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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2026**

or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to**

Commission File Number: 001-34058

CAPRICOR THERAPEUTICS, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**88-0363465** **(I.R.S. Employer Identification No.)**

10865 Road to the Cure, Suite 150, San Diego, California 92121
(Address of principal executive offices including zip code)

(858) 727-1755
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	CAPR	The Nasdaq Global Select Market

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

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

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

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

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

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

As of August 13, 2026, there were 58,138,989 shares of the registrant's common stock, par value $0.001 per share, issued and outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- regulatory developments involving products and our facilities, including the results of the U.S. Food and Drug Administration's review of our lead product candidate, Deramiocel (also referred to as CAP-1002);
- the potential outcome of our litigation against Nippon Shinyaku Co., Ltd ("Nippon Shinyaku") and NS Pharma, Inc. (collectively, "NS") with respect to the distribution of Deramiocel;
- our ability to market and sell any of our products, including our ability to market and sell Deramiocel if we are granted the ability to market and sell Deramiocel ourselves or through distribution channels in the United States other than NS;
- the results of pending securities litigation claims brought against us;
- the results of the patent infringement claim brought against us by Mesoblast;
- how long we expect to maintain liquidity to fund our planned level of operations and our ability to obtain additional funds for our operations and other financial obligations;
- the timing and results of regulatory meetings and inspections, and the ability to obtain regulatory approvals or otherwise bring products to market in both the United States and in countries outside of the United States;
- the regulatory status of our drug and vaccine candidates, including our ability to obtain and maintain orphan drug, rare pediatric and Regenerative Medicine Advanced Therapy designations for Deramiocel;
- the development of our drug and vaccine candidates, including when we expect to undertake, initiate and complete clinical trials of our drug and vaccine candidates;
- the expectation, plans, projections, initiation, timing, progress and results of our research and development programs, preclinical studies, any clinical trials, compassionate uses, Investigational New Drug filings, Clinical Trial Application filings, New Drug Application filings, Biologics License Application, and other regulatory submissions;
- the impact of any reductions in force or changes in regulatory priorities at the U.S. federal agencies responsible for overseeing our industry;
- our use of clinical research centers, third-party manufacturers and other contractors;
- our ability to manufacture and maintain sufficient inventories of our products to meet commercial demand;
- our ability to find collaborative partners for research, development and commercialization of potential products and retain commercial rights for our product candidates in the collaborations;
- our ability to manufacture products for clinical and commercial use;
- our ability to procure materials necessary for the manufacture of our product candidates at a cost that is acceptable to us;
- our ability to protect our patents and other intellectual property;
- our ability to raise additional financing and the terms of any additional financing;
- the implementation of our business model and strategic plans for our business, technologies and product candidates;
- our estimates of our expenses, ongoing losses, future revenue, future reimbursement prices for any commercial products, and capital requirements;
- the impact of taxes on our business;
- our ability to compete against other companies and research institutions;
- our ability to expand our operations internationally;
- the effect of potential strategic transactions on our business;
- acceptance of our products by doctors, patients or payors and the availability of reimbursement for our product candidates;

- our ability to attract and retain key personnel; and
- the volatility of our stock price.

We caution you that the forward-looking statements highlighted above do not encompass all of the forward-looking statements made in this Quarterly Report on Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors, including, but not limited to, those risks set forth under Part I, Item 1A, “Risk Factors” in the Company’s most recent annual report on Form 10-K. Moreover, we operate in a very competitive and challenging environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements. Additionally, final data may differ significantly from preliminary data reported in this document.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make, if any.

This Quarterly Report on Form 10-Q also contains data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. Although we believe that the third-party sources referred to in this Quarterly Report on Form 10-Q are reliable, we have not independently verified the information provided by these third parties. While we are not aware of any misstatements regarding any third-party information presented in this report, their estimates, in particular, as they relate to projections, involve numerous assumptions, are subject to risks and uncertainties, and are subject to change based on various factors.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

CAPRICOR THERAPEUTICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2026 (unaudited)	December 31, 2025
CURRENT ASSETS		
Cash and cash equivalents	$ 20,935,187	$ 287,847,312
Marketable securities	216,999,595	30,281,603
Prepaid expenses and other current assets	4,193,195	4,810,841
TOTAL CURRENT ASSETS	242,127,977	322,939,756
PROPERTY AND EQUIPMENT, net	36,346,335	18,312,238
OTHER ASSETS		
Lease right-of-use assets, net	88,615,221	13,537,820
Other assets	1,646,302	1,159,480
TOTAL ASSETS	$ 368,735,835	$ 355,949,294
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,079,714	$ 1,654,754
Accrued expenses	16,391,869	15,557,646
Lease liabilities, current	1,489,838	202,376
CIRM liability, current	—	6,421,984
Deferred revenue, current	12,000,000	12,000,000
TOTAL CURRENT LIABILITIES	32,961,421	35,836,760
LONG-TERM LIABILITIES		
Lease liabilities, net of current	89,555,524	14,320,389
TOTAL LONG-TERM LIABILITIES	89,555,524	14,320,389
TOTAL LIABILITIES	122,516,945	50,157,149
COMMITMENTS AND CONTINGENCIES (NOTE 15)		
STOCKHOLDERS' EQUITY		
Preferred stock, $0.001 par value, 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized, 58,108,989 and 57,370,909 shares issued and outstanding, respectively	58,109	57,371
Additional paid-in capital	625,877,806	610,330,105
Accumulated other comprehensive income	(163,541)	283,154
Accumulated deficit	(379,553,484)	(304,878,485)
TOTAL STOCKHOLDERS' EQUITY	246,218,890	305,792,145
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 368,735,835	$ 355,949,294

See accompanying notes to the unaudited condensed consolidated financial statements.

CAPRICOR THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
REVENUE				
Revenue	$ —	$ —	$ —	$ —
TOTAL REVENUE	—	—	—	—
OPERATING EXPENSES				
Research and development	28,866,292	22,047,254	56,243,204	40,962,826
General and administrative	14,079,328	5,670,280	23,475,269	11,737,656
TOTAL OPERATING EXPENSES	42,945,620	27,717,534	79,718,473	52,700,482
LOSS FROM OPERATIONS	(42,945,620)	(27,717,534)	(79,718,473)	(52,700,482)
OTHER INCOME (EXPENSE)				
Other income (loss)	2,271	14,991	(70,727)	(123,197)
Investment income	2,211,295	1,793,352	5,115,801	2,522,894
TOTAL OTHER INCOME (EXPENSE)	2,213,566	1,808,343	5,045,074	2,399,697
LOSS BEFORE INCOME TAXES	(40,732,054)	(25,909,191)	(74,673,399)	(50,300,785)
(Provision for) benefit from income taxes	(1,600)	(1,600)	(1,600)	(1,600)
NET LOSS	$ (40,733,654)	$ (25,910,791)	$ (74,674,999)	$ (50,302,385)
OTHER COMPREHENSIVE INCOME (LOSS)				
Net unrealized gain (loss) on marketable securities	90,186	(424,353)	(446,695)	360,619
COMPREHENSIVE LOSS	$ (40,643,468)	$ (26,335,144)	$ (75,121,694)	$ (49,941,766)
Net loss per share, basic and diluted	$ (0.70)	$ (0.57)	$ (1.29)	$ (1.10)
Weighted average number of shares, basic and diluted	57,926,347	45,709,071	57,681,666	45,673,075

See accompanying notes to the unaudited condensed consolidated financial statements.

CAPRICOR THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				
Balance at December 31, 2025	57,370,909	$ 57,371	$ 610,330,105	$ 283,154	$ (304,878,485)	$ 305,792,145
Stock-based compensation	—	—	5,918,055	—	—	5,918,055
Stock options exercised	293,764	294	1,470,365	—	—	1,470,659
Unrealized loss on marketable securities	—	—	—	(536,881)	—	(536,881)
Net loss					(33,941,345)	(33,941,345)
Balance at March 31, 2026	57,664,673	$ 57,665	$ 617,718,525	$ (253,727)	$ (338,819,830)	$ 278,702,633
Stock-based compensation	—	—	6,062,925	—	—	6,062,925
Stock options exercised	444,316	444	2,096,356	—	—	2,096,800
Unrealized gain on marketable securities	—	—	—	90,186	—	90,186
Net loss	—	—	—	—	(40,733,654)	(40,733,654)
Balance at June 30, 2026	58,108,989	$ 58,109	$ 625,877,806	$ (163,541)	$ (379,553,484)	$ 246,218,890

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	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				
Balance at December 31, 2024	45,582,288	$ 45,582	$ 344,224,338	$ 1,026,955	$ (199,834,539)	$ 145,462,336
Exercise of common warrants	699	1	3,983	—	—	3,984
Stock-based compensation	—	—	5,481,938	—	—	5,481,938
Vesting of restricted stock awards	17,210	17	257,444	—	—	257,461
Stock options exercised	76,690	77	46,293	—	—	46,370
Unrealized gain on marketable securities	—	—	—	784,972	—	784,972
Net loss	—	—	—	—	(24,391,594)	(24,391,594)
Balance at March 31, 2025	45,676,887	$ 45,677	$ 350,013,996	$ 1,811,927	$ (224,226,133)	$ 127,645,467
Stock-based compensation	—	—	3,647,153	—	—	3,647,153
Stock options exercised	35,088	35	19,545	—	—	19,580
Unrealized loss on marketable securities	—	—	—	(424,353)	—	(424,353)
Net loss	—	—	—	—	(25,910,791)	(25,910,791)
Balance at June 30, 2025	45,711,975	$ 45,712	$ 353,680,694	$ 1,387,574	$ (250,136,924)	$ 104,977,056

See accompanying notes to the unaudited condensed consolidated financial statements.

