share Award or Profits Interest granted while the Plan is in effect except with the written consent of the affected Participant.

(vi) To amend the Plan, a Share Award Agreement or a Profits Interest Agreement as provided in Section 13.

(vii) To approve forms of Share Award Agreements and Profits Interest Agreements for use under the Plan and to amend the terms of any one or more Share Awards or Profits Interests, including, but not limited to, amendments to provide terms more favorable than previously provided in the Share Award Agreement or Profits Interest Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided, however*, that, the rights under any Share Award or Profits Interest shall not be impaired by any such amendment unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Share Awards if necessary to bring the Share Award into compliance with Section 409A of the Code and related guidance thereunder.

(viii) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(ix) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (1) the reduction of the exercise price of any outstanding Option under the Plan, (2) the cancellation of any outstanding Option under the Plan and the grant in substitution therefore of (A) a new Option under the Plan or another equity plan of the Company covering the same or a different number of Shares, (B) a Profits Interest, (C) cash and/or (D) other valuable consideration (as determined by the Board, in its sole discretion), or (3) any other action that is treated as a repricing under generally accepted accounting principles; *provided, however*, that no such reduction or cancellation may be effected if it is determined, in the Company's sole discretion, that such reduction or cancellation would result in any outstanding Option becoming subject to the requirements of Section 409A of the Code.

(c) Delegation to Committee. The Board may delegate administration of the Plan to a Committee or Committees, and the term "Committee" shall apply to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board the powers previously delegated.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 12 relating to adjustments upon changes in Shares, the Shares that may be issued pursuant to Share Awards and Profits Interests shall not exceed in the aggregate the number of Shares specifically designated by the Board from time to time.

(b) Reversion of Shares to the Share Reserve. If any Share Award or Profits Interest shall for any reason expire or otherwise terminate, in whole or in part, without having been vested or exercised in full, the Shares not acquired or not vested (as the case may be) under such award shall revert to and again become available for issuance under the Plan. Also, any shares reacquired by the Company pursuant to Section 11(d) or as consideration for the exercise of an Option shall again become available for issuance under the Plan.

5. ELIGIBILITY.

(a) General. The persons eligible to receive Options and Profits Interests are the Employees, Officers, Directors, eligible Consultants, and Other Service Providers of the Company and its Affiliates.

(b) Consultants and Other Service Providers.

(i) A Consultant or Other Service Provider shall not be eligible for the grant of a Share Award or Profits Interest if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant or Other Service Provider is not exempt under Rule 701 of the Securities Act ("***Rule 701***") because of the nature of the services that the Consultant or Other Service Provider is providing to the Company, or because the Consultant or Other Service Provider is not a natural person, or as otherwise provided by Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

(ii) Rule 701 generally is available to consultants and advisors only if (1) they are natural persons; (2) they provide bona fide services to the issuer, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the issuer's parent; and (3) the services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the issuer's securities.

6. OPTION TERMS.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) Term. No Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) Exercise Price of Options. The exercise price of each Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Shares subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than one hundred percent (100%) of the Fair Market Value of the Shares subject to the Option if such Option is granted pursuant to an assumption or substitution for another option in a manner consistent with the provisions of Sections 409A and 424(a) of the Code.

(c) Consideration. The purchase price of Shares acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations and as determined by the Board in its sole discretion, by any combination of the following methods of payment: (i) in cash at the time the Option is exercised or (ii) at the discretion of the Board at the time of the grant of the Option, (A) according to a deferred payment or other similar arrangement with the Optionholder, (B) via a "net exercise" or similar arrangement, or (C) in any other form of legal consideration that may be acceptable to the Board, in each case, as set forth in the Option Agreement. In the case of any deferred payment arrangement, interest shall be compounded at least annually and shall be charged at the minimum rate of interest necessary to avoid the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement. The Board shall have the authority to grant Options that do not permit such methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment.

(d) Transferability of Options. An Option shall not be transferable except by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Optionholder only by the Optionholder; *provided*, *however*, that the Board may, in its sole discretion, permit transfer of the Option to such extent as permitted by Rule 701 and in a manner consistent with applicable tax and securities laws upon the Optionholder's request. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option and receive the Shares or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Optionholder's estate shall be entitled to exercise the Option and receive the Shares or other consideration resulting from such exercise.

(e) Domestic Relations Orders. Notwithstanding the foregoing, an Option may be transferred pursuant to a domestic relations order.

(f) Vesting Generally. The total number of Shares subject to an Option may, but need not, vest and therefore become exercisable in periodic installments that may, but need not, be equal. The Option may be subject to such other terms and conditions on the time or times when it may be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this subsection 6(e) are subject to any Option provisions governing the minimum number of Shares as to which an Option may be exercised.

(g) Termination of Continuous Service. In the event an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder's Continuous Service (or such longer or shorter period specified in the Option Agreement, which period shall not be less than thirty (30) days if necessary to comply with applicable state laws), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified in the Option Agreement, the Option shall terminate.

(h) Disability of Optionholder. In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the

extent that the Optionholder was entitled to exercise such Option as of the date of termination), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination (or such longer or shorter period specified in the Option Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws) or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination, the Optionholder does not exercise his or her Option within the time specified herein, the Option shall terminate.

(i) Death of Optionholder. In the event (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the Option upon the Optionholder's death pursuant to subsection 6(d), but only within the period ending on the earlier of (1) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws) or (2) the expiration of the term of such Option as set forth in the Option Agreement. If, after death, the Option is not exercised within the time specified herein, the Option shall terminate.

(j) Non-Exempt Employees. No Option granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any Shares until at least six (6) months following the date of grant of the Option. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, in the event of the Optionholder's death or Disability, upon a Change of Control in which the vesting of such Options accelerates, upon the Optionholder's retirement (as such term may be defined in any applicable agreement or in accordance with the Company's then-current employment policies and guidelines) any such vested Options may be exercised earlier than six (6) months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay.

(k) Early Exercise. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the Shares subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 11(g), any unvested Shares so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate.

(l) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 11(g), an Option may, but need not, include a provision whereby the Company may elect to repurchase all or any part of the vested Shares acquired by the Optionholder pursuant to the exercise of the Option.

(m) Right of First Refusal. An Option may, but need not, include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Optionholder of the intent to transfer all or any part of the Shares received upon the exercise of the Option. Except as expressly provided in this subsection 6(m), such right of first refusal shall otherwise comply with any applicable provisions of the LLC Agreement.

7. RESTRICTED SHARE AWARD TERMS.

Subject to the provisions of the Plan, each Restricted Share Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate

Restricted Share Award Agreements need not be identical, but each Restricted Share Award Agreement shall include (through incorporation of provisions hereof by reference in the Restricted Share Award Agreement or otherwise) the substance of each of the following provisions:

(a) Consideration. The Board may grant a Restricted Share Award in consideration for past or future services or any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law, and the Board shall comply with the capital contribution provisions of the LLC Agreement with respect to any Restricted Share Awards.

(b) Transferability. Unless otherwise provided in an applicable Restricted Share Award Agreement, rights to acquire Shares subject to a Restricted Share Award Agreement shall not be transferable except by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall be entitled to receive the right to acquire Shares, subject to any rights of the Company or other parties under the Plan, the Restricted Share Award Agreement and/or the LLC Agreement.

(c) Vesting. Subject to the "Repurchase Limitation" in Section 11(g), the total number of Shares subject to a Restricted Share Award Agreement may, but need not, be allotted in periodic installments (which may, but need not, be equal). The Restricted Share Award Agreement will provide that from time to time during each of such installment periods, the Shares allotted to that period will vest. On such vesting dates, the shares may be subject to such other terms and conditions (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of the Shares under individual Restricted Share Award Agreements may vary. Subject to the "Repurchase Limitation" in Section 11(g), all unvested Shares acquired pursuant to a Restricted Share Award Agreement may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate.

(d) Termination of Participant's Continuous Service. Subject to the "Repurchase Limitation" in Section 11(g), in the event a Participant's Continuous Service terminates, the Restricted Share Award Agreement with the Participant shall revert to and again become available for issuance under the Plan.

8. PROFITS INTEREST TERMS.

Subject to the provisions of the Plan, each Profits Interest Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Profits Interest Agreements need not be identical, but each Profits Interest Agreement shall include (through incorporation of provisions hereof by reference in the Profits Interest Agreement or otherwise) the substance of each of the following provisions:

(a) Consideration. The Board may grant Profits Interests in consideration for past services, future services or any other form of lawful consideration acceptable to the Board in its discretion.

(b) Transferability. Unless otherwise provided in an applicable Profits Interest Agreement, a Share subject to a Profits Interest Agreement shall not be transferable except by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall be entitled to receive the Shares, subject to any rights of the Company or other parties under the Plan, the Profits Interest Agreement and/or the LLC Agreement.

(c) Vesting. The total number of Shares subject to a Profits Interest Agreement may, but need not, be allotted in periodic installments (which may, but need not, be equal). The Profits Interest Agreement will provide that from time to time during each of such installment periods, the Shares allotted to that period will vest. On such vesting dates, the Shares may be subject to such other terms and conditions (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of Shares under individual Profits Interest Agreements may vary.

(d) Termination of Continuous Service. In the event a Participant's Continuous Service terminates, the Profits Interest Agreement with the Participant shall terminate, and the unvested Shares covered by such Profits Interest Agreement shall revert to and again become available for issuance under the Plan.