CAPRICOR THERAPEUTICS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from operating activities:		
Net loss	$ (74,674,999)	$ (50,302,385)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,096,515	891,728
Stock-based compensation	11,980,980	9,129,091
Restricted stock awards granted	—	257,461
Amortization/accretion of note premiums/discounts	(1,251,693)	—
Changes in lease liabilities	2,183,892	(33,688)
Other	1,009	150,673
Changes in operating assets and liabilities:		
Receivables	—	10,308,980
Prepaid expenses and other assets	1,061,603	198,243
Accounts payable and accrued expenses	(1,137,385)	2,844,166
Net cash used in operating activities	(60,740,078)	(26,555,731)
Cash flows from investing activities:		
Purchase of marketable securities	(250,842,220)	(78,177,790)
Proceeds from sales and maturities of marketable securities	63,998,448	119,207,807
Purchases of property and equipment	(9,184,644)	(1,183,745)
Proceeds from sales of property and equipment	92,543	—
Payments for leasehold improvements	(928,452)	(375,008)
Payments for construction in progress	(6,535,319)	(1,031,264)
Net cash provided by (used in) investing activities	(203,399,644)	38,440,000
Cash flows from financing activities:		
Payments made for CIRM liability	(6,339,862)	—
Proceeds from exercise of stock options	3,567,459	69,934
Net cash provided by (used in) financing activities	(2,772,403)	69,934
Net increase (decrease) in cash and cash equivalents	(266,912,125)	11,954,203
Cash and cash equivalents balance at beginning of period	287,847,312	11,286,996
Cash and cash equivalents balance at end of period	$ 20,935,187	$ 23,241,199
Supplemental disclosures of cash flow information:		
Interest paid in cash	$ —	$ —
Income taxes paid in cash	$ 1,600	$ 1,600
Initial recognition of right-of-use asset	$ 76,250,064	$ —

See accompanying notes to the unaudited condensed consolidated financial statements.

CAPRICOR THERAPEUTICS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Capricor Therapeutics, Inc., a Delaware corporation (together with its wholly-owned subsidiary, referred to herein as “Capricor Therapeutics,” “Capricor,” the “Company,” “we,” “us” or “our”), is a clinical-stage biotechnology company focused on the development and potential commercialization of transformative cell and exosome-based therapeutics for treating Duchenne muscular dystrophy (“DMD”) and other diseases with high unmet medical needs. The Company is a public company and currently trades under the symbol “CAPR” on the Nasdaq Global Select Market.

Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements for Capricor Therapeutics and its wholly-owned subsidiary have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and with the instructions to Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of financial position, results of operations and cash flows in conformity with U.S. GAAP. In the Company’s opinion, all adjustments, consisting of normal and recurring adjustments, considered necessary for a fair presentation have been included. The accompanying financial information should be read in conjunction with the financial statements and the notes thereto in the Company’s most recent Annual Report on Form 10-K, as filed with the Securities and Exchange Commission (the “SEC”) on March 17, 2026, from which the December 31, 2025 consolidated balance sheet was derived. Interim results are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

Basis of Consolidation

Our condensed consolidated financial statements include the accounts of the Company and our wholly-owned subsidiary. All intercompany transactions have been eliminated in consolidation. Management has determined that the Company operates as a single reportable operating segment.

Reclassification

Certain prior period amounts have been reclassified to conform to the current period presentation. Specifically, (i) receivables, previously presented as a separate line item in the consolidated balance sheets, are now included in prepaid expenses and other current assets; (ii) loss on disposal of fixed assets, previously presented as a separate line item in the consolidated statements of operations and comprehensive loss and consolidated statements of cash flows, is now included in other income (loss) and other operating activities, respectively; and (iii) provision for income taxes, previously included in general and administrative expenses, is now presented separately in the consolidated statements of operations and comprehensive loss. These reclassifications had no effect on previously reported total assets, total stockholders’ equity, net loss, or net cash used in operating activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from these estimates.

Significant estimates include, but are not limited to, the determination of clinical trial accruals, fair value of stock-based compensation awards, useful lives of long-lived assets, revenue recognition under customer contracts, and the realizability of deferred tax assets. These estimates are based on historical experience and assumptions that management believes are reasonable; however, actual results may differ from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of less than 90 days at the date of purchase to be cash equivalents.

Concentration of Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, principally consist of cash, cash equivalents, and marketable securities. The Company maintains accounts at several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation for up to $250,000 and/or the Securities Investor Protection Corporation, as applicable. The Company monitors the financial stability of the financial institutions with which it maintains accounts and believes it is not exposed to any significant credit risk in cash and cash equivalents. Historically, the Company has not experienced any significant losses in such accounts and does not believe it is exposed to any significant credit risk due to the quality nature of the financial instruments in which the money is held.

We are subject to supplier concentration risk, as we rely on a limited number of suppliers for our critical materials. Any disruption in the supply of materials from these key vendors could result in significant delays to our product development timelines and may require us to incur substantial additional costs to secure alternative sources for manufacturing.

Marketable Securities

The Company determines the appropriate classification of its marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. All of the Company’s marketable securities are considered as available-for-sale and carried at estimated fair values. Realized gains and losses on the sale of debt and equity securities are determined using the specific identification method. Unrealized gains and losses on available-for-sale securities are presented as accumulated other comprehensive income (loss) as a separate component of stockholders’ equity.

Cloud Computing Arrangements (“CCA”)

The Company accounts for CCAs in accordance with ASC Topic 350, *Intangibles* (“ASC 350”), and the capitalized implementation costs associated with these arrangements are included in prepaid expenses and other current assets and other assets on the consolidated balance sheets and are amortized on a straight-line basis over their estimated useful life.

Property and Equipment

Property and equipment are stated at cost. Repairs and maintenance costs are expensed in the period incurred. Depreciation is computed using the straight-line method over the related estimated useful life of the asset, which such estimated useful lives range from five to ten years. Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

Long-Lived Assets

The Company accounts for the impairment and disposition of long-lived assets in accordance with guidance issued by the Financial Accounting Standards Board (“FASB”). Long-lived assets to be held and used are reviewed for events or changes in circumstances that indicate that their carrying value may not be recoverable, or annually.

Leases

The Company accounts for its leases in accordance with ASC Topic 842, *Leases* ("ASC 842"), which requires lessees to recognize most leases on the balance sheet with a corresponding right-of-use asset ("ROU asset") and a lease liability. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at lease commencement based on present value of fixed lease payments over the lease term. Variable payments that do not depend on a rate or index, which usually represent operating expenses associated with the Company's operating leases, are not included in the lease liability and are recognized as they are incurred.

At the inception of an arrangement, the Company evaluates the specific facts and circumstances to determine whether the arrangement constitutes or contains a lease. Leases are classified as either finance or operating leases. The Company's leases are primarily operating leases. The Company elects the short-term lease exemption for leases with a term of twelve months or less.

The Company uses its incremental borrowing rate to measure lease liabilities when the implicit rate is not readily determinable. The Company determines its incremental borrowing rate based on the rate of interest it would have to pay on a collateralized basis to borrow, over a similar term and in a similar economic environment, an amount equal to the lease payments.

The Company has elected the practical expedient to combine lease and non-lease components for real estate leases. This practical expedient is not elected for manufacturing facilities and equipment embedded in product supply arrangements.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), using a five-step model to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled. The Company's arrangements may include fixed consideration, such as upfront payments and milestones, as well as variable consideration, such as sales-based royalties and shared revenues. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty is resolved.

Revenue is recognized either at a point in time or over time, depending on when control of the promised goods or services is transferred to the customer. For performance obligations satisfied over time, the Company recognizes revenue based on a measure of progress that depicts the transfer of services to the customer. Upfront payments received in advance of performance are recorded as deferred revenue.

Accounts Receivable

Accounts receivable are recorded at invoiced amounts, net of an allowance for credit losses, if any. The Company evaluates the collectability of its accounts receivable and records an allowance when collection is not probable.

Research and Development

Costs relating to the design and development of new products are expensed as research and development as incurred in accordance with FASB ASC 730-10, *Research and Development*.

Stock-Based Compensation

The Company accounts for stock-based employee compensation arrangements in accordance with FASB ASC 718, *Compensation – Stock Compensation* and recognizes compensation expense for all share-based payment awards on the grant-date fair value. For time-based awards, expense is recognized over the requisite service period, and for performance-based options, expense is recognized when the Company determines that achievement of the performance conditions is probable.

Income Taxes

Income taxes are recognized for the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets are recognized for the future tax consequences of transactions that have been recognized in the Company's financial statements or tax returns.

Deferred tax assets are reduced by a valuation allowance when, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company uses guidance issued by the FASB that clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position, and must assume that the tax position will be examined by taxing authorities.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense.

Basic and Diluted Loss per Share

The Company reports earnings per share in accordance with ASC 260-10, *Earnings per Share.* Basic earnings (loss) per share is computed by dividing income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed similarly to basic earnings (loss) per share except that the denominator is increased to include the number of additional shares of common stock that would have been outstanding if the potential shares of common stock had been issued and if the additional shares of common stock were dilutive.

2. FAIR VALUE MEASUREMENTS

The Company measures certain assets and liabilities in accordance with ASC Topic 820, *Fair Value Measurement*. Assets and liabilities recorded at fair value in the balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The categories are as follows:

Level Input:	Input Definition:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs, other than quoted prices included in Level I, that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The valuation techniques used to determine the fair value of the Company's Level II financial instruments, which consist primarily of U.S. government agency securities, commercial papers, and corporate bonds, are based on quoted market prices for similar instruments or model-driven valuations utilizing significant inputs derived from or corroborated by observable market data.

The following table summarizes the fair value measurements by level at June 30, 2026 and December 31, 2025 for assets and liabilities measured at fair value on a recurring basis:

	June 30, 2026			
	Level I	Level II	Level III	Total
Cash equivalents				
Money market funds	$ 18,016,132	$ —	$ —	$ 18,016,132
Marketable securities				
U.S. treasuries	84,554,705	—	—	84,554,705
U.S. government agencies	—	43,313,163	—	43,313,163
Corporate bonds	—	39,817,342	—	39,817,342
Commercial papers	—	49,314,385	—	49,314,385
Total financial assets	$ 102,570,837	$ 132,444,890	$ —	$ 235,015,727

	December 31, 2025			
	Level I	Level II	Level III	Total
Cash equivalents				
Money market funds	$ 12,907,814	$ —	$ —	$ 12,907,814
Marketable securities				
U.S. treasuries	30,281,603	—	—	30,281,603
Total financial assets	$ 43,189,417	$ —	$ —	$ 43,189,417

Carrying amounts reported in the balance sheet of cash and cash equivalents, receivables, prepaid expenses and other current assets, accounts payable, accrued expenses, and deferred revenue approximate fair value due to their relatively short maturity. The carrying amounts of the Company's marketable securities are based on market quotations from national exchanges at the balance sheet date. Interest and dividend income are recognized separately on the income statement based on classifications provided by the brokerage firm holding the investments. The fair value of borrowings is not considered to be significantly different from its carrying amount because the stated rates for such debt reflect current market rates and conditions.

3. CASH, CASH EQUIVALENTS AND MARKETABLE SECURITIES

The following table summarizes the Company's cash, cash equivalents and marketable securities as of June 30, 2026 and December 31, 2025, respectively:

	June 30, 2026			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash and money market funds	$ 20,935,187	$ —	$ —	$ 20,935,187
U.S. treasuries	84,610,409	—	(55,704)	84,554,705
U.S. government agencies	43,365,916	—	(52,753)	43,313,163
Corporate bonds	39,896,893	—	(79,551)	39,817,342
Commercial papers	49,397,303	—	(82,918)	49,314,385
Total cash, cash equivalents and marketable securities	$ 238,205,708	$ —	$ (270,926)	$ 237,934,782
Classified as:				
Cash and cash equivalents				$ 20,935,187
Short-term marketable securities				216,999,595
Long-term marketable securities				—
Total cash, cash equivalents and marketable securities				$ 237,934,782

	December 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Cash and money market funds	$ 287,847,312	$ —	$ —	$ 287,847,312
U.S. treasuries	29,998,449	283,154	—	30,281,603
Total cash, cash equivalents and marketable securities	$ 317,845,761	$ 283,154	$ —	$ 318,128,915

Classified as:	
Cash and cash equivalents	$ 287,847,312
Short-term investments	30,281,603
Long-term investments	—
Total cash, cash equivalents and marketable securities	$ 318,128,915

The contractual maturities of the Company's available-for-sale securities at June 30, 2026 did not exceed two years.

The Company does not intend to sell these investments for the purpose of realizing losses; however, the securities are classified as available-for-sale and may be sold in response to changes in market interest rates, liquidity needs, or other factors. The Company believes it is more likely than not that it will not be required to sell the investments before recovery of their amortized cost basis. Accordingly, the Company has determined that the available-for-sale securities that were in an unrealized loss position did not have any credit loss impairment as of June 30, 2026.

4. RECEIVABLES AND OTHER CURRENT ASSETS

Receivables

As of June 30, 2026, the Company has no receivables. As of December 31, 2025, receivables primarily consisted of $59,167 related to funds due from the Employee Retention Credit.

Cloud Computing Arrangements

The Company’s CCAs primarily relate to its enterprise resource planning system and has an estimated useful life of seven years. As of June 30, 2026 and December 31, 2025, capitalized implementation costs totaled approximately $1.6 million and $1.1 million, with $96,852 and $20,800 of accumulated amortization recognized, respectively. Amortization expense totaled $64,469 and $76,052 for the three and six months ended June 30, 2026, respectively, and there was no amortization expense for the three and six months ended June 30, 2025.

5. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following:

	June 30, 2026	December 31, 2025
Furniture and fixtures	$ 189,821	$ 189,821
Laboratory equipment	8,546,586	8,056,063
IT equipment	1,056,306	318,858
Manufacturing equipment	8,609,502	675,741
Leasehold improvements	3,713,847	2,785,395
Construction in progress	20,377,688	11,436,953
	42,493,750	23,462,831
Less accumulated depreciation	(6,147,415)	(5,150,593)
Property and equipment, net	$ 36,346,335	$ 18,312,238

Depreciation was $561,845 and $486,278 for the three months ended June 30, 2026 and 2025, respectively, and $1,096,515 and $891,728 for the six months ended June 30, 2026 and 2025. No impairment related to long-lived assets was recorded for the three and six months ended June 30, 2026 and 2025.

6. LEASES

Long-Term Operating Leases

San Diego, California

Capricor leases 34,348 square feet of laboratory, manufacturing, and office space located at 10865 Road to the Cure, San Diego, California for our corporate headquarters from Altman Investment Co., LLC (the “Altman Lease”). The lease agreement commenced on October 1, 2021 for an initial lease term of five years. On February 26, 2025, the Company entered into a fourth lease amendment, where the rent is subject to a 3.0% annual rent increase commencing October 1, 2026 plus certain operating expenses and taxes. The fourth lease amendment extends the lease term to September 30, 2033, with an option to renew for an additional term of five years. The Company is not reasonably certain that it will exercise this option to renew and therefore it is not included in right-of-use assets and liabilities as of June 30, 2026. The Fourth Amendment commenced on July 1, 2025, which resulted in an increase of approximately $13.5 million in operating lease liabilities and $13.4 million in right-of-use assets. The Altman Lease, as amended, provides for a tenant improvement allowance from the landlord for a total of $1.3 million to be received in 2026. The Company has thus remeasured its lease liability and right-of-use assets to reflect such allowance.

On May 14, 2026, the Company entered into a License Agreement with ARE-SD Region No. 39 Owner, LLC (the "Landlord") commencing May 15, 2026, granting the Company temporary occupancy of a building containing approximately 171,000 rentable square feet located at 9625 Towne Centre Drive, San Diego, California (the "Towne Centre Premises") while the parties negotiated a formal lease for the same premises. No license fee is payable unless commencement of the formal lease has not occurred by August 30, 2026, in which case the Company would owe approximately $565,000 per month in license fees, operating expenses and administrative rent beginning September 1, 2026.

On July 9, 2026, the Company entered into a Lease Agreement (the "ARE Lease") with the Landlord for the Towne Centre Premises, which will serve as the Company's new corporate headquarters and will include expanded manufacturing cleanrooms, research and development laboratory space, administrative offices and other related uses. The contractual term is estimated to commence on the earlier of (i) the date on which the Company's lease contingency related to FDA approval is satisfied or waived or (ii) December 31, 2026, with rent commencing twelve months thereafter, and will end 138 months from the first day of the first full month following the rent commencement date. The ARE Lease provides the Company with two consecutive options to extend the term for five years each (each, an “Extension Right”). The initial monthly base rent is $5.60 per rentable square foot, or approximately $958,000 per month, subject to annual increases of 3.0%. The Company will receive an 18-month full abatement of base rent beginning on the rent commencement date, followed by an additional six-month period during which base rent will be payable on only 128,068 rentable square feet, after which base rent will be payable on the entire premises. The Landlord will provide a tenant improvement allowance in the maximum amount of $185 per rentable square foot, or approximately $31.6 million in the aggregate (the “Total TI Allowance”), and the Company will provide a security deposit of approximately $958,000 in cash or in the form of a letter of credit. The Company is also responsible for real property taxes, building insurance, routine maintenance and operating costs, which are variable in nature and are recognized as expense when incurred. The Company is also responsible for administrative rent equal to 1% of base rent. If the Company does not receive FDA approval of Deramiocel for the treatment of DMD on terms and conditions acceptable to the Company in its sole discretion on or before December 31, 2026, either party may terminate the ARE Lease by delivering written notice to the other party within five business days following such date.

Because the Towne Centre Premises were made available for the Company's use on May 21, 2026 and the Company subsequently executed the ARE Lease for the same premises, the Company concluded that the arrangement commenced for accounting purposes on May 21, 2026, and that the License Agreement and ARE Lease represent a single lease arrangement for the same underlying asset. The determination that the arrangement commenced prior to execution of the ARE Lease required significant judgment. Execution of the ARE Lease provided evidence of conditions that existed as of the commencement date and has therefore been reflected in the measurement of the right-of-use asset and lease liability as of June 30, 2026. The Company classified the arrangement as an operating lease and recognized a right-of-use asset of approximately $76.3 million and a corresponding operating lease liability of approximately $75.5 million as of June 30, 2026, measured as the present value of the remaining lease payments, giving effect to the base rent abatement periods described above, using an incremental borrowing rate of approximately 7.7%. The Company determines its incremental borrowing rate based on the rate of interest it would have to pay on a collateralized basis to borrow, over a similar term and in a similar economic environment, an amount equal to the lease payments. In determining the rate applied to this arrangement, the Company considered market yield data for secured borrowings of entities with a comparable credit profile, adjusted for the length of the lease term, the collateralized nature of the obligation and the economic environment in which the Towne Centre Premises are located. In measuring the right-of-use asset and lease liability, the Company estimated the contractual commencement date of the ARE Lease to be August 22, 2026, the Prescription Drug User Fee Act ("PDUFA") target action date for Deramiocel, representing management's best estimate of the date on which the FDA approval contingency will be resolved, and the resulting rent commencement date to be August 22, 2027. As the Company is not reasonably certain of exercising the Extension Rights described above, the related periods have been excluded from the lease term used in this measurement. In determining the lease term, the Company evaluated the right of either party to terminate the ARE Lease if FDA approval of Deramiocel is not received by December 31, 2026. That right becomes exercisable only upon the occurrence of a future event that is outside the control of both the Company and the Landlord, and is not an option that either party may exercise at will; accordingly, the Company concluded that the enforceable period of the arrangement is not limited by that right. If the contingency is not resolved by December 31, 2026, or if either party exercises the termination right, the Company would reassess the lease term and remeasure or derecognize the right-of-use asset and lease liability in the period in which that event occurs. The Company elected the practical expedient not to separate lease and non-lease components. Administrative rent, which is fixed at 1% of base rent, is included in the measurement of the right-of-use asset and lease liability; real property taxes, insurance, and maintenance costs are variable in nature and are excluded from such measurement.

The Company is constructing certain leasehold improvements under the ARE Lease, a portion of which will be reimbursed through the Total TI Allowance. The improvements become the property of the landlord upon installation and may not be removed by the Company upon lease termination; accordingly, the allowance is not accounted for as a lease incentive under ASC 842. Amounts funded by the Landlord under the Total TI Allowance are accounted for as assets of the Landlord, and no portion of the Total TI Allowance has been recognized as a reduction of the right-of-use asset or as leasehold improvements of the Company as of June 30, 2026. Costs incurred by the Company in excess of the Total TI Allowance are capitalized as leasehold improvements and amortized over the shorter of their estimated useful lives or the remaining lease term. If the ARE Lease does not commence, the Company would be required to repay allowance amounts previously received, other than with respect to improvements the Landlord elects to retain, and to remove the improvements and restore the premises. As of June 30, 2026, no amounts had been received under the Total TI Allowance and, accordingly, no repayment obligation existed and no related contingent liability has been recognized.

Los Angeles, California

Capricor leases 1,892 square feet of laboratory, manufacturing and office facilities in Los Angeles, California from CSMC, pursuant to a lease entered into in 2014. Capricor subsequently entered into several amendments modifying certain terms of the lease. We entered into an amendment effective August 1, 2024, extending the lease term through July 31, 2026, with monthly lease payment of $11,028. The lease expired on July 31, 2026, and the Company vacated the premises upon expiration.

The long-term real estate operating leases are included in lease right-of-use assets, net on the Company's consolidated balance sheet, which totaled $88.6 million and $13.5 million as of June 30, 2026 and December 31, 2025, respectively, and represent the Company's right-of-use the underlying assets for the lease term. The Company's obligation to make lease payments are included in lease liabilities, current and lease liabilities, net of current on the Company's consolidated balance sheets.