9. SECURITIES LAW COMPLIANCE.

The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to (i) grant Share Awards and to issue and sell Shares upon the exercise of Share Awards, and (ii) issue Shares under Profits Interest Agreements; *provided, however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Share, any Share Award or Profits Interest, or any Shares issued or issuable pursuant to any such Share Award or Profits Interest. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of Shares under the Plan, the Company shall be relieved from any liability for failure to issue and sell Shares upon exercise of such Share Award or transfer Shares under such Profits Interest Agreements unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Share Award, Profits Interest, or the subsequent issuance of Shares pursuant to the Share Award if such grant or issuance would be in violation of any applicable securities law.

10. USE OF PROCEEDS.

Proceeds from the sale of Shares under the Plan shall constitute general funds of the Company.

11. MISCELLANEOUS.

(a) Shareholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Shares subject to such Share Award unless and until such Participant has satisfied all requirements for exercise of the Share Award pursuant to its terms. A Participant to whom a Share is issued in accordance with the Plan shall have such rights with respect to such Share as are provided in the LLC Agreement.

(b) No Employment or Other Service Rights. Nothing in the Plan or any instrument executed thereunder or Share Award or Profits Interest granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Share Award or Profits Interest was granted or shall affect the right of the Company or an Affiliate to terminate the service relationship of any Participant, with or without notice and with or without cause.

(c) Investment Assurances; Execution of LLC Agreement. The Company may require a Participant, as a condition of exercising or acquiring Shares under any Share Award or Profits Interest Agreement, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably

satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising a Share Award or owning a Share; (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Shares for the Participant's own account and not with any present intention of selling or otherwise distributing Shares; and (iii) to execute the LLC Agreement. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the Shares has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on certificates issued under the Plan (if any) as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of Shares.

(d) Withholding Obligations. To the extent provided by the terms of a Share Award Agreement or Profits Interest Agreement, a Participant may satisfy any federal, state or local tax withholding obligation relating to the acquisition of Shares by any of the following means (in addition to the Company's right to withhold from any compensation, distributions and payments paid to the Participant by the Company) or by a combination of such means: (i) tendering a cash payment; or (ii) authorizing the Company to withhold Shares from the Shares otherwise issuable to the Participant, *provided, however*, that no Shares may be withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Share Award or Profits Interest as a liability for financial accounting purposes).

(e) Compliance with Section 409A. To the extent that the Board determines that any Share Award granted hereunder is subject to Section 409A of the Code, the Share Award Agreement evidencing such Share Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Share Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(f) Compliance with Exemption Provided by Rule 12h-1(f). If: (i) the aggregate of the number of Optionholders and the number of holders of all other outstanding compensatory employee options to purchase Shares equals or exceeds five hundred (500), and (ii) the assets of the Company at the end of the Company's most recently completed fiscal year exceeds $10 million, then the following restrictions shall apply during any period during which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act: (A) the Options, prior to exercise, and the Shares acquired upon exercise of the Options may not be transferred until the Company is no longer relying on the exemption provided by Rule 12h-1(f) promulgated under the Exchange Act ("***Rule 12h-1(f)***"), except: (1) as permitted by Rule 701(c) promulgated under the Securities Act, (2) to a guardian upon the disability of the Optionholder, or (3) to an executor upon the death of the Optionholder (collectively, the "***Permitted Transferees***"); *provided, however*, the following transfers are permitted: (i) transfers by the Optionholder to the Company, and (ii) transfers in connection with a change of control or other acquisition involving the Company, if following such transaction, the Options no longer remain outstanding and the Company is no longer relying on the exemption provided by Rule 12h-1(f); *provided further*, that any Permitted Transferees may not further transfer the Options; (B) except as otherwise provided herein, the Options and Shares acquired upon exercise of the Options are restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" as defined by Rule 16a-1(h) promulgated under the Exchange Act, or any "call equivalent position" as defined by Rule 16a-1(b) promulgated under the Exchange Act by the Optionholder prior to exercise of an Option until the Company is no longer relying on the exemption provided by Rule 12h-1(f); and (C) at any time that the Company is relying on the exemption provided by Rule 12h-1(f), the Company shall deliver to Optionholders

(whether by physical or electronic delivery or written notice of the availability of the information on an internet site) the information required by Rule 701(e)(3), (4), and (5) promulgated under the Securities Act every six (6) months, including financial statements that are not more than one hundred eighty (180) days old; *provided*, *however*, that the Company may condition the delivery of such information upon the Optionholder's agreement to maintain its confidentiality.

(g) Repurchase Limitation. The terms of any repurchase right shall be specified in the Share Award Agreement. The repurchase price for vested Shares shall be the Fair Market Value of the Shares on the date of repurchase. The repurchase price for unvested Shares shall be the lower of (i) the Fair Market Value of the Shares on the date of repurchase or (ii) their original purchase price. However, the Company shall not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Share Award as a liability for financial accounting purposes) have elapsed following delivery of Shares subject to the Share Award, unless otherwise specifically provided by the Board.

(h) No Obligation to Notify or Minimize Taxes. The Company shall have no duty or obligation to any holder of an Option to advise such holder as to the time or manner of exercising such Option. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Option or a possible period in which the Option may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Share Award to any Participant.

(i) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

12. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION.

(a) Capitalization Adjustments. If any change is made in the Shares, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, incorporation, change in state of organization, distribution (whether in property or cash), equity split, liquidating distribution, combination of Shares, exchange of Shares, change in form of organization or structure, or other transaction not involving the receipt of consideration by the Company), then: (i) the Plan will be proportionately and appropriately adjusted in the class(es) and maximum number of securities subject to the Plan pursuant to subsection 4(a), (ii) the outstanding Options will be appropriately and proportionately adjusted in the class(es) and number of securities and price per security subject to such outstanding Share Awards, and (iii) the Profits Interests Agreements will be appropriately and proportionately adjusted in the class(es) and number of securities subject to such Profits Interest Agreements. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. The conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.

(b) Dissolution or Liquidation. Unless otherwise provided by the Board in its sole discretion, in the event of a dissolution or liquidation of the Company, all outstanding unvested Share Awards and unvested Profits Interests shall terminate immediately prior to such event, and any outstanding vested Share Awards that are not exercised in advance of such event (by such date as may be specified by the Board in its sole discretion) shall terminate immediately prior to such event.

(c) Asset Sale, Merger, Consolidation or Reverse Merger. In the event of (i) a sale, lease or other disposition of all or substantially all of the assets of the Company, (ii) a merger or consolidation in

which the Company is not the surviving entity, or (iii) a reverse merger in which the Company is the surviving entity but the Shares outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise (individually, a "***Company Transaction***"), then:

(i) Options. Any surviving or acquiring entity may assume any Option (or a portion of any Option) outstanding under the Plan or may substitute a similar share option (including an option to acquire the same consideration paid to the Shareholders in the Company Transaction for those outstanding under the Plan). In the event any surviving or acquiring entity refuses to assume any Option (or portion of an Option) or to substitute a similar option for an Option outstanding under the Plan, then with respect to an Option (or portion thereof) held by an Optionholder whose Continuous Service has not terminated prior to the effective time of the Company Transaction (referred to as a "***Current Participant***"), the Board may in its discretion accelerate the vesting of such Option (or portion thereof, as applicable), and the time at which such Options may be exercised, and such Option (or portion thereof) shall terminate if not exercised at or prior to the Company Transaction. With respect to any Options (or portions thereof) outstanding under the Plan that are not assumed or substituted by the surviving or acquiring entity and that are held by persons who are not Current Participants, such Options shall terminate if not exercised at or prior to the Company Transaction.

(ii) Restricted Share Awards. With respect to any unvested Shares under the Plan, any surviving or acquiring entity in a Company Transaction shall substitute similar equity awards for such Shares outstanding under the Plan, and any reacquisition or repurchase rights held by the Company in respect of Shares may be assigned by the Company to the surviving or acquiring entity. In the event any surviving or acquiring entity refuses to substitute similar equity awards for unvested Shares under the Plan, then such unvested Shares shall terminate immediately prior to the consummation of the Company Transaction.

(iii) Profits Interests. With respect to any unvested Shares subject to Profits Interest Agreements under the Plan that are held by Participants whose Continuous Service has not terminated, any surviving or acquiring entity in a Company Transaction may substitute similar equity awards for such Shares outstanding under the Plan, and any reacquisition or repurchase rights held by the Company in respect of Shares issued pursuant to Profits Interest Agreements may be assigned by the Company to the surviving or acquiring entity. In the event any surviving or acquiring entity refuses to substitute similar equity awards for unvested Shares subject to Profits Interest Agreements under the Plan, then with respect to Shares held by Current Participants, the Board may in its discretion accelerate the vesting of such Shares in full or in part immediately prior to the consummation of such Company Transaction. With respect to unvested Shares held by persons who are not Current Participants, such Shares shall terminate immediately prior to the consummation of the Company Transaction.

(iii) Cash-Out of Options. Notwithstanding the foregoing, in the event any Option (or portion thereof) will terminate if not exercised prior to the effective time of a Company Transaction, the Board may provide, in its sole discretion, that the holder of any such Option (or portion thereof) that is not exercised prior to such effective time will receive a payment, in such form as may be determined by the Board, equal in value to the excess, if any, of (A) the value of the property the holder of the Option would have received upon the exercise of the Option (or applicable portion), over (B) the exercise price payable by such holder in connection with such exercise.

(iv) Change in Control. Any Share Award or Profits Interest may be subject to additional acceleration of vesting and exercisability upon or after a change in control transaction, as may be provided and defined in the Share Award or Profits Interest Agreement or grant notice for such Share Award or Profits Interest or as may be provided and defined in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur except as set forth in this Section 12(c).

13. AMENDMENT OF THE PLAN AND OPTIONS.

(a) Amendment of Plan. At any time, and from time to time, the Board may amend the Plan. If the approval of the Shareholders of an amendment to the Plan is required by the LLC Agreement or applicable law, then such amendment shall not be effective unless approved by the Shareholders in accordance with the LLC Agreement or applicable law.

(b) No Impairment of Rights. Rights under any Share Award or Profits Interest Agreement granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the Participant and (ii) such Participant consents in writing.

14. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the date the Plan is adopted by the Board. No Share Awards or Profits Interests may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Share Award or Profits Interest granted while the Plan is in effect except with the written consent of the Participant.

15. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but, if Shareholder approval of the Plan is required by the LLC Agreement, then no Share Award shall be exercised and no Share shall be issued under the Plan unless and until the Plan has been approved by the Shareholders of the Company in accordance with the LLC Agreement.

16. CHOICE OF LAW

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to such state’s conflict of laws rules.

ATTACHMENT II

2015 SHARE INCENTIVE PLAN

KODIAK SCIENCES INC.

2015 SHARE INCENTIVE PLAN

1. **Purposes of the Plan.** The purposes of this 2015 Share Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees and Consultants, and to promote the success of the Company's business. Options granted under the Plan may be Incentive Stock Options or Nonstatutory Stock Options, as determined by the Administrator at the time of grant of an Option and subject to the applicable provisions of Section 422 of the Code and the regulations promulgated thereunder. Restricted Stock may also be granted under the Plan.

2. **Definitions.** As used herein, the following definitions shall apply:

(a) **"Administrator"** means the Board or a Committee.

(b) **"Affiliate"** means an entity other than a Subsidiary which, together with the Company, is under common control of a third person or entity.

(c) **"Applicable Laws"** means all applicable laws, rules, regulations and requirements, including, but not limited to, all applicable U.S. federal or state laws, any Stock Exchange rules or regulations, and the applicable laws, rules or regulations of any other country or jurisdiction where Options or Restricted Stock are granted under the Plan or Participants reside or provide services, as such laws, rules, and regulations shall be in effect from time to time.

(d) **"Award"** means any award of an Option or Restricted Stock under the Plan.

(e) **"Board"** means the Board of Directors of the Company.

(f) **"California Participant"** means a Participant whose Award is issued in reliance on Section 25102(o) of the California Corporations Code.

(g) **"Cashless Exercise"** means a program approved by the Administrator in which payment of the Option exercise price or tax withholding obligations may be satisfied, in whole or in part, with Shares subject to the Option, including by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Administrator) to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate exercise price and, if applicable, the amount necessary to satisfy the Company's withholding obligations.

(h) **"Cause"** for termination of a Participant's Continuous Service Status will exist (unless another definition is provided in an applicable Option Agreement, Restricted Stock Purchase Agreement, employment agreement or other applicable written agreement) if the Participant's Continuous Service Status is terminated for any of the following reasons: (i) the Participant's willful failure to perform his or her duties and responsibilities to the Company or the Participant's violation of any written Company policy; (ii) the Participant's commission of any act of fraud, embezzlement, dishonesty or any other willful misconduct that has caused or is

reasonably expected to result in injury to the Company; (iii) the Participant's unauthorized use or disclosure of any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (iv) the Participant's material breach of any of his or her obligations under any written agreement or covenant with the Company. The determination as to whether a Participant's Continuous Service Status has been terminated for Cause shall be made in good faith by the Company and shall be final and binding on the Participant. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or consulting relationship at any time, and the term "Company" shall be interpreted to include any Subsidiary, Parent, Affiliate, or any successor thereto, if appropriate.

(i) **"Code"** means the Internal Revenue Code of 1986, as amended.

(j) **"Committee"** means one or more committees or subcommittees of the Board consisting of two (2) or more Directors (or such lesser or greater number of Directors as shall constitute the minimum number permitted by Applicable Laws to establish a committee or sub-committee of the Board) appointed by the Board to administer the Plan in accordance with Section 4 below.

(k) **"Common Stock"** means the Company's common stock, par value $0.0001 per share, as adjusted in accordance with Section 14 below.

(l) **"Company"** means Kodiak Sciences Inc., a Delaware corporation.

(m) **"Consultant"** means any person, including an advisor but not an Employee, who is engaged by the Company, or any Parent, Subsidiary or Affiliate, to render services (other than capital-raising services) and is compensated for such services, and any Director whether compensated for such services or not.

(n) **"Continuous Service Status"** means the absence of any interruption or termination of service as an Employee or Consultant. Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of: (i) Company approved sick leave; (ii) military leave; (iii) any other bona fide leave of absence approved by the Administrator, provided that such leave is for a period of not more than ninety (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Company policy. Also, Continuous Service Status as an Employee or Consultant shall not be considered interrupted or terminated in the case of a transfer between locations of the Company or between the Company, its Parents, Subsidiaries or Affiliates, or their respective successors, or a change in status from an Employee to a Consultant or from a Consultant to an Employee.

(o) **"Director"** means a member of the Board.

(p) **"Disability"** means "disability" within the meaning of Section 22(e)(3) of the Code.

(q) **"Employee"** means any person employed by the Company, or any Parent, Subsidiary or Affiliate, with the status of employment determined pursuant to such factors as are

deemed appropriate by the Administrator in its sole discretion, subject to any requirements of the Applicable Laws, including the Code. The payment by the Company of a director's fee shall not be sufficient to constitute "employment" of such director by the Company or any Parent, Subsidiary or Affiliate.

(r) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

(s) **"Fair Market Value"** means, as of any date, the per share fair market value of the Common Stock, as determined by the Administrator in good faith on such basis as it deems appropriate and applied consistently with respect to Participants. The Administrator may, but is not required to, set the Fair Market Value based on a valuation. Whenever possible, if the Company Shares are publically traded on a national securities exchange, the determination of Fair Market Value shall be based upon the per share closing price for the Shares as reported in the Wall Street Journal for the applicable dates.

(t) **"Family Member"** means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships) of the Optionee, any person sharing the Optionee's household (other than a tenant or employee), a trust in which these persons (or the Optionee) have more than 50% of the beneficial interest, a foundation in which these persons (or the Optionee) control the management of assets, and any other entity in which these persons (or the Optionee) own more than 50% of the voting interests.

(u) **"Fully Diluted Common Stock"** mean all issued and outstanding shares of Common Stock, together with all shares of Common Stock issuable upon exercise of any outstanding options or rights (whether issued under this Plan or otherwise) and conversion of all outstanding convertible securities.

(v) **"Incentive Stock Option"** means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable Option Agreement.

(w) **"Involuntary Termination"** means (unless another definition is provided in the applicable Option Agreement, Restricted Stock Purchase Agreement, employment agreement or other applicable written agreement) the termination of a Participant's Continuous Service Status by the Company or a Subsidiary, Parent, Affiliate or successor thereto, as appropriate, for any reason other than Cause, Disability or death.

(x) **"Listed Security"** means any security of the Company that is listed or approved for listing on a national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.

(y) **"Nonstatutory Stock Option"** means an Option not intended to qualify as an Incentive Stock Option, as designated in the applicable Option Agreement.

(z) **"Option"** means a stock option granted pursuant to the Plan.

(aa) **"Option Agreement"** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of an Option granted under the Plan and includes any documents attached to or incorporated into such Option Agreement, including, but not limited to, a notice of stock option grant and a form of exercise notice.

(bb) **"Option Exchange Program"** means a program approved by the Administrator whereby outstanding Options (i) are exchanged for Options with a lower exercise price or Restricted Stock or (ii) are amended to decrease the exercise price as a result of a decline in the Fair Market Value of the Common Stock.

(cc) **"Optioned Stock"** means Shares that are subject to an Option or that were issued pursuant to the exercise of an Option.

(dd) **"Optionee"** means an Employee or Consultant who receives an Option.

(ee) **"Parent"** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of grant of the Award, each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(ff) **"Participant"** means any holder of one or more Awards or Shares issued pursuant to an Award.

(gg) **"Plan"** means this Kodiak Sciences Inc. 2015 Share Incentive Plan.

(hh) **"Restricted Stock"** means Shares acquired pursuant to a right to purchase Common Stock granted pursuant to Section 11 below.

(ii) **"Restricted Stock Purchase Agreement"** means a written document, the form(s) of which shall be approved from time to time by the Administrator, reflecting the terms of Restricted Stock granted under the Plan and includes any documents attached to such agreement.

(jj) **"Rule 16b-3"** means Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision.

(kk) **"Share"** means a share of Common Stock, as adjusted in accordance with Section 14 below.

(ll) **"Stock Exchange"** means any stock exchange or consolidated stock price reporting system on which prices for the Common Stock are quoted at any given time.

(mm) **"Subsidiary"** means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of grant of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(nn) **"Ten Percent Holder"** means a person who owns stock representing more than 10% of the voting power of the outstanding shares of all classes of stock of the Company or any Parent or Subsidiary, measured as of an Award's date of grant.

(oo) **"Triggering Event"** means:

(i) a sale, transfer or disposition of all or substantially all of the Company's assets other than to (A) a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company, (B) a corporation or other entity owned directly or indirectly by the holders of capital stock of the Company in substantially the same proportions as their ownership of Common Stock, or (C) an Excluded Entity (as defined in subsection (ii) below); or

(ii) any merger, consolidation or other business combination transaction of the Company with or into another corporation, entity or person, other than a transaction with or into another corporation, entity or person in which the holders of at least a majority of the shares of voting capital stock of the Company outstanding immediately prior to such transaction continue to hold (either by such shares remaining outstanding in the continuing entity or by their being converted into shares of voting capital stock of the surviving entity) a majority of the total voting power represented by the shares of voting capital stock of the Company (or the surviving entity) outstanding immediately after such transaction (an "Excluded Entity").