The table below excludes short-term operating leases. The following table summarizes maturities of lease liabilities and the reconciliation of lease liabilities as of June 30, 2026:

2026 (remainder)	$	1,229,518
2027		2,526,801
2028		2,598,524
2029		10,431,873
2030		15,066,155
Thereafter		124,210,752
Total minimum lease payments		156,063,623
Less: imputed interest		(65,018,261)
Total operating lease liabilities	$	91,045,362
Included in the consolidated balance sheet:		
Current portion of lease liabilities	$	1,489,838
Lease liabilities, net of current		89,555,524
Total operating lease liabilities	$	91,045,362
Other Information:		
Weighted average remaining lease term		11.8 years
Weighted average discount rate		7.5%

The following table contains a summary of the lease costs recognized and lease payments pertaining to the Company's operating leases under ASC 842, excluding short-term leases, for the periods indicated:

	Three months ended June 30,				Six months ended June 30,			
	2026		2025		2026		2025	
Operating lease costs	$	1,507,282	$	210,357	$	2,113,241	$	420,714
Variable lease costs		358,088		111,378		662,712		219,503
Lease payments		614,675		227,201		1,229,350		454,403

Short-Term Operating Leases

The Company has several short-term lease arrangements for laboratory, manufacturing, and office space in Beverly Hills, Vista, and San Diego, California, all of which terminated during the first half of 2026. Short-term operating lease cost for the three months ended June 30, 2026 and 2025 were $211,181 and $353,298, respectively, and $497,475 and $722,476 for the six months ended June 30, 2026 and 2025.

7. COLLABORATIONS, LICENSES AND REVENUE

Intellectual Property Rights for Capricor's Technology - Deramiocel and Exosomes

Capricor has entered into exclusive license agreements for intellectual property rights related to certain cardiac-derived cells ("CDCs") with Università Degli Studi Di Roma La Sapienza (the "University of Rome"), Johns Hopkins University ("JHU"), and Cedars-Sinai Medical Center ("CSMC"). Capricor is also a party to an exclusive license agreement for intellectual property rights related to CDC-derived exosomes with CSMC. In addition, Capricor has filed solely-owned patent applications related to CDC and exosomes technologies developed by its own scientists.

University of Rome License Agreement

Capricor and the University of Rome entered into a License Agreement, dated June 21, 2006 (the "Rome License Agreement"), which provided for the grant of an exclusive, world-wide, royalty-bearing license by the University of Rome to Capricor (with the right to sublicense) to develop and commercialize licensed products under the licensed patent rights in all fields.

Pursuant to the Rome License Agreement, Capricor paid the University of Rome a license issue fee, paid minimum annual royalties in the amount of 20,000 Euros per year, and was obligated to pay a lower-end of a mid-range double-digit percentage on all royalties received as a result of sublicenses granted, which were net of any royalties paid to third parties under a license agreement from such third-party to Capricor until expiration of the license. The minimum annual royalties were creditable against future royalty payments.

The Rome License Agreement expired on January 4, 2026.

The Johns Hopkins University License Agreement for CDCs

Capricor and JHU entered into an Exclusive License Agreement, effective June 22, 2006 (the "JHU License Agreement"), which provides for the grant of an exclusive, world-wide, royalty-bearing license by JHU to Capricor (with the right to sublicense) to develop and commercialize licensed products and licensed services under the licensed patent rights in all fields and a nonexclusive right to the know-how. Various amendments were entered into to revise certain provisions of the JHU License Agreement. Under the JHU License Agreement, Capricor is required to exercise commercially reasonable and diligent efforts to develop and commercialize licensed products covered by the license from JHU.

Pursuant to the JHU License Agreement, JHU was paid an initial license fee and, thereafter, Capricor is required to pay minimum annual royalties on the anniversary dates of the JHU License Agreement. The minimum annual royalties are creditable against a low single-digit running royalty on net sales of products and net service revenues, which Capricor is also required to pay under the JHU License Agreement, which running royalty may be subject to further reduction in the event that Capricor is required to pay royalties on any patent rights to third parties in order to make or sell a licensed product. In addition, Capricor is required to pay a low double-digit percentage of the consideration received by it from sublicenses granted and is required to pay JHU certain defined development milestone payments upon the successful completion of certain phases of its clinical studies and upon receiving approval from the FDA. The maximum aggregate amount of milestone payments payable under the JHU License Agreement, as amended, is $1,850,000. In April 2026, Capricor paid JHU a $500,000 development milestone related to the Phase 3 study pursuant to the terms of the JHU License Agreement. Capricor's next and final development milestone payments will be triggered, if at all, upon receipt of a full FDA market approval, for which a payment of $1,000,000 will be due.

The JHU License Agreement will, unless sooner terminated, continue in effect in each applicable country until the date of expiration of the last to expire patent within the patent rights, or, if no patents are issued, then for twenty years from the effective date. Under the terms of the JHU License Agreement, either party may terminate the agreement should the other party become insolvent or file a petition in bankruptcy or fail to cure a material breach within 30 days after notice. In addition, Capricor may terminate for any reason upon 60 days' written notice.

Cedars-Sinai Medical Center License Agreements

License Agreement for CDCs

On January 4, 2010, Capricor entered into an Exclusive License Agreement with CSMC (the "Original CSMC License Agreement"), for certain intellectual property related to its CDC technology. In 2013, the Original CSMC License Agreement was amended twice resulting in, among other things, a reduction in the percentage of sublicense fees which would have been payable to CSMC. Effective December 30, 2013, Capricor entered into an Amended and Restated Exclusive License Agreement with CSMC (the "Amended CSMC License Agreement"), which amended, restated, and superseded the Original CSMC License Agreement, pursuant to which, among other things, certain definitions were added or amended, the timing of certain obligations was revised and other obligations of the parties were clarified.

The Amended CSMC License Agreement provides for the grant of an exclusive, world-wide, royalty-bearing license by CSMC to Capricor (with the right to sublicense) to conduct research using the patent rights and know-how and develop and commercialize products in the field using the patent rights and know-how. In addition, Capricor has the exclusive right to negotiate for an exclusive license to any future rights arising from related work conducted by or under the direction of Dr. Eduardo Marbán on behalf of CSMC. In the event the parties fail to agree upon the terms of an exclusive license for any future rights, Capricor will have a non-exclusive license to such future rights, subject to royalty obligations.

Pursuant to the Original CSMC License Agreement, CSMC was paid a license fee and Capricor was obligated to reimburse CSMC for certain fees and costs incurred in connection with the prosecution of certain patent rights. Additionally, Capricor is required to meet certain spending and development milestones.

Pursuant to the Amended CSMC License Agreement, Capricor remains obligated to pay low single-digit royalties on sales of royalty-bearing products as well as a low double-digit percentage of the consideration received from any sublicenses or other grant of rights. The above-mentioned royalties are subject to reduction in the event Capricor becomes obligated to obtain a license from a third party for patent rights in connection with the royalty-bearing product.

The Amended CSMC License Agreement will, unless sooner terminated, continue in effect on a country by country basis until the last to expire of the patents covering the patent rights or future patent rights. Under the terms of the Amended CSMC License Agreement, unless waived by CSMC, the agreement shall automatically terminate: (i) if Capricor ceases, dissolves or winds up its business operations; (ii) in the event of the insolvency or bankruptcy of Capricor or if Capricor makes an assignment for the benefit of its creditors; (iii) if performance by either party jeopardizes the licensure, accreditation or tax exempt status of CSMC or the agreement is deemed illegal by a governmental body; (iv) within 30 days for non-payment of royalties; (v) after 90 days' notice from CSMC if Capricor fails to undertake commercially reasonable efforts to exploit the patent rights or future patent rights; (vi) if a material breach has not been cured within 90 days; or (vii) if Capricor challenges any of the CSMC patent rights. If Capricor fails to undertake commercially reasonable efforts to exploit the patent rights or future patent rights and fails to cure that breach after 90 days' notice from CSMC, instead of terminating the license, CSMC has the option to convert any exclusive license to Capricor to a non-exclusive or co-exclusive license. Capricor may terminate the agreement if CSMC fails to cure any material breach within 90 days after notice.

Capricor and CSMC have entered into several amendments to the Amended CSMC License Agreement, pursuant to which the parties agreed to add and delete certain patent applications from the list of scheduled patents and extend the timing of certain development milestones, among other things. Capricor reimbursed CSMC for certain attorneys' fees and filing fees incurred in connection with the additional patent applications.

License Agreement for Exosomes

On May 5, 2014, Capricor entered into an Exclusive License Agreement with CSMC (the "Exosomes License Agreement"), for certain intellectual property rights related to CDC-derived exosomes technology. The Exosomes License Agreement provides for the grant of an exclusive, world-wide, royalty-bearing license by CSMC to Capricor (with the right to sublicense) in order to conduct research using the patent rights and know-how and to develop and commercialize products in the field using the patent rights and know-how. In addition, Capricor has the exclusive right to negotiate for an exclusive license to any future rights arising from related work conducted by or under the direction of Dr. Eduardo Marbán on behalf of CSMC. In the event the parties fail to agree upon the terms of an exclusive license, Capricor shall have a non-exclusive license to such future rights, subject to royalty obligations.

Pursuant to the Exosomes License Agreement, CSMC was paid a license fee and Capricor reimbursed CSMC for certain fees and costs incurred in connection with the preparation and prosecution of certain patent applications. Additionally, Capricor is required to meet certain non-monetary development milestones and is obligated to pay low single-digit royalties on sales of royalty-bearing products as well as a single-digit percentage of the consideration received from any sublicenses or other grant of rights. The above-mentioned royalties are subject to reduction in the event Capricor becomes obligated to obtain a license from a third party for patent rights in connection with the royalty bearing product.

The Exosomes License Agreement will, unless sooner terminated, continue in effect on a country by country basis until the last to expire of the patents covering the patent rights or future patent rights. Under the terms of the Exosomes License Agreement, unless waived by CSMC, the agreement shall automatically terminate: (i) if Capricor ceases, dissolves or winds up its business operations; (ii) in the event of the insolvency or bankruptcy of Capricor or if Capricor makes an assignment for the benefit of its creditors; (iii) if performance by either party jeopardizes the licensure, accreditation or tax exempt status of CSMC or the agreement is deemed illegal by a governmental body; (iv) within 30 days for non-payment of royalties; (v) after 90 days if Capricor fails to undertake commercially reasonable efforts to exploit the patent rights or future patent rights; (vi) if a material breach has not been cured within 90 days; or (vii) if Capricor challenges any of the CSMC patent rights. If Capricor fails to undertake commercially reasonable efforts to exploit the patent rights or future patent rights and fails to cure that breach after 90 days' notice from CSMC, instead of terminating the license, CSMC has the option to convert any exclusive license to Capricor to a non-exclusive or co-exclusive license. Capricor may terminate the agreement if CSMC fails to cure any material breach within 90 days after notice.