Notwithstanding anything stated herein, a transaction shall not constitute a "Triggering Event" if its sole purpose is to change the state of the Company's incorporation, or to create a holding company that will be owned in substantially the same proportions by the persons who hold the Company's securities immediately before such transaction. For clarity, the term "Triggering Event" as defined herein shall not include stock sale transactions (including any financing transactions) whether by the Company or by the holders of capital stock.

3. **Stock Subject to the Plan.** Subject to the provisions of Section 14 below, the maximum aggregate number of Shares that may be issued under the Plan is 1,722,018 Shares (including 600,649 Shares which remain available for grant under the Company's 2009 Option and Profits Interest Plan (the "2009 Plan")), of which a maximum of 1,722,018 Shares may be issued under the Plan pursuant to Incentive Stock Options. In addition, any Shares which would otherwise return to the 2009 Plan (*e.g.*, due to expire or otherwise terminate, in whole or part, without having been vested or exercised in full), shall also revert to and again be available for issuance under the Plan. The Shares issued under the Plan may be authorized, but unissued, or reacquired Shares. If an Award should expire or become unexercisable for any reason without having been exercised in full, or is surrendered pursuant to an Option Exchange Program, the

unpurchased Shares that were subject thereto shall, unless the Plan shall have been terminated, become available for future grants under the Plan. In addition, any Shares which are retained by the Company upon exercise of an Award in order to satisfy the exercise or purchase price for such Award or any withholding taxes due with respect to such Award shall be treated as not issued and shall continue to be available under the Plan. Shares issued under the Plan and later repurchased by the Company pursuant to any repurchase right that the Company may have shall not be available for future grants under the Plan.

4. **Administration of the Plan.**

(a) **General.** The Plan shall be administered by the Board or a Committee, or a combination thereof, as determined by the Board. The Plan may be administered by different administrative bodies with respect to different classes of Participants and, if permitted by Applicable Laws, the Board may authorize one or more officers of the Company to make Awards under the Plan to Employees and Consultants (who are not subject to Section 16 of the Exchange Act) within parameters specified by the Board.

(b) **Committee Composition.** If a Committee has been appointed pursuant to this Section 4, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. From time to time the Board may increase the size of any Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies (however caused) and dissolve a Committee and thereafter directly administer the Plan, all to the extent permitted by the Applicable Laws and, in the case of a Committee administering the Plan in accordance with the requirements of Rule 16b 3 or Section 162(m) of the Code, to the extent permitted or required by such provisions.

(c) **Powers of the Administrator.** Subject to the provisions of the Plan and, in the case of a Committee, the specific duties delegated by the Board to such Committee, the Administrator shall have the authority, in its sole discretion:

(i) to determine the Fair Market Value of the Common Stock in accordance with Section 2(s) above, provided that such determination shall be applied consistently with respect to Participants under the Plan;

(ii) to select the Employees and Consultants to whom Awards may from time to time be granted;

(iii) to determine the number of Shares to be covered by each Award;

(iv) to approve the form(s) of agreement(s) and other related documents used under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder, which terms and conditions include but are not limited to the exercise or purchase price, the time or times when Awards may be exercised (which may be based on performance criteria), the circumstances (if any) when vesting shall be accelerated or forfeiture restrictions shall be waived, and any restriction or limitation regarding any Award, Optioned Stock, or Restricted Stock;

(vi) to amend any outstanding Award or agreement related to any Optioned Stock or Restricted Stock, including any amendment adjusting vesting (e.g., in connection with a change in the terms or conditions under which such person is providing services to the Company), provided that no amendment shall be made that would materially and adversely affect the rights of any Participant without his or her consent;

(vii) to determine whether and under what circumstances an Option may be settled in cash under Section 10(c) below instead of Common Stock;

(viii) to implement an Option Exchange Program and establish the terms and conditions of such Option Exchange Program, provided that no amendment or adjustment to an Option that would materially and adversely affect the rights of any Optionee shall be made without his or her consent;

(ix) to grant Awards to, or to modify the terms of any outstanding Option Agreement or Restricted Stock Purchase Agreement or any agreement related to any Optioned Stock or Restricted Stock held by, Participants who are foreign nationals or employed outside of the United States with such terms and conditions as the Administrator deems necessary or appropriate to accommodate differences in local law, tax policy or custom which deviate from the terms and conditions set forth in this Plan to the extent necessary or appropriate to accommodate such differences; and

(x) to construe and interpret the terms of the Plan, any Option Agreement or Restricted Stock Purchase Agreement, and any agreement related to any Optioned Stock or Restricted Stock, which constructions, interpretations and decisions shall be final and binding on all Participants.

(d) **Indemnification.** To the maximum extent permitted by Applicable Laws, each member of the Committee (including officers of the Company, if applicable), or of the Board, as applicable, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or pursuant to the terms and conditions of any Award except for actions taken in bad faith or failures to act in bad faith, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided that such member shall give the Company an opportunity, at its own expense, to handle and defend any such claim, action, suit or proceeding before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any other power that the Company may have to indemnify or hold harmless each such person.

5. **Eligibility.**

(a) **Recipients of Grants.** Nonstatutory Stock Options and Restricted Stock may be granted to Employees and Consultants. Incentive Stock Options may be granted only to Employees, provided that Employees of Affiliates shall not be eligible to receive Incentive Stock Options.

(b) **Type of Option.** Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option.

(c) **ISO $100,000 Limitation.** Notwithstanding any designation under Section 5(b) above, to the extent that the aggregate Fair Market Value of Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by any Optionee during any calendar year (under all plans of the Company or any Parent or Subsidiary) exceeds $100,000, such excess Options shall be treated as Nonstatutory Stock Options. For purposes of this Section 5(c), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares subject to an Incentive Stock Option shall be determined as of the date of the grant of such Option.

(d) **No Employment Rights.** Neither the Plan nor any Award shall confer upon any Employee or Consultant any right with respect to continuation of an employment or consulting relationship with the Company (any Parent or Subsidiary), nor shall it interfere in any way with such Employee's or Consultant's right or the Company's (Parent's or Subsidiary's) right to terminate his or her employment or consulting relationship at any time, with or without cause.

6. **Term of Plan.** The Plan shall become effective upon its adoption by the Board of Directors. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 16 below.

7. **Term of Option.** The term of each Option shall be the term stated in the Option Agreement; provided that the term shall be no more than ten (10) years from the date of grant thereof or such shorter term as may be provided in the Option Agreement and provided further that, in the case of an Incentive Stock Option granted to a person who at the time of such grant is a Ten Percent Holder, the term of the Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the Option Agreement.

8. **Reserved.**

9. **Option Exercise Price and Consideration.**

(a) **Exercise Price.** The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option shall be such price as is determined by the Administrator and set forth in the Option Agreement, but shall be subject to the following:

(i) In the case of an Incentive Stock Option

(A) granted to an Employee who at the time of grant is a Ten Percent Holder, the per Share exercise price shall be no less than 110% of the Fair Market Value on the date of grant;

(B) granted to any other Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value on the date of grant;

(ii) Except as provided in subsection (iii) below, in the case of a Nonstatutory Stock Option the per Share exercise price shall be such price as is determined by the Administrator, provided that, if the per Share exercise price is less than 100% of the Fair Market Value on the date of grant, it shall otherwise comply with all Applicable Laws, including Section 409A of the Code;

(iii) In the case of a Nonstatutory Stock Option that is intended to qualify as performance-based compensation under Section 162(m) of the Code and is granted on or after the date, if ever, on which the Common Stock becomes a Listed Security, the per Share exercise price shall be no less than 100% of the Fair Market Value on the date of grant; and

(iv) Notwithstanding the foregoing, Options may be granted with a per Share exercise price other than as required above pursuant to a merger or other corporate transaction.

(b) **Permissible Consideration.** The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option and to the extent required by Applicable Laws, shall be determined at the time of grant) and may consist entirely of (1) cash; (2) check; (3) other previously owned Shares that have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is exercised; (4) a Cashless Exercise; (5) such other consideration and method of payment permitted under Applicable Laws; or (6) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company and the Administrator may, in its sole discretion, refuse to accept a particular form of consideration at the time of any Option exercise.

10. **Exercise of Option.**

(a) **General.**

(i) **Exercisability.** Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, consistent with the terms of the Plan and reflected in the Option Agreement, including vesting requirements and/or performance criteria with respect to the Company, and Parent or Subsidiary, and/or the Optionee.

(ii) **Leave of Absence.** The Administrator shall have the discretion to determine whether and to what extent the vesting of Options shall be tolled during any unpaid leave of absence; provided, however, that in the absence of such determination, vesting of Options shall be tolled during any such unpaid leave (unless otherwise required by the Applicable Laws). Notwithstanding the foregoing, in the event of military leave, vesting shall toll during any unpaid portion of such leave, provided that, upon a Optionee's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be

given vesting credit with respect to Options to the same extent as would have applied had the Optionee continued to provide services to the Company (or any Parent or Subsidiary, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(iii) **Minimum Exercise Requirements.** An Option may not be exercised for a fraction of a Share. The Administrator may require that an Option be exercised as to a minimum number of Shares, provided that such requirement shall not prevent an Optionee from exercising the full number of Shares as to which the Option is then exercisable.

(iv) **Procedures for and Results of Exercise.** An Option shall be deemed exercised when written notice of such exercise has been received by the Company in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and the Company has received full payment for the Shares with respect to which the Option is exercised and has paid, or made arrangements to satisfy, any applicable withholding requirements in accordance with Section 12 below. The exercise of an Option shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(v) **Rights as Holder of Capital Stock.** Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a holder of capital stock shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 14 below.

(b) **Termination of Employment or Consulting Relationship.** The Administrator shall establish and set forth in the applicable Option Agreement the terms and conditions upon which an Option shall remain exercisable, if at all, following termination of an Optionee's Continuous Service Status, which provisions may be waived or modified by the Administrator at any time. To the extent that an Option Agreement does not specify the terms and conditions upon which an Option shall terminate upon termination of an Optionee's Continuous Service Status, the following provisions shall apply:

(i) **General Provisions.** If the Optionee (or other person entitled to exercise the Option) does not exercise the Option to the extent so entitled within the time specified below, the Option shall terminate and the Optioned Stock underlying the unexercised portion of the Option shall revert to the Plan. In no event may any Option be exercised after the expiration of the Option term as set forth in the Option Agreement (and subject to Section 7 above).

(ii) **Termination other than Upon Disability or Death or for Cause.** In the event of termination of an Optionee's Continuous Service Status other than under the circumstances set forth in subsections (iii) through (v) below, such Optionee may exercise any outstanding Option at any time within three (3) months following such termination to the extent the Optionee was vested in the Optioned Stock as of the date of such termination.

(iii) **Disability of Optionee.** In the event of termination of an Optionee's Continuous Service Status as a result of his or her Disability, such Optionee may exercise any outstanding Option at any time within six (6) months following such termination to the extent the Optionee was vested in the Optioned Stock as of the date of such termination.

(iv) **Death of Optionee.** In the event of the death of an Optionee during the period of Continuous Service Status since the date of grant of any outstanding Option, or within three (3) months following termination of Optionee's Continuous Service Status, the Option may be exercised by the Optionee's estate, or by a person who acquired the right to exercise the Option by bequest or inheritance, at any time within nine (9) months following the date of death or, if earlier, the date the Optionee's Continuous Service Status terminated, but only to the extent the Optionee was vested in the Optioned Stock as of the date of death.

(v) **Termination for Cause.** In the event of termination of an Optionee's Continuous Service Status for Cause, any outstanding Option (including, in the discretion of the Administrator, any vested portion thereof) held by such Optionee shall immediately terminate in its entirety upon first notification to the Optionee of termination of the Optionee's Continuous Service Status for Cause. If an Optionee's Continuous Service Status is suspended pending an investigation of whether the Optionee's Continuous Service Status will be terminated for Cause, all the Optionee's rights under any Option, including the right to exercise the Option, shall be suspended during the investigation period. Nothing in this Section 10(b)(v) shall in any way limit the Company's right to purchase unvested Shares issued upon exercise of an Option as set forth in the applicable Option Agreement.

(c) **Buyout Provisions.** The Administrator may at any time offer to buy out for a payment in cash or Shares an Option previously granted under the Plan based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

11. **Restricted Stock.**

(a) **Rights to Purchase.** When a right to purchase Restricted Stock is granted under the Plan, the Administrator shall advise the recipient in writing of the terms, conditions and restrictions related to the offer, including the number of Shares that such person shall be entitled to purchase, the price to be paid (which shall be as determined by the Administrator, subject to Applicable Laws, including any applicable securities laws), and the time within which such person must accept such offer. The permissible consideration for Restricted Stock shall be determined by the Administrator and shall be the same as is set forth in Section 9(b) above with respect to exercise of Options. The offer to purchase Shares shall be accepted by execution of a Restricted Stock Purchase Agreement in the form determined by the Administrator.

(b) **Repurchase Option.**

(i) **General.** Unless the Administrator determines otherwise, the Restricted Stock Purchase Agreement shall grant the Company a repurchase option exercisable upon the voluntary or involuntary termination of the Participant's Continuous Service Status for any reason (including death or Disability) or as otherwise determined by the Administrator. The

purchase price for Shares repurchased pursuant to the Restricted Stock Purchase Agreement shall be the original purchase price paid by the purchaser. The repurchase option shall lapse at such rate as the Administrator may determine.

(ii) **Leave of Absence.** The Administrator shall have the discretion to determine whether and to what extent the lapsing of Company repurchase rights shall be tolled during any unpaid leave of absence; provided, however, that in the absence of such determination, such lapsing shall be tolled during any such unpaid leave (unless otherwise required by the Applicable Laws). Notwithstanding the foregoing, in the event of military leave, the lapsing of Company repurchase rights shall toll during any unpaid portion of such leave, provided that, upon a Participant's returning from military leave (under conditions that would entitle him or her to protection upon such return under the Uniform Services Employment and Reemployment Rights Act), he or she shall be given vesting credit with respect to Shares purchased pursuant to the Restricted Stock Purchase Agreement to the same extent as would have applied had the Participant continued to provide services to the Company (or any Parent or Subsidiary, if applicable) throughout the leave on the same terms as he or she was providing services immediately prior to such leave.

(c) **Other Provisions.** The Restricted Stock Purchase Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion. In addition, the provisions of Restricted Stock Purchase Agreements need not be the same with respect to each Participant.

(d) **Rights as a Holder of Capital Stock.** Once the Restricted Stock is purchased, the Participant shall have the rights equivalent to those of a holder of capital stock, and shall be a record holder when his or her purchase is entered upon the records of the duly authorized transfer agent of the Company. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Restricted Stock is purchased, except as provided in Section 14 below.

12. **Taxes.**

(a) As a condition of the grant, vesting and exercise of an Award, the Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) shall make such arrangements as the Administrator may require for the satisfaction of any applicable U.S. federal, state or local tax withholding obligations or foreign tax withholding obligations that may arise in connection with such Award. The Company shall not be required to issue any Shares under the Plan until such obligations are satisfied.

(b) The Administrator may permit a Participant (or in the case of the Participant's death or a permitted transferee, the person holding or exercising the Award) to satisfy all or part of his or her tax withholding obligations by Cashless Exercise or by surrendering Shares (either directly or by stock attestation) that he or she previously acquired; provided that, unless the Cashless Exercise is an approved broker-assisted Cashless Exercise, the Shares tendered for payment have been previously held for a minimum duration (*e.g.*, to avoid financial accounting charges to the Company's earnings), or as otherwise permitted to avoid financial accounting charges under applicable accounting guidance. Any Shares withheld

pursuant to this Section 12(b) shall not exceed the amount necessary to satisfy the Company's tax withholding obligations at the minimum statutory withholding rates, including, but not limited to, U.S. federal and state income taxes, payroll taxes, and foreign taxes, if applicable. Any payment of taxes by surrendering Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the Securities and Exchange Commission.

13. **Non-Transferability of Options.**

(a) **General.** Except as set forth in this Section 13, Options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a beneficiary by an Optionee shall not constitute a transfer. An Option may be exercised, during the lifetime of the holder of the Option, only by such holder or a transferee permitted by this Section 13.

(b) **Limited Transferability Rights.** Notwithstanding anything else in this Section 13, the Administrator may in its sole discretion grant Nonstatutory Stock Options that may be transferred by instrument to an inter vivos or testamentary trust in which the Options are to be passed to beneficiaries upon the death of the trustor (settlor) or by gift to Family Members.

14. **Adjustments Upon Changes in Capitalization, Merger or Certain Other Transactions.**

(a) **Changes in Capitalization.** Subject to any action required under Applicable Laws by the holders of capital stock of the Company, (i) the numbers and class of Shares or other stock or securities: (x) available for future Awards under Section 3 above, (y) set forth in Section 8 above, and (z) covered by each outstanding Award, (ii) the price per Share covered by each such outstanding Option, and (iii) any repurchase price per Share applicable to Shares issued pursuant to any Award, shall be proportionately adjusted by the Administrator in the event of a stock split, reverse stock split, stock dividend, combination, consolidation, recapitalization (including a recapitalization through a large nonrecurring cash dividend) or reclassification of the Shares, subdivision of the Shares, a rights offering, a reorganization, merger, spin-off, split-up, change in corporate structure or other similar occurrence. Any adjustment by the Administrator pursuant to this Section 14(a) shall be made in the Administrator's sole and absolute discretion and shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. If, by reason of a transaction described in this Section 14(a) or an adjustment pursuant to this Section 14(a), a Participant's Award agreement or agreement related to any Optioned Stock or Restricted Stock covers additional or different shares of stock or securities, then such additional or different shares, and the Award agreement or agreement related to the Optioned Stock or Restricted Stock in respect thereof, shall be subject to all of the terms, conditions and restrictions which were applicable to the Award, Optioned Stock and Restricted Stock prior to such adjustment.

(b) **Dissolution or Liquidation.** In the event of the dissolution or liquidation of the Company, each Award shall terminate immediately prior to the consummation of such action, unless otherwise determined by the Administrator.

(c) **Corporate Transactions.** Unless otherwise described in the applicable award agreement, in the event of a sale of all or substantially all of the Company's assets, or a merger, consolidation or other capital reorganization or business combination transaction of the Company with or into another corporation, entity or person (which shall exclude stock sale or issuance transactions by the Company (including any financing transactions), but not by existing stockholders) (a "Corporate Transaction"), each outstanding Option shall either be (i) assumed or an equivalent option or right shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation (the "Successor Corporation"), or (ii) terminated in exchange for a payment of cash, securities and/or other property equal to the excess of the Fair Market Value of the portion of the Optioned Stock that is vested and exercisable immediately prior to the consummation of the Corporate Transaction over the per Share exercise price thereof. Notwithstanding the foregoing, in the event such Successor Corporation does not agree to such assumption, substitution or exchange, each such Option shall terminate upon the consummation of the Corporate Transaction.