Capricor and CSMC have entered into several amendments to the Exosomes License Agreement. Collectively, these amendments added additional patent applications and patent families to the Exosomes License Agreement, added certain defined product development milestone payments, modified certain milestone deadlines, added certain performance milestones with respect to product candidates covered by certain future patent rights in order to maintain an exclusive license to those future patent rights, and converted certain exclusive rights to co-exclusive rights. These amendments also obligated Capricor to reimburse CSMC for certain attorneys' fees and filing fees in connection with the additional patent applications and patent families.

Cell Line License Agreement with Life Technologies

On March 7, 2022, Capricor entered into a non-exclusive cell line license agreement with Life Technologies Corporation, a subsidiary of Thermo Fisher Scientific, Inc., for the supply of certain cells used in connection with the development of the StealthX™ exosomes platform. An initial license fee payment was made and additional milestone fees may become due based on the progress of our development program.

Revenue Recognition for Collaboration and Distribution Agreements

The Company's distribution agreements may entitle it to additional payments upon the achievement of milestones or shares of product revenue on sales. The milestones are generally categorized into two types: development milestones and sales-based milestones. The Company evaluates whether it is probable that the consideration associated with each milestone or shared revenue payments will not be subject to a significant reversal in the cumulative amount of revenue recognized. Amounts that meet this threshold are included in the transaction price using the most likely amount method, whereas amounts that do not meet this threshold are excluded from the transaction price until they meet this threshold.

At the end of each subsequent reporting period, the Company re-evaluates the probability of a significant reversal of the cumulative revenue recognized for its milestones and shared revenue payments, and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect revenues and net income (loss) in the Company's consolidated statements of operation and comprehensive loss. Typically, milestone payments and shared revenue payments are achieved after the Company's performance obligations associated with the distribution agreements have been completed and after the customer has assumed responsibility for the commercialization program. Milestones or shared revenue payments achieved after the Company's performance obligations have been completed are recognized as revenue in the period the milestone or shared revenue payments were achieved. If a milestone payment is achieved during the performance period, the milestone payment would be recognized as revenue to the extent performance had been completed at that point, and the remaining balance would be recorded as deferred revenue.

The Company also evaluates whether a significant financing component exists in its collaboration agreements. Typically, a significant financing component does not exist because customers pay upfront for services and future shared revenue payments are not substantially within the control of the Company or the customer.

Whenever the Company determines that goods or services promised in a contract represent a combined performance obligation over time, the Company determines the period over which the performance obligations will be performed and revenue will be recognized. Revenue is recognized using either the proportional performance method or on a straight-line basis if efforts will be expended evenly over time. Percentage of completion of patient visits in clinical trials are used as the measure of performance. The Company feels this method of measurement to be the best depiction of the transfer of services and recognition of revenue. Significant management judgment is required in determining the level of effort required under an arrangement and the period over which the Company is expected to complete its performance obligations. If the Company determines that the performance obligation is satisfied over time, any upfront payment received is initially recorded as deferred revenue on its consolidated balance sheets.

Certain judgments affect the application of the Company's revenue recognition policy. For example, the Company records short-term (less than one year) and long-term (over one year) deferred revenue based on its best estimate of when such revenue will be recognized. This estimate is based on the Company's current operating plan, and the Company may recognize a different amount of deferred revenue over the next 12-month period if its operating plan changes in the future.

Commercialization and Distribution Agreement (Nippon Shinyaku - United States)

On January 24, 2022, Capricor entered into a Commercialization and Distribution Agreement (the "U.S. Distribution Agreement") with Nippon Shinyaku, a Japanese corporation and related party (see Note 8 – "Related Party Transactions"). Under the terms of the U.S. Distribution Agreement, Capricor appointed Nippon Shinyaku as its exclusive distributor in the United States of Deramiocel for the treatment of DMD.

On May 7, 2026, Capricor announced that it has filed a Motion for Preliminary Injunction and Complaint for Equitable Relief (the "Complaint") in the Superior Court of New Jersey (see Note 15 – "Commitments and Contingencies").

Commercialization and Distribution Agreement (Nippon Shinyaku - Japan)

On February 10, 2023, Capricor entered into a Commercialization and Distribution Agreement (the "Japan Distribution Agreement") with Nippon Shinyaku. Under the terms of the Japan Distribution Agreement, Capricor appointed Nippon Shinyaku as its exclusive distributor in Japan of Deramiocel for the treatment of DMD.

Under the terms of the Japan Distribution Agreement, Capricor received an upfront payment of $12.0 million in 2023 and in addition, Capricor may potentially receive additional development and sales-based milestone payments of up to approximately $89.0 million, subject to foreign currency exchange rates, and a meaningful double-digit share of product revenue. Nippon Shinyaku will be responsible for the distribution of Deramiocel in Japan. Capricor will be responsible for the conduct of clinical development and regulatory approval in Japan, as may be required, as well as the manufacturing of Deramiocel. In addition, Capricor or its designee will hold the Marketing Authorization in Japan if the product is approved in that territory.

The Company has evaluated the Japan Distribution Agreement in accordance with ASC 606, *Revenue for Contracts from Customers*. The Company determined the initial transaction price totaled $12.0 million, which was the upfront payment fee. The Company has excluded any future milestone or shared revenue payments from this transaction price to date based on probability. At this time, the Company is evaluating the regulatory pathway to achieve potential product approval in this territory. Until such time, the Company cannot identify any distinct performance obligation. As such, the Company has recorded the entire upfront payment fee of $12.0 million as current deferred revenue on the Company's consolidated balance sheets as of June 30, 2026.

European Region Binding Term Sheet

On September 16, 2024, the Company entered into a binding term sheet with Nippon Shinyaku for the potential commercialization and distribution of Deramiocel for the treatment of DMD in Europe. The term sheet contemplated that the Company would be responsible for development and manufacturing, and Nippon Shinyaku would be responsible for sales and distribution in the European region, subject to execution of a definitive agreement and regulatory approval. As of June 30, 2026, no definitive agreement had been executed and the Company had not recognized any revenue, received any consideration, or recorded any amounts in connection with the term sheet.

The amended term sheet with Nippon Shinyaku with respect to the treatment of DMD in Europe expired on April 1, 2026, and was not further extended.

Summary of Collaboration Revenue

In total, for the three and six months ended June 30, 2026 and 2025, the Company did not recognize any revenue from its collaboration and distribution agreements with Nippon Shinyaku, and has no accounts receivable related to such agreements as of June 30, 2026 or December 31, 2025.

As of June 30, 2026 and December 31, 2025, the Company had no deferred revenue related to the U.S. Distribution Agreement. The Company recorded $12.0 million of deferred revenue related to the Japan Distribution Agreement, which represents the upfront payment received for which no performance obligation had been satisfied as of June 30, 2026 or December 31, 2025.

8. RELATED PARTY TRANSACTIONS

Consulting Agreements

In 2013, Capricor entered into a Consulting Agreement with Dr. Frank Litvack, the Company's Executive Chairman and a member of its Board of Directors, whereby Capricor agreed to pay Dr. Litvack $10,000 per month for consulting services. The agreement is terminable upon 30 days' notice. For the three and six months ended June 30, 2026 and 2025, the Company incurred consulting fees of $30,000 and $60,000, respectively, under this consulting arrangement. As of June 30, 2026 and December 31, 2025, $60,000 and $10,000 were recorded in accounts payable related to this Consulting Agreement, respectively.

Commercialization and Distribution Agreements

As noted above, Capricor is party to two commercialization and distribution agreements with Nippon Shinyaku, which holds more than 5% of the outstanding capital stock of Capricor Therapeutics (see Note 7 – "Collaborations, Licenses and Revenue"). There were no outstanding receivables or payables as of June 30, 2026 or December 31, 2025.

9. GOVERNMENT GRANTS AND OTHER INCOME

CIRM Grant Award

On June 16, 2016, Capricor entered into an award agreement with the California Institute for Regenerative Medicine ("CIRM") for approximately $3.4 million to support, in part, the Company's Phase I/II HOPE-Duchenne clinical trial of Deramiocel for the treatment of DMD-associated cardiomyopathy. The award was subject to operational milestones, a co-funding requirement, and certain reporting, intellectual property and revenue-sharing obligations under CIRM's clinical-stage award policies. The Company completed all milestones and close-out activities associated with the award in 2019 and expended all funds received.

The Company accounts for the award as a liability rather than income because the Company had the option to convert the award into a loan. In February 2025, the Company notified CIRM of its election to convert the award into a loan. In May 2026, the Company entered into a loan repayment agreement with CIRM providing for repayment in two installments. As of June 30, 2026, the Company had fully repaid approximately $6.3 million, consisting of approximately $3.4 million of principal and approximately $2.9 million of accrued interest, satisfying its repayment obligation under the award.

10. ACCRUED EXPENSES AND CLINICAL TRIAL ACCRUALS

Accrued Expenses

Accrued expenses consist of the following:

	June 30, 2026	December 31, 2025
Accrued clinical expenses	$ 2,249,836	$ 2,689,764
Accrued payroll and related costs	5,849,913	6,710,578
Accrued construction in progress costs	2,424,146	3,011,034
Other accrued expenses	5,867,974	3,146,270
Total accrued expenses	$ 16,391,869	$ 15,557,646

11. STOCK-BASED COMPENSATION

Stock-Based Compensation

For stock options, the Company estimates the fair value of the awards on the date of grant using an option-pricing model. The portion of the award expected to vest is recognized as expense in the Company's statements of operations and comprehensive loss over the requisite service period for time-based awards and upon determining that the performance condition is probable for performance-based awards. The Company estimates the fair value of stock-based compensation awards using the Black-Scholes model. This model requires the Company to estimate the expected volatility and value of its common stock and the expected term of the stock options, all of which are highly complex and subjective variables. The variables take into consideration, among other things, actual and projected stock option exercise behavior. For employees and directors, the expected life was calculated based on the simplified method as described by the SEC Staff Accounting Bulletin No. 110, Share-Based Payment. For other service providers, the expected life was calculated using the contractual term of the award. The Company's estimate of expected volatility was based on the historical stock price of the Company. The Company has selected a risk-free rate based on the implied yield available on U.S. Treasury securities with a maturity equivalent to the expected term of the options.

For restricted stock awards, the Company determines the fair value using the Company's adjusted closing stock price on the grant date.

Warrants

The following table summarizes all warrant activity for the six months ended June 30, 2026:

	Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2025	3,345,922	$ 5.70
Granted	—	—
Exercised	—	—
Outstanding at June 30, 2026	3,345,922	$ 5.70

The warrants outstanding at June 30, 2026 expire on October 3, 2030.