Unless a Participant's applicable Option Agreement, employment agreement or other applicable written agreement provides otherwise, if a Corporate Transaction constitutes a Triggering Event and any outstanding Option held by the Participant is to be terminated (in whole or in part) pursuant to the preceding paragraph, the vesting and exercisability of each such Option shall accelerate such that the Option shall become vested and exercisable in full prior to the consummation of the Triggering Event at such time and on such conditions as the Administrator shall determine. The Administrator shall notify the Participant that the Option shall terminate at least five (5) days prior to the date upon which the Option terminates.

15. **Time of Granting Options and Right to Purchase Restricted Stock.** The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such later date as is determined by the Administrator, provided that in the case of any Incentive Stock Option, the grant date shall be the later of the date on which the Administrator makes the determination granting such Incentive Stock Option or the date of commencement of the Optionee's employment relationship with the Company.

16. **Amendment and Termination of the Plan.** The Board may at any time amend or terminate the Plan, but no amendment or termination (other than an adjustment pursuant to Section 14 above or as necessary to comply with applicable laws or regulations or accounting rules) shall be made that would materially and adversely affect the rights of any Participant under any outstanding Award, without his or her consent. In addition, to the extent necessary and desirable to comply with the Applicable Laws, the Company shall obtain the approval of holders of capital stock with respect to any Plan amendment in such a manner and to such a degree as required.

17. **Conditions Upon Issuance of Shares.** Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and shall have no liability for failure, to issue or deliver any Shares under the

Plan unless such issuance or delivery would comply with the Applicable Laws, with such compliance determined by the Company in consultation with its legal counsel. As a condition to the exercise of any Option or purchase of any Restricted Stock, the Company may require the person exercising the Option or purchasing the Restricted Stock to represent and warrant at the time of any such exercise or purchase that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by Applicable Laws. Shares issued upon exercise of Options or purchase of Restricted Stock prior to the date, if ever, on which the Common Stock becomes a Listed Security shall be subject to a right of first refusal in favor of the Company pursuant to which the Participant shall be required to offer Shares to the Company before selling or transferring them to any third party on such terms and subject to such conditions as is reflected in the applicable Option Agreement or Restricted Stock Purchase Agreement.

18. **Beneficiaries.** Unless stated otherwise in an Award agreement, a Participant may designate one or more beneficiaries with respect to an Award by timely filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Participant's death. If no beneficiary was designated or if no designated beneficiary survives the Participant, then after a Participant's death any vested Award(s) shall be transferred or distributed to the Participant's estate.

19. **Approval of Holders of Capital Stock.** If required by the Applicable Laws, continuance of the Plan shall be subject to approval by the holders of capital stock of the Company within twelve (12) months before or after the date the Plan is adopted or, to the extent required by Applicable Laws, any date the Plan is amended. Such approval shall be obtained in the manner and to the degree required under the Applicable Laws.

20. **Addenda.** The Administrator may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Employees or Consultants, which Awards may contain such terms and conditions as the Administrator deems necessary or appropriate. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

21. **Compliance with Section 409A of the Code.** To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code. This Plan and any grants made hereunder shall be administered in a manner consistent with this intent, and any provision that would cause this Plan or any grant made hereunder to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participants). Any reference in this Plan to Section 409A of the Code shall also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

ADDENDUM A

Kodiak Sciences, Inc. 2015 Share Incentive Plan

(California Participants)

Prior to the date, if ever, on which the Common Stock becomes a Listed Security and/or the Company is subject to the reporting requirements of the Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Option in the event of termination of the California Participant's Continuous Service Status:

a If such termination was for reasons other than death, "disability" (as defined below), or Cause, the California Participant shall have at least thirty (30) days after the date of such termination to exercise his or her Option to the extent the California Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option remain exercisable after the expiration of the Option term as set forth in the Option Agreement.

b If such termination was due to death or disability, the California Participant shall have at least six (6) months after the date of such termination to exercise his or her Option to the extent the California Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option remain exercisable after the expiration of the Option term as set forth in the Option Agreement.

"Disability" for purposes of this Addendum shall mean the inability of the California Participant, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the California Participant's position with the Company or any Parent or Subsidiary because of the sickness of injury of the California Participant.

2. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the tenth anniversary of the date of grant and any Award agreement shall terminate on or before the tenth anniversary of the date of grant.

3. The Company shall furnish summary financial information (audited or unaudited) of the Company's financial condition and results of operations, consistent with the requirements of Applicable Laws, at least annually to each California Participant during the period such California Participant has one or more Awards outstanding, and in the case of an individual who acquired Shares pursuant to the Plan, during the period such California Participant owns such Shares. The Company shall not be required to provide such information if (a) the issuance is limited to key employees whose duties in connection with the Company assure their access to equivalent information or (b) the Plan or any agreement complies with all conditions of Rule 701 of the Securities Act of 1933, as amended, provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701.

Exhibit 10.4

OLIGASIS, LLC
OPTION GRANT NOTICE
(2009 SHARE INCENTIVE PLAN)

Oligasis, LLC (the "***Company***"), pursuant to its 2009 Share Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of common shares of the Company (the "***Shares***") set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Exercise Schedule: ☐ Same as Vesting Schedule ☒ Early Exercise Permitted

Vesting Schedule: One-fourth (1/4th) of the Shares vest one year after the Vesting Commencement Date; the balance of the Shares vest in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such date.

Payment: By cash or check

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Option Grant Notice, the Option Agreement and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Option Grant Notice, the Option Agreement and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of the Shares and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to Optionholder under the Plan, and (ii) the following agreements only:

OTHER AGREEMENTS: Special Acceleration set forth on Schedule 1

OLIGASIS, LLC

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

ATTACHMENTS: Option Agreement, 2009 Share Incentive Plan and Notice of Exercise

SCHEDULE 1

SPECIAL DOUBLE TRIGGER ACCELERATION

If (a) on the date twenty-four (24) months immediately following the consummation of any Corporate Transaction you are providing services to the acquiring company as either an employee or a consultant or (b) if within twenty-four (24) months following the consummation of any Corporate Transaction, your employment is terminated pursuant to a Constructive Termination (as defined below), then in either the case of (a) or (b), one hundred percent (100%) of the Option shares that remain unvested shall immediately vest and become exercisable in full.

CONSTRUCTIVE TERMINATION. "Constructive Termination" for purposes of this offer shall mean (i) the Company's or its successor's failure to offer you a position that is equivalent in title, total compensation (salary and bonus opportunity), benefits or responsibilities to your then-current position within ninety (90) days after a Corporate Transaction (as defined below); (ii) a significant and material reduction in your duties or responsibilities without Cause; (iii) the relocation of your employment by more than fifty (50) miles; (iv) failure of the successor company to assume obligations contained in this letter or any other compensation agreement in place between you and the Company at the time of the Corporate Transaction; (v) the Company's material breach of any terms of this letter, after written notice from you and a reasonable opportunity to cure; or (vi) your death. It is understood, however, that a change in your title, duties or responsibilities solely as a result of the Company's becoming a subsidiary or division of the surviving entity upon a Corporate Transaction shall not constitute Constructive Termination.

CAUSE. "Cause" for purposes of this offer shall mean: (i) conviction of any felony or of any crime involving dishonesty; (ii) participation in any fraud or act of dishonesty against the Company; (iii) a material violation of the Company's written policies; (iv) intentional damage to any property of the Company; (v) conduct by you which, in the good faith and reasonable determination of the BOD, demonstrates gross unfitness to serve; or (vi) material breach of any agreement you have with Oligasis.

CORPORATE TRANSACTION. A "Corporate Transaction," as used herein shall mean any (i) consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization in which the stockholders of the Company prior to such consolidation, merger or reorganization shall own less than fifty percent (50%) of the voting stock of the continuing or surviving entity after such consolidation, merger or reorganization, (ii) any transaction or series of related transactions to which the Company is a party, in which in excess of fifty percent (50%) of the Company's voting stock is transferred, except for bona fide sales of the Company's equity securities to venture investors for primarily fundraising purposes, or (iii) a sale of substantially all of the assets of the Company.

If any payment or benefit you would receive pursuant to a Corporate Transaction from the Company or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order unless you elect in writing a different order (*provided, however,* that such election shall be subject to Company approval if made

on or after the effective date of the event that triggers the Payment): reduction of cash payments; cancellation of accelerated vesting of Stock Awards; reduction of employee benefits. In the event that acceleration of vesting of Stock Award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of your Stock Awards (*i.e.*, earliest granted Stock Award cancelled last) unless you elect in writing a different order for cancellation.

The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Corporate Transaction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Corporate Transaction, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a Payment is triggered (if requested at that time by you or the Company) or such other time as requested by you or the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish you and the Company with an opinion reasonably acceptable to you that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon you and the Company.

OLIGASIS, LLC
2009 SHARE INCENTIVE PLAN

OPTION AGREEMENT

Pursuant to your Option Grant Notice ("***Grant Notice***") and this Option Agreement, Oligasis, LLC (the "***Company***"), has granted you an option under its 2009 Share Incentive Plan (the "***Plan***") to purchase the common shares of the Company (the "***Shares***") indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of Shares subject to your option and your exercise price per Share referenced in your Grant Notice may be adjusted from time to time for capitalization adjustments, pursuant to Section 11(a) of the Plan.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (*i.e.*, a "***Non-Exempt Employee***"), you may not exercise your option until you have completed at least six (6) months of Continuous Service measuring from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). If permitted in your Grant Notice (i.e., the "Exercise Schedule" indicates that "Early Exercise" of your option is permitted) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the nonvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option shall be deemed to cover first vested Shares and then the earliest vesting installment of unvested Shares;

(b) any Shares so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Unit Purchase Agreement; and

(c) you shall enter into the Company's form of Early Exercise Share Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.

5. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner ***permitted by your Grant Notice.*** If your Grant Notice permits net exercise of your option (i.e., the "By net exercise" box is checked), then you may elect to pay not less than one hundred percent (100%) of the exercise price of the option by foregoing receipt of Shares that are otherwise issuable upon exercise and which have a Fair Market Value equal to the exercise price.

6. WHOLE SHARES. You may exercise your option only for whole Shares.

7. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the Company has determined that such exercise and issuance of Shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) months after the termination of your Continuous Service for any reason other than by Disability or death, provided that if during any part of such three (3)-month period you may not exercise your option solely because of the condition set forth in Section 7, relating to "Securities Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(b) twelve (12) months after the termination of your Continuous Service due to your Disability;

(c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(d) the Expiration Date indicated in your Grant Notice; or

(e) the day before the tenth (10th) anniversary of the Date of Grant.

9. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may, in its discretion, require you to pay immediately or enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the Shares are subject at the time of exercise, or (3) the disposition of Shares acquired upon such exercise.

(c) By exercising your option you agree that you shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares or other securities of the Company held by you, for a period of time specified by the managing underwriter(s) (not to exceed one hundred eighty (180) days) following the effective date of a registration statement of the Company filed under the Securities Act, or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711 (the

"***Lock Up Period***"); *provided, however*, that nothing contained in this section shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your Shares until the end of such period. The underwriters of the Company's securities are intended third party beneficiaries of this Section 9(c) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. TRANSFERABILITY. Your option is not transferable, except by will or by the laws of descent and distribution and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option.

11. CHANGE IN CONTROL. Your option may be subject to additional acceleration of vesting and exercisability upon or after a change in control transaction, as may be provided and defined in your Grant Notice or as may be provided and defined in any other written agreement between you and the Company or any Affiliate, but in the absence of such provision, no such acceleration shall occur except as set forth in Section 11(c) of the Plan.

12. RIGHT OF FIRST REFUSAL; TRANSFER RESTRICTIONS ON SHARES. Shares that you acquire upon exercise of your option are subject to any right of first refusal or other transfer restrictions that may be described in the LLC Agreement.

13. RIGHT OF REPURCHASE. To the extent provided in the LLC Agreement the Company shall have the right to repurchase all or any part of the Shares you acquire pursuant to the exercise of your option.

14. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment or service. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective owners, managers, directors, officers or employees to continue any relationship that you might have as a manager, director or consultant for the Company or an Affiliate.

15. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested Shares otherwise issuable to you upon the exercise of your option a number of whole Shares having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, Share withholding

pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of Shares acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, Shares shall be withheld solely from fully vested Shares determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such Share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for, or otherwise evidence the issuance to you of, such Shares or release such Shares from any escrow provided for herein unless such obligations are satisfied.

16. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Shares are not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you shall not make any claim against the Company, or any of its officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

17. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

18. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

ATTACHMENT II

NOTICE OF EXERCISE

NOTICE OF EXERCISE

Oligasis , LLC
2631 Hanover Street
Palo Alto, CA 94304

Date of Exercise: _____

Ladies and Gentlemen:

This constitutes notice under my option that I elect to purchase the number of shares for the price set forth below.

Date of Grant:	_____
Number of shares as to which option is exercised:	_____
Shares to be issued in name of:	_____
Total exercise price:	$_____
Cash payment delivered herewith:	$_____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 2009 Share Incentive Plan and (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option.

I hereby make the following certifications and representations with respect to the number of Common Shares of the Company listed above (the "***Shares***"), which are being acquired by me for my own account upon exercise of the Option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety days (90) after the securities of the Company become publicly traded (*i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates, if any, representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Amended and Restated Limited Liability Operating Agreement and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares or other securities of the Company for a period of time specified by the managing underwriter(s) (not to exceed one hundred eighty (180) days) following the effective date of a registration statement of the Company filed under the Securities Act, or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711 (the "***Lock Up Period***"); *provided*, *however*, that nothing contained in this section shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock Up Period. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

_____

Exhibit 10.5

KODIAK SCIENCES INC.
OPTION GRANT NOTICE
(2015 SHARE INCENTIVE PLAN)

Kodiak Sciences Inc. (the "***Company***"), pursuant to its 2015 Share Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of common shares of the Company (the "***Shares***") set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Type of Option	Incentive Stock Option
Expiration Date:	

Exercise Schedule: ☐ Same as Vesting Schedule ☐ Early Exercise Permitted

Vesting Schedule: One-fourth (1/4th) of the Shares vest one year after the Vesting Commencement Date; the balance of the Shares vest in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such date.

Payment: By cash or check

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Option Grant Notice, the Option Agreement and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Option Grant Notice, the Option Agreement and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of the Shares and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to Optionholder under the Plan, and (ii) the following agreements only:

OTHER AGREEMENTS: Special Acceleration set forth on Schedule 1

KODIAK SCIENCES INC.

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

ATTACHMENTS: Option Agreement, 2015 Share Incentive Plan and Notice of Exercise

SCHEDULE 1

SPECIAL VESTING ACCELERATION

The Vesting Schedule above notwithstanding, the Shares shall be subject to the following special vesting acceleration provisions. Any and all such special vesting acceleration shall be subject to the Optionholder's execution and delivery of a release and waiver of claims agreement drafted by and satisfactory to counsel for the Company, and in the case of termination, such release and waiver of claims agreement must be executed and become effective within sixty (60) days following the employment termination date ("***Termination Date***").

If (a) on the date twenty-four (24) months immediately following the consummation of any Change in Control (as defined below) Optionholder is providing services to the acquiring company as either an employee or a consultant or (b) if within twenty-four (24) months following the consummation of any Change in Control, Optionholder's employment is terminated by the Company without Cause and other than for death or Disability, or by Optionholder as a Constructive Termination (as defined below), then in either the case of (a) or (b), one hundred percent (100%) of the Shares that remain unvested shall vest and become exercisable in full, effective either on the second anniversary of the Change in Control or on Optionholder's employment Termination Date, as the case may be.

"***Cause***" shall mean: (a) Optionholder's conviction of, including pleading guilty or nolo contendere to, any felony or any crime involving dishonesty; (b) Optionholder's participation in any fraud or act of dishonesty against the Company that has caused or is reasonably expected to result in injury to the Company; (c) a material violation by Optionholder of any of the Company's written policies or other serious misconduct, in each case that results in or is reasonably likely to result in material harm to Company; (d) Optionholder's willful and continued failure substantially to perform any of Optionholder's job duties (other than as a result of total or partial Disability) that is not cured within thirty (30) days following written notice of Cause from the Company; (e) conduct by Optionholder which, in the good faith and reasonable determination of the Company's Board of Directors, demonstrates gross unfitness to serve; or (f) Optionholder's material breach of any agreement with the Company (or its subsidiaries or successors).

A "***Change in Control***" shall mean any (a) consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization in which the stockholders of the Company prior to such consolidation, merger or reorganization shall own less than fifty percent (50%) of the voting stock of the continuing or surviving entity after such consolidation, merger or reorganization, (b) any transaction or series of related transactions to which the Company is a party, in which in excess of fifty percent (50%) of the Company's voting stock is transferred, except for bona fide sales of the Company's equity securities to investors for primarily fundraising purposes, or (c) a sale of substantially all of the assets of the Company.

"***Constructive Termination***" shall mean Optionholder's termination of employment upon the occurrence without Optionholder's consent of any of the following events, carried out either by the Company or by the Company's successor after a Change in Control: (a) a material reduction in Optionholder's total target compensation (Base Salary and Bonus opportunity) or benefits; (b) a material reduction in Optionholder's title, duties, or responsibilities without Cause; (c) the relocation of Optionholder's primary work location that increases Optionholder's one-way commute by more than fifty (50) miles; (d) failure of the successor company to assume obligations contained in the Option or any other equity compensation agreement in place between Optionholder and the Company at the time of the Change in Control; or (e) the Company's material breach of any terms of the Option or any employment agreement; in each case that is not cured within thirty (30) days of written notice to the Company, *provided*, *however, that* no such event or

condition shall constitute a Constructive Termination unless (x) the Optionholder gives the Company a written notice of Constructive Termination not more than ninety (90) days after the initial existence of the condition, (y) the grounds for termination (if susceptible to correction) are not corrected by the Company within thirty (30) days of its receipt of such notice, and (z) the Termination Date occurs within ninety (90) days following the Company's receipt of such notice. It is understood, however, that a change in Optionholder's title, duties, or responsibilities solely as a result of the Company's becoming a subsidiary or division of the surviving entity upon a Change in Control shall not constitute Constructive Termination.

"***Disability***" shall mean that Optionholder is unable, due to a physical or mental impairment, to perform the essential functions of the Optionholder's job position, with or without reasonable accommodation, for a period of ninety (90) consecutive calendar days, or for at least sixty-five (65) business days within a twelve (12)-month period. A termination of Optionholder's employment for Disability shall constitute a termination for Cause, *provided that* the Board shall terminate for Disability only in compliance with the Family Medical Leave Act, and the Americans with Disabilities Act.