Stock Awards

The Company maintains several equity incentive plans. The Company currently grants stock options and restricted stock awards only under the 2020 Equity Incentive Plan, the 2021 Equity Incentive Plan, and the 2025 Equity Incentive Plan (the "2025 Plan"). No new awards are granted under the Company's prior equity plans.

In May 2025, the Company's stockholders approved the 2025 Plan, which authorized 3,500,000 shares of common stock for future awards. The 2025 Plan provides for an annual automatic increase in the number of shares available for issuance on January 1 of each year through 2035, equal to 5% of the Company's outstanding shares of common stock as of the last day of the preceding fiscal year. Accordingly, on January 1, 2026, 2,868,420 shares were added to the 2025 Plan. Following approval of the 2025 Plan, no further automatic share increases will be made to the 2021 Equity Incentive Plan. As of June 30, 2026, 4,470,487 shares remained available for issuance under the Company's equity incentive plans.

The plans are administered by the Board and its compensation committee, which determine the recipients, award types, number of shares, exercise price and vesting terms. Stock options are granted at an exercise price not less than the closing price of the Company's common stock on the grant date, generally vest over one to four years, and have a maximum term of ten years.

Stock Option Awards

The estimated weighted average fair value of the options granted during the three months ended June 30, 2026 and 2025 were approximately $27.43 and $10.59 per share, respectively. The estimated weighted average fair value of the options granted during the six months ended June 30, 2026 and 2025 were approximately $22.19 and $12.33 per share, respectively.

The Company estimates the fair value of each option award using the Black-Scholes option-pricing model. The Company used the following assumptions to estimate the fair value of stock options issued during the six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
Expected volatility	125 - 197 %	112 - 115 %
Expected term	1 - 6 years	5 - 6 years
Dividend yield	0 %	0 %
Risk-free interest rates	3.5 - 4.3 %	3.9 - 4.5 %

Employee and non-employee stock-based compensation expense was as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
General and administrative	$ 2,802,251	$ 1,716,687	$ 5,594,125	$ 4,717,501
Research and development	3,260,674	1,930,466	6,386,855	4,669,051
Total	$ 6,062,925	$ 3,647,153	$ 11,980,980	$ 9,386,552

The Company does not recognize an income tax benefit as the Company believes that an actual income tax benefit may not be realized. For non-qualified stock options, the loss creates a timing difference, resulting in a deferred tax asset, which is fully reserved by a valuation allowance.

As of June 30, 2026, the total unrecognized fair value compensation cost related to non-vested stock options was approximately $65.7 million, which is expected to be recognized over a weighted average period of approximately 2.3 years. As of June 30, 2026, the Company had approximately $5.7 million of total unrecognized stock-based compensation expense related to performance-based options subject to the achievement of certain performance conditions over a one-year performance period. Compensation cost associated with these awards will be recognized only if and when the applicable performance conditions are determined to be probable of achievement. As of June 30, 2026, the Company concluded that achievement of the performance conditions was not considered probable, and accordingly, no stock-based compensation expense related to these awards has been recognized.

The following is a schedule summarizing employee and non-employee stock option activity for the six months ended June 30, 2026:

	Number of Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2025	12,313,107	$ 6.27	
Granted	2,200,200	25.72	
Exercised	(738,080)	4.83	$ 18,652,838
Expired/Cancelled	(180,985)	20.51	
Outstanding at June 30, 2026	13,594,242	$ 9.30	$ 204,403,756
Exercisable at June 30, 2026	8,776,065	$ 5.35	$ 164,472,428

The aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock for each of the respective periods.

Restricted Stock Units

The Company has granted restricted stock units ("RSUs") under the 2025 Plan. Each outstanding RSU will be exchanged for one share of the Company's common stock. The Company estimates the fair value of each restricted stock unit using the Company's adjusted closing stock price on the grant date.

The following table summarizes the activity of the Company's RSUs for the six months ended June 30, 2026:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2025	—	$ —
Granted	15,000	24.81
Vested	—	—
Expired/Cancelled	—	—
Outstanding at June 30, 2026	15,000	$ 24.81

12. STOCKHOLDERS' EQUITY AND ACCUMULATED OTHER COMPREHENSIVE INCOME

December 2025 Underwritten Public Offering

On December 5, 2025, the Company entered into an underwriting agreement with Piper Sandler & Co. and Oppenheimer & Co., Inc. as representatives of the underwriters (the "Underwriters"), pursuant to which the Company agreed to sell and issue, in a public offering an aggregate of 6,000,000 shares of common stock, including the exercise in full of the underwriters' option to purchase an additional 900,000 shares to cover over allotments, at a public offering price of $25.00 per share for total gross proceeds of approximately $172.5 million, before deducting underwriting commissions and other offering expenses payable by the Company. The Company paid cash commissions on the gross proceeds, plus reimbursement of expenses to the Underwriters, as well as legal and accounting fees in the aggregate amount of approximately $10.5 million.

September 2025 ATM Program

On September 10, 2025, the Company established an at-the-market offering under a prospectus supplement for aggregate sales proceeds of up to $150.0 million (the "September 2025 ATM Program"), pursuant to an Equity Distribution Agreement with Piper Sandler and Oppenheimer (collectively, the "Agents"), by which the Agents may sell our common stock at the market prices prevailing at the time of sale. The Agents are entitled to compensation for their services at a commission rate of 3.0% of the gross sales price per share of common stock sold plus reimbursement of certain expenses. Effective December 5, 2025, the Company reduced the maximum offering amount from $150.0 million to $125.0 million.

Through December 31, 2025, the Company sold an aggregate of 2,682,307 shares of common stock under the September 2025 ATM Program at an average price of approximately $28.89 per share for gross proceeds of approximately $77.5 million. The Company paid approximately $2.4 million of aggregated fees related to these sales. From January 1, 2026 through the date of this filing, no additional shares have been sold under the September 2025 ATM Program.

Accumulated Other Comprehensive Income (Loss)

Comprehensive income (loss) generally represents all changes in stockholders' equity during the period except those resulting from investments by, or distributions to, stockholders. The Company's comprehensive loss was approximately $40.6 million and $26.3 million for the three months ended June 30, 2026 and 2025, respectively, and $75.1 and $49.9 million for the six months ended June 30, 2026 and 2025, respectively. The Company's other comprehensive income (loss) is related to a net unrealized gain (loss) on marketable securities. For the three months ended June 30, 2026 and 2025, the Company's other comprehensive income (loss) was $90,186 and ($424,353), respectively, and ($446,695) and $360,619 for the six months ended June 30, 2026 and 2025, respectively.

The following summarizes the changes in accumulated other comprehensive loss:

	Net Unrealized Gains/(Losses) Available-For-Sale Securities	Accumulated Other Comprehensive Income/(Loss)
Outstanding at December 31, 2025	$ 283,154	$ 283,154
Other comprehensive loss	(446,695)	(446,695)
Outstanding at June 30, 2026	$ (163,541)	$ (163,541)

Net Loss and Net Loss Per Share

For the six months ended June 30, 2026 and 2025, warrants and options to purchase 16,940,164 and 17,704,007 shares of common stock, respectively, have been excluded from the computation of potentially dilutive securities. Potentially dilutive shares of common stock, which primarily consist of stock options issued to employees, consultants, and directors as well as warrants issued, have been excluded from the diluted loss per share calculation because their effect is anti-dilutive. Because the impact of these items is anti-dilutive during periods of net loss, there was no difference between basic and diluted loss per share for three and six months ended June 30, 2026 and 2025.

13. INCOME TAXES

The Company recorded an income tax expense of $1,600 for three and six months ended June 30, 2026 and 2025, respectively.

Significant judgment is required in determining the Company's provision for income taxes, including the recognition and measurement of deferred tax assets and liabilities and the assessment of the related valuation allowance. Deferred tax assets are recognized for deductible temporary differences and net operating loss carryforwards and are reduced by a valuation allowance if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

In evaluating the realizability of its deferred tax assets, the Company considers both positive and negative evidence, including cumulative losses in recent periods and the lack of sufficient objectively verifiable future taxable income. Based on this evaluation, the Company concluded that it is more likely than not that its deferred tax assets will not be realized. Accordingly, a full valuation allowance has been recorded as of June 30, 2026 and December 31, 2025.

The Company reassesses the realizability of its deferred tax assets at each reporting period.

14. RECENT ACCOUNTING PRONOUNCEMENTS

Recent Accounting Pronouncements

In December 2025, the FASB issued *ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements*, which is intended to improve the navigability of the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

In September 2025, the FASB issued *ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which amends the guidance in ASC 350-40, Intangibles – Goodwill and Other – Internal-Use Software. The amendments modernize the recognition and disclosure framework for internal-use software costs, removing the previous “development stage” model and introducing a more judgment-based approach. The ASU is effective for fiscal years beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

In November 2024, the FASB issued ASU No. 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will likely result in the required additional disclosures being included in our consolidated financial statements, once adopted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC, did not or are not believed by management to have a material impact on the Company’s present or future consolidated financial statement presentation or disclosures.

15. COMMITMENTS AND CONTINGENCIES

Legal Contingencies

On July 17, 2025, a putative securities class action was filed in the Southern District of California, naming Capricor Therapeutics, Inc. and the Chief Executive Officer of the Company. The action alleges certain violations of the U.S. federal securities laws and seeks unspecified damages.

On August 1, 2025, a derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages.

On October 2, 2025, the Company received a Section 220 Shareholder Demand Letter dated September 30, 2025 to inspect and make copies of certain books and records of the Company. The stockholder's demand is related to, among other things, alleged false and misleading statements purportedly made by officers and directors of the Company, as well as the alleged failure to disclose material adverse facts about the Company's business, operations, and prospects.

On November 24, 2025, a second derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages.

On May 7, 2026, Capricor announced that it had filed a Motion for Preliminary Injunction and Complaint in the Superior Court of New Jersey. The Complaint alleges a fundamental pricing flaw in the U.S. Distribution Agreement and that the defendants named therein, NS, have failed to adequately prepare for the commercial launch of the Company's product Deramiocel in the United States pursuant to the U.S. Distribution Agreement, and have otherwise materially breached the terms of the U.S. Distribution Agreement. In the Complaint, the Company seeks rescission of the U.S. Distribution Agreement, declaratory judgment that the Company has the right to distribute Deramiocel directly or through distributors other than NS, and other equitable remedies. The state court was scheduled to hear Capricor's motion for preliminary injunction on August 10, 2026, ahead of the current PDUFA action date. Capricor withdrew the motion, without prejudice, having determined that resolving this contractual dispute in arbitration following the FDA's decision would give the parties a more complete regulatory record to work from.