If any payment or benefit Optionholder would receive pursuant to a Change in Control from the Company or otherwise ("***Payment***") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (b) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be equal to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Optionholder's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, then, such reduction shall occur in the following order: (1) reduction of cash payments; (2) cancellation of accelerated vesting of stock awards; and (3) reduction of employee benefits. In the event that acceleration of vesting of stock awards is to be reduced by the Company, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of Optionholder's stock awards (*i.e.*, earliest granted stock award cancelled last) unless Optionholder elects in writing a different order for cancellation.

The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Optionholder and the Company within fifteen (15) calendar days after the date on which Optionholder's right to a Payment is triggered (if requested at that time by Optionholder or the Company) or such other time as requested by Optionholder or the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish Optionholder and the Company with an opinion reasonably acceptable to Optionholder that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon Optionholder and the Company.

KODIAK SCIENCES INC.
2015 SHARE INCENTIVE PLAN

OPTION AGREEMENT

Pursuant to your Option Grant Notice ("***Grant Notice***") and this Option Agreement, Kodiak Sciences Inc. (the "***Company***"), has granted you an option under its 2015 Share Incentive Plan (the "***Plan***") to purchase the common shares of the Company (the "***Shares***") indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

If designated in the Grant Notice as an Incentive Stock Option ("ISO"), this option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code. Nevertheless, to the extent that it exceeds the $100,000 rule of Code Section 422(d), this option shall be treated as a Nonstatutory Stock Option ("NSO"). Further, if for any reason this option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event shall the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to you (or any other person) due to the failure of the option to qualify for any reason as an ISO.

The details of your option are as follows:

1. VESTING. Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of Shares subject to your option and your exercise price per Share referenced in your Grant Notice may be adjusted from time to time for capitalization adjustments, pursuant to Section 14 of the Plan.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (*i.e.*, a "***Non-Exempt Employee***"), you may not exercise your option until you have completed at least six (6) months of Continuous Service measuring from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). If permitted in your Grant Notice (i.e., the "Exercise Schedule" indicates that "Early Exercise" of your option is permitted) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the nonvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option shall be deemed to cover first vested Shares and then the earliest vesting installment of unvested Shares;

(b) any Shares so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Share Purchase Agreement; and

(c) you shall enter into the Company's form of Early Exercise Share Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.

5. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner ***permitted by your Grant Notice.*** If your Grant Notice permits net exercise of your option, then you may elect to pay not less than one hundred percent (100%) of the exercise price of the option by foregoing receipt of Shares that are otherwise issuable upon exercise and which have a Fair Market Value equal to the exercise price.

6. WHOLE SHARES. You may exercise your option only for whole Shares.

7. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the Company has determined that such exercise and issuance of Shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) months after the termination of your Continuous Service for any reason other than by Disability or death, provided that if during any part of such three (3)-month period you may not exercise option solely because of the condition set forth in Section 17, relating to "Applicable Law Compliance," your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(b) twelve (12) months after the termination of your Continuous Service due to your Disability;

(c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(d) the Expiration Date indicated in your Grant Notice; or

(e) the day before the tenth (10th) anniversary of the Date of Grant.

9. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may, in its discretion, require you to pay immediately or enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the Shares are subject at the time of exercise, or (3) the disposition of Shares acquired upon such exercise.

(c) By exercising your option you agree that you shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Shares or other securities of the Company held by you, for a period of time specified by the managing underwriter(s) (not to exceed one hundred eighty (180) days) following the effective date of a registration statement of the Company filed under the Securities Act, or such longer period as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711 (the "***Lock Up Period***"); *provided*, *however*, that nothing contained in this section shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your Shares until the end of such period. The underwriters of the Company's securities are intended third party beneficiaries of this Section 9(c) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. TRANSFERABILITY. Your option is not transferable, except by will or by the laws of descent and distribution and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option.

11. TRIGGERING EVENT. Your option may be subject to additional acceleration of vesting and exercisability upon or after a Triggering Event, as may be provided and defined in your Grant Notice or as may be provided and defined in any other written agreement between you and the Company, a Subsidiary, or any Affiliate, but in the absence of such provision, no such acceleration shall occur except as set forth in the Plan.

12. RIGHT OF FIRST REFUSAL; TRANSFER RESTRICTIONS ON SHARES. Shares that you acquire upon exercise of your option are subject to any right of first refusal or other transfer restrictions that may be described in the Bylaws.

13. RIGHT OF REPURCHASE. To the extent provided in the Bylaws, the Company shall have the right to repurchase all or any part of the Shares you acquire pursuant to the exercise of your option.

14. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company, a Subsidiary, or an Affiliate, or of the Company, a Subsidiary, or an Affiliate to continue your employment or service. In addition, nothing in your option shall obligate the Company, a Subsidiary, or an Affiliate, their respective owners, managers, directors, officers or employees to continue any relationship that you might have as a manager, director or consultant for the Company, a Subsidiary, or an Affiliate.

15. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, a Subsidiary, or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested Shares otherwise issuable to you upon the exercise of your option a number of whole Shares having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, Share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of Shares acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, Shares shall be withheld solely from fully vested Shares determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such Share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company, a Subsidiary, and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for, or otherwise evidence the issuance to you of, such Shares or release such Shares from any escrow provided for herein unless such obligations are satisfied.

(d) If the option granted to you herein is an ISO, and if you sell or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, you shall immediately notify the Company in writing of such disposition. You agree that you may be subject to income tax withholding by the Company on the compensation income recognized by you.

16. TAX CONSEQUENCES. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You shall not make any claim against the Company, or any of its officers, Directors, Employees, Subsidiaries, or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Shares are not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you shall not make any claim against the Company, or any of its officers, Directors, Employees, Subsidiaries or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

17. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

18. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations,

amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

Exhibit 21.1

SUBSIDIARIES OF ESTABLISHMENT KODIAK SCIENCES INC.

Name of Subsidiary	Jurisdiction of Organization
Kodiak Sciences GmbH	Switzerland
Kodiak Sciences Financing Corporation	United States

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of Kodiak Sciences Inc. of our report dated April 30, 2018 relating to the financial statements, which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

San Jose, California
September 7, 2018

Wilson Sonsini Goodrich & Rosati
PROFESSIONAL CORPORATION

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Palo Alto, CA 94304

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September 7, 2018

VIA EDGAR

U.S. Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, DC 20549

Attn: Mary Mast
Lisa Vanjoske
Chris Edwards
Irene Paik

Re: **Kodiak Sciences Inc.**
Amendment No. 1 to Draft Registration Statement on Form S-1
Submitted April 30, 2018
CIK No. 0001468748

Ladies and Gentlemen:

On behalf of our client, Kodiak Sciences Inc. ("**Kodiak**" or the "**Company**"), we submit this letter in response to comments from the staff (the "**Staff**") of the Securities and Exchange Commission (the "**Commission**") contained in its letter dated May 10, 2018 (the "**Comment Letter**"), relating to the Company's Amendment No. 1 to Draft Registration Statement on Form S-1 confidentially submitted to the Commission on April 30, 2018. We are also submitting this letter in response to oral comments from the Staff delivered telephonically on August 30, 2018. The Company is filing via EDGAR its Registration Statement on Form S-1 (the "**Registration Statement**") concurrently with the submission of this letter.

The Registration Statement, as filed via EDGAR, is marked in accordance with Rule 310 of Regulation S-T. For the convenience of the Staff, we are supplementally providing marked copies, complete with exhibits, of the Registration Statement.

In this letter, we have recited the comments from the Staff (or in the case of oral comments, we have paraphrased the comments from the Staff) in italicized, bold type and have followed each comment with the Company's response. Except as otherwise specifically indicated, page references herein correspond to the page of the Registration Statement. References to "we," "our" or "us" mean the Company or its advisors, as the context may require.

Amendment No. 1 to Draft Registration Statement on Form S-1

Exhibits

1. Please include the 2018 Employee Stock Purchase Plan as an exhibit to the registration statement or provide your analysis as to why it is not required to be filed as an exhibit.

RESPONSE TO COMMENT 1:

The Company acknowledges the Staff's comment and supplementally advises the Staff that the Company will file the 2018 Employee Stock Purchase Plan as an exhibit to a future amendment to the Registration Statement.

2. Please provide your analysis as to why your agreement with Lonza AG is not required to be filed as an exhibit.

RESPONSE TO COMMENT 2:

The Company acknowledges the Staff's comment and supplementally advises the Staff that its agreement with Lonza AG is not a material contract within the meaning of Item 601(b)(10) of Regulation S-K. Third-party manufacturing agreements such as that between Lonza AG and the Company are such as ordinarily accompany the kind of pharmaceutical discovery business conducted by the Company. Moreover, the Company has received delivery of a sufficient quantity of GMP-compliant KSI-301 drug substance to complete its planned Phase 2 clinical trials in the U.S. and EU. Accordingly, the Company is not substantially dependent on its agreement with Lonza AG to supply further drug product at this time. Because the Company's agreement with Lonza AG is such as ordinarily accompanies the kind of business conducted by the Company, and the Company is not substantially dependent on it, the Company respectfully submits that the agreement is not material within the meaning of Item 601(b)(10) of Regulation S-K.

****

Please direct your questions or comments regarding this letter or Registration Statement to the undersigned at (206) 883-2524. Thank you for your assistance.

Respectfully submitted,

WILSON SONSINI GOODRICH & ROSATI
Professional Corporation

/s/ Michael Nordtvedt

Michael Nordtvedt

cc: Victor Perlroth
John Borgeson
Kodiak Sciences Inc.

Jeffrey D. Saper
Bryan King
Wilson Sonsini Goodrich & Rosati, Professional Corporation

Bruce K. Dallas
Emily Roberts
Davis Polk & Wardwell LLP