On May 20, 2026, Capricor received a shareholder litigation demand from Jennifer Godin, a beneficial owner of Capricor common stock, to take action to remedy breaches of fiduciary duties and other violations of law. No settlement amount has been requested yet.

On July 16, 2026, Mesoblast International Sàrl has filed a patent infringement and declaratory judgment action in the District of Delaware against Capricor, alleging unauthorized manufacture, use, sale, and importation of the cardiosphere-derived cell product Deramiocel for the treatment of DMD. The complaint asserts infringement of three patents relating to mesenchymal stem cell compositions, preparations, and methods. Mesoblast alleges direct, induced, and contributory infringement and seeks injunctive relief, damages, attorneys' fees and a declaratory judgment of infringement.

On July 30, 2026, Darren Ngasseu Nkamga, individually and on behalf of all others similarly situated, filed a class action for securities against Capricor Therapeutics Inc. and certain officers of the Company, alleging that defendants had made materially false and/or misleading statement regarding Capricor Therapeutics Inc.'s business, operations and prospects.

On August 7, 2026, a derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. and certain officers of the Company. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages and certain declaratory relief.

In 2026, the Company received certain employment-related claims from former employees.

In addition, from time to time, the Company may become involved in various other legal proceedings that arise in the ordinary course of its business or otherwise. The Company records a loss contingency reserve for a legal proceeding when it considers the potential loss probable and it can reasonably estimate the amount of the loss or determine a probable range of loss. The Company has not recorded any material accruals for loss contingencies as of June 30, 2026.

Accounts Payable

During the normal course of business, disputes with vendors may arise. If a vendor disputed payment is probable and able to be estimated, we will record an estimated liability.

Other Funding Commitments

The Company is a party to various agreements, principally relating to licensed technology, that require future payments relating to milestones that may be met in subsequent periods or royalties on future sales of specific products (see Note 7 - "Collaborations, Licenses and Revenue").

Additionally, the Company is a party to various agreements with contract research, manufacturing, commercialization and other organizations that generally provide for termination upon notice, subject to certain time periods, with the exact amounts owed in the event of termination to be based on the timing of termination and the terms of the agreement.

Employee Severances

The Board from time to time may approve severance packages for specific full-time employees based on their length of service and position ranging up to twelve months of their base salaries, in the event of termination of their employment, subject to certain conditions. No liability under these severance packages has been recorded as of June 30, 2026.

16. SEGMENT INFORMATION

The Company operates as a single operating segment. The Company's Chief Executive Officer, who serves as the Chief Operating Decision Maker ("CODM"), is responsible for allocating resources and assessing performance. The CODM reviews the Company's operating results on an aggregate basis to make decisions about resource allocation, evaluate financial performance, and manage the overall business. Accordingly, the Company's operations are managed as one reportable segment focused on the development and commercialization of its therapeutic candidates.

The following table represents consolidated net loss summarized by the significant segment expenses regularly reviewed by the CODM for the three and six months ended June 30, 2026 and 2025.

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Total revenue	$ —	$ —	$ —	$ —
Research and development expense:				
Compensation and benefits	9,577,971	7,510,545	17,549,787	12,920,970
Duchenne muscular dystrophy program (Deramiocel)	13,053,071	9,838,927	26,085,238	17,544,121
Exosomes platform research	523,529	1,164,133	1,332,824	2,685,067
Other R&D segment expenses (1)	2,155,161	1,369,691	4,311,299	2,695,162
Total research and development expense, excluding non-cash expense	25,309,732	19,883,296	49,279,148	35,845,320
Stock-based compensation expense	3,260,674	1,930,467	6,386,855	4,669,051
Depreciation and amortization	295,886	233,491	577,201	448,455
Total research and development expense	28,866,292	22,047,254	56,243,204	40,962,826
General and administrative expense:				
Compensation and benefits	3,140,431	2,139,615	5,375,379	3,640,458
Other G&A segment expenses (2)	7,870,353	1,561,190	11,986,117	2,936,424
Total general and administrative expense, excluding non-cash expense	11,010,784	3,700,805	17,361,496	6,576,882
Stock-based compensation expense	2,802,251	1,716,687	5,594,125	4,717,501
Depreciation and amortization	266,293	252,788	519,648	443,273
Total general and administrative expense	14,079,328	5,670,280	23,475,269	11,737,656
Operating loss	(42,945,620)	(27,717,534)	(79,718,473)	(52,700,482)
Investment income	2,211,295	1,793,352	5,115,801	2,522,894
Interest expense	—	—	—	—
Other income (expense)	2,271	14,991	(70,727)	(123,197)
Total non-operating income, net	2,213,566	1,808,343	5,045,074	2,399,697
Loss before income taxes	(40,732,054)	(25,909,191)	(74,673,399)	(50,300,785)
(Provision for) benefit from income taxes	(1,600)	(1,600)	(1,600)	(1,600)
Net loss	$ (40,733,654)	$ (25,910,791)	$ (74,674,999)	$ (50,302,385)

(1) Other R&D segment expenses primarily include other pipeline development costs, and other facility costs.
(2) Other G&A segment expenses primarily include accounting, legal and other professional fees, consulting expenses, pre-commercial initiatives, business insurance, employee travel, and other facility and information technology costs.

The asset information provided to the CODM for the single operating segment is consistent with the amounts reported in the consolidated balance sheets.

17. SUBSEQUENT EVENTS

Long-Term Operating Lease

In July 2026, the Company entered into a new lease with ARE-SD Region No. 39 Owner, LLC for its corporate headquarters (see Note 6 – "Leases").

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

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the condensed consolidated notes to those statements included elsewhere in this Quarterly Report on Form 10-Q, and the audited consolidated financial statements and notes included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the Company's most recent annual report on Form 10-K. This discussion includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including, but not limited to, those set forth under Part I, Item 1A, "Risk Factors" in the Company's most recent annual report on Form 10-K, under Item 1A, "Risk Factors" in this Quarterly Report and under the heading "Special Note Regarding Forward-Looking Statements" in this Quarterly Report, our actual results may differ materially from those anticipated in these forward-looking statements.

As used in this Quarterly Report on Form 10-Q, references to "Capricor Therapeutics," "Capricor," the "Company," "we," "us," "our" or similar terms include Capricor Therapeutics, Inc. and its wholly-owned subsidiary.

Company Overview

Capricor Therapeutics, Inc. is a biotechnology company focused on the development and potential commercialization of cell and exosome-based therapeutics for the treatment of Duchenne muscular dystrophy ("DMD"), a rare genetic disorder characterized by progressive muscle degeneration and premature death, as well as other diseases with significant unmet medical need. Since our inception, we have devoted substantial resources to the development of our lead product candidate, Deramiocel, a cell therapy aimed to treat the skeletal and cardiac muscle complications associated with DMD, as well as to advancing our exosome-based platform technologies, developing manufacturing capabilities and supporting our research and development activities. Our Biologics License Application ("BLA") for Deramiocel for the treatment of DMD is currently under review by the U.S. Food and Drug Administration ("FDA"), with a current Prescription Drug User Fee Act ("PDUFA") target action date of August 22, 2026, for potential approval in the United States. We currently have no products approved for commercial sale. Our ability to generate product revenue and achieve profitability will depend on the successful development, regulatory approval and commercialization of Deramiocel and any other product candidates we may develop.

Cell Therapy (Deramiocel)

Our core program is focused on the development and commercialization of Deramiocel, a cell therapy product candidate comprised of cardiosphere-derived cells ("CDCs"), a population of cardiac-derived stromal cells isolated from qualified donated human hearts. Deramiocel is designed to slow disease progression in DMD through immunomodulatory, anti-inflammatory, pro-angiogenic and anti-fibrotic activities of CDCs. These effects are mediated in part by exosomes secreted by CDCs that contain bioactive molecules, including microRNAs and other signaling factors, which may influence gene expression and cellular pathways involved in inflammation, fibrosis, and tissue repair.

Our clinical development program for Deramiocel has focused on adolescents and young adults with DMD, including many patients who are non-ambulatory and experiencing progressive skeletal and cardiac muscle decline. Capricor has administered approximately 1,300 intravenous infusions across our clinical program to over 200 patients with DMD in three separate clinical trials. We believe therapies that address inflammatory and fibrotic processes contributing to muscle degeneration may provide potential benefit across a broad population of individuals with DMD.

Exosomes Platform Technology (StealthX™)

Extracellular vesicles ("EVs"), including exosomes and microvesicles, are nano-scale membrane-enclosed vesicles secreted by many cell types that contain characteristic lipids, proteins and nucleic acids, including messenger RNA and microRNAs. These vesicles facilitate intercellular communication through the binding and activation of membrane receptors or through the delivery of molecular cargo into target cells. Through these mechanisms, EVs may influence a variety of biological processes, including cell survival, proliferation, inflammation and tissue repair.

Exosomes in particular have attracted increasing interest as potential therapeutic and diagnostic platforms. Their small size, generally low immunogenicity, and ability to deliver biologically active molecules to recipient cells may allow them to modulate complex biological pathways. Because exosomes are cell-free vesicles, they may be stored, handled, and administered using approaches similar to those used for certain established biologic therapies.

Our exosome platform is supported by internal research and external collaborations. Our collaborations and research around exosomes include the National Institutes of Health, the National Institute of Allergy and Infectious Diseases ("NIAID"), Johns Hopkins University ("JHU"), the Department of Defense, the U.S. Army Institute of Surgical Research, and Cedars-Sinai Medical Center ("CSMC"). Our platform leverages advances in RNA biology, protein engineering and targeted delivery technologies to support the development of exosome-based therapeutics and vaccines. We are currently exploring exosome-based approaches for infectious diseases, monogenic diseases and other potential indications.

Our current strategy is focused on advancing these programs through collaborations and partnerships that may provide additional development resources and capital to support potential clinical development.

Our Pipeline – Key Programs

Deramiocel: Duchenne Muscular Dystrophy Program: Deramiocel is Capricor's lead product candidate and is being developed for the treatment of DMD, a rare, progressive genetic disease characterized by degeneration of skeletal and cardiac muscle.

Deramiocel's mechanism of action is distinct from mutation-targeted approaches such as exon-skipping oligonucleotides and gene therapies, which aim to restore dystrophin expression in muscle cells. DMD is caused by mutations in the dystrophin gene that impair production of functional dystrophin, a structural protein important for maintaining muscle integrity. The absence of functional dystrophin leads to progressive skeletal and cardiac muscle damage, muscle cell death and replacement of muscle tissue with fibrosis. Cardiac involvement is a major component of disease progression in DMD. In patients with DMD, heart muscle cells progressively deteriorate and are replaced with scar tissue, leading to cardiomyopathy and ultimately heart failure, which is a leading cause of mortality in individuals with DMD. While several therapies have been developed to address certain genetic mutations associated with DMD, significant unmet medical need remains, particularly in patients with established skeletal and cardiac muscle disease.

We have conducted a comprehensive clinical development program evaluating Deramiocel in patients with DMD, including randomized controlled trials and long-term follow-up studies designed to assess safety and efficacy across multiple measures of disease progression. These studies include the Phase 3 HOPE-3 trial, the Phase 2 HOPE-2 trial and each of their ongoing open-label extension studies, and the earlier Phase I/II HOPE-Duchenne clinical trial.

Biologics License Application: In late 2024, we completed our submission of a BLA to the FDA seeking approval of Deramiocel for the treatment of DMD. The FDA accepted the BLA for review, granted Priority Review, and assigned a PDUFA target action date of August 31, 2025. In July 2025, we received a Complete Response Letter ("CRL") from the FDA stating that the application did not meet the statutory requirement for substantial evidence of effectiveness and requesting additional clinical data.

Following a Type A meeting with the FDA in August 2025, we aligned with the Agency on a regulatory path forward to address the CRL, including the submission of additional clinical data from the Phase 3 HOPE-3 trial. We subsequently submitted our response to the CRL, which the FDA accepted as a complete response and classified as a Class 2 resubmission, assigning a new PDUFA target action date of August 22, 2026.

HOPE-3 Phase 3 Peer-Review Publication; Update to Statistical Model for LVEF: In July 2026, results from the HOPE-3 trial were published in *The Lancet* following independent peer review. As part of our dialogue with the FDA regarding the HOPE-3 data, and in connection with the peer review process with *The Lancet*, the Company identified an update to the statistical model used in its analysis of left ventricular ejection fraction ("LVEF"), the key secondary endpoint of the study. Under the revised model, LVEF yields a p=0.09 (1.8 percentage point treatment difference), compared to p=0.04 previously reported (2.4 percentage point treatment difference). In the pre-specified cardiomyopathy subgroup, the result is nominally significant at p=0.02 (2.8 percentage point treatment difference). Because the LVEF result did not meet the pre-specified significance threshold, endpoints tested subsequently in the pre-specified hierarchical testing sequence are no longer considered to be controlled for Type I error, and results for those endpoints are reported as nominal. The primary endpoint of HOPE-3 which addresses the skeletal muscle results was unaffected with Deramiocel demonstrating a statistically significant slowing of upper limb disease progression as measured by the Performance of the Upper Limb 2.0 scale (“PUL 2.0”) compared to placebo, with a least squares mean difference of 4.55 percentage points in favor of Deramiocel p=0.029, corresponding to a difference of approximately 1.2 point absolute change in total PUL 2.0.

Bioresearch Monitoring Inspection: In July 2026, the FDA conducted a Bioresearch Monitoring (“BIMO”) inspection in connection with its review of the BLA. At the conclusion of the inspection, the FDA issued a Form 483, Notice of Inspectional Observations, citing one observation relating primarily to the Company's standard operating procedures, documentation practices, vendor oversight, and audit report timeliness in connection with the conduct of the HOPE-3 clinical trial. The Company does not believe the observation affects the integrity or reliability of the HOPE-3 data, however, we can provide no assurance as to how the FDA will evaluate our response to the 483 or whether the observations will affect the timing or outcome of the FDA’s review of the BLA. At this time, the Company has submitted its response to the FDA and is awaiting further feedback.

Advisory Committee Meeting: On July 29, 2026, the Cellular, Tissue and Gene Therapies Advisory Committee voted 3 in favor and 9 against on whether available evidence provides substantial evidence of effectiveness of Deramiocel for the treatment of cardiomyopathy in patients with DMD. The Committee was not asked to vote on the HOPE-3 primary endpoint or on overall benefit-risk, and in a separate discussion of upper limb function its feedback was directionally supportive of the HOPE-3 clinical evidence. The Advisory Committee’s recommendation is advisory only and is not binding on the FDA.

Next Steps: The current PDUFA target action date of August 22, 2026 remains in effect, and we are continuing to engage with the FDA in connection with its review of the BLA. At this time, we plan to submit an amendment to our BLA that includes the 24-month open-label extension data from our HOPE-3 study, along with additional analyses of the existing data package, in order to support a refined indication focused on the primary endpoint. FDA has indicated it is willing to review this amendment and, upon receipt, to extend the PDUFA action date accordingly. We are finalizing the timing of that submission and will provide further updates when available.

In parallel with our U.S. regulatory activities, we have initiated regulatory engagement in Europe and Japan and are working with the relevant health authorities to determine the most appropriate regulatory pathway for Deramiocel in those regions.

StealthX™ Exosome Platform: Our StealthX™ exosome platform program consists of engineered exosomes for vaccine and therapeutic development.

Exosome Platform: Engineered Exosome-Based Vaccines: The StealthX™ vaccine is a proprietary vaccine developed internally by Capricor utilizing exosomes that were engineered to express either spike or nucleocapsid proteins on the surface. Preclinical results from murine and rabbit models published in the peer-reviewed journal, Microbiology Spectrum, showed the StealthX™ vaccine resulted in robust antibody production, potent neutralizing antibodies, a strong T-cell response and a favorable safety profile. We were selected to be part of Project NextGen, an initiative by the U.S. Department of Health and Human Services to advance a pipeline of new, innovative vaccines providing broader and more durable protection for COVID-19. As part of Project NextGen, the National Institute of Allergy and Infectious Diseases, part of the National Institutes of Health, is conducting a Phase 1 clinical study with our StealthX™ vaccine. Preliminary data indicated the StealthX™ vaccine has been generally well tolerated and demonstrated a favorable safety profile across all dose levels tested. Early analyses showed limited neutralizing antibody responses at the evaluated dose levels, which may reflect prior vaccination or infection among trial participants. Final results from the trial, including cellular immune response data, are expected later in 2026, subject to completion of the study by NIAID. If NIAID finds that our StealthX™ vaccine meets its criteria for safety and efficacy, they may consider our program for a funded Phase 2 study.

Exosome Platform: Engineered Exosome-Based Therapeutics: We are focused on developing a precision-engineered exosome platform technology that has the potential to deliver defined sets of effector molecules that exert their effects through defined mechanisms of action. Pending further regulatory clarity for our DMD program, we plan to continue to explore the use of our proprietary StealthX™ exosome platform for a broad range of therapeutic applications including targeted RNA, protein and small molecule therapeutics to treat or prevent a variety of diseases.

These programs represent our core technology and products.

Financial Operations Overview

As of June 30, 2026, we had cash, cash equivalents, and marketable securities totaling approximately $237.9 million. Since our inception, we have received approximately $600 million through a combination of equity financings, strategic collaborations, grants and other non-dilutive funding sources.

Due to our significant research and development expenditures, and general administrative costs associated with our operations, we have generated substantial operating losses in each period since our inception. Our net losses were approximately $40.7 million and approximately $25.9 million, for the three months ended June 30, 2026 and 2025, respectively. Our net losses were approximately $74.7 million and approximately $50.3 million, for the six months ended June 30, 2026 and 2025, respectively. As of June 30, 2026, we had an accumulated deficit of approximately $379.6 million. We expect to incur significant expenses and operating losses for the foreseeable future.

As we seek to develop and commercialize Deramiocel or any other product candidates including those related to our exosomes program, we anticipate that our expenses will increase significantly and that we will need additional funding to support our continuing operations. Until such time when we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity financings, debt financings or other sources, which may include licensing agreements or strategic collaborations or other distribution agreements. We may be unable to raise additional funds or enter into such agreements or arrangements when needed on favorable terms, if at all. If we fail to raise capital or other potential funding or enter into such agreements as and when needed, we may have to significantly delay, scale back or discontinue the development or commercialization of Deramiocel or our other product candidates. The timing and scale of any commercial launch expenditures, and our ability to access capital on favorable terms, may be affected by the outcome of the FDA's review of the BLA.

We have no commercial product sales to date and will not have the ability to generate any commercial product revenue until after we have received approval from the FDA or equivalent foreign regulatory bodies to begin selling our product candidates. Developing biological products is a lengthy and very expensive process. To date, most of our development expenses have related to our product candidates, consisting of Deramiocel and our exosome technologies. As we proceed with the clinical development and potential commercialization of Deramiocel, and as we further develop our exosome technologies, our expenses will further increase. Accordingly, our success depends not only on the safety and efficacy of our product candidates, but also on our ability to finance the development of our products and our clinical programs. Our recent major sources of working capital have been primarily proceeds from public equity sales of securities and upfront payments pursuant to our U.S. and Japan Distribution Agreements with Nippon Shinyaku. While we pursue our preclinical and clinical programs, we continue to explore potential partnerships for the development of one or more of our product candidates in the U.S. and in other territories across the world, subject to the rights of Nippon Shinyaku and the outcome of our dispute against NS.

Our results have included non-cash compensation expense due to the issuance of stock awards and warrants, as applicable. We expense the fair value of stock awards and warrants over their vesting period as applicable. When more precise pricing data is unavailable, we determine the fair value of stock options using the Black-Scholes option-pricing model. The terms and vesting schedules for share-based awards vary by type of grant and the employment status of the grantee. Generally, the stock awards vest based upon time-based conditions. Stock-based compensation expense is included in the condensed consolidated statements of operations under general and administrative ("G&A") or research and development ("R&D") expenses, as applicable. We expect to record additional non-cash compensation expense in the future, which may be significant.

Results of Operations

Revenue

Clinical Development Income. Clinical development income for the three and six months ended June 30, 2026 and 2025 was zero.

Operating Expenses

Research and Development Expenses. R&D expenses consist primarily of compensation and other related personnel costs, supplies, clinical trial costs, patient treatment costs, rent for laboratories and manufacturing facilities, consulting fees, costs of personnel and supplies for manufacturing, costs of service providers for preclinical, clinical and manufacturing, certain legal expenses resulting from intellectual property prosecution, stock-based compensation expense and other expenses relating to the design, development, testing and enhancement of our product candidates.

The following table summarizes our R&D expenses by category for each of the periods indicated:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Change ($)	Change (%)
Compensation and other personnel expenses	$ 9,577,971	$ 7,510,545	$ 2,067,426	28 %
Duchenne muscular dystrophy program (Deramiocel)	13,053,071	9,838,927	3,214,144	33 %
Exosomes platform research	523,529	1,164,133	(640,604)	(55)%
Facility expenses	1,817,016	1,215,472	601,544	49 %
Stock-based compensation	3,260,674	1,930,467	1,330,207	69 %
Depreciation and amortization	295,886	233,491	62,395	27 %
Research and other	338,145	154,219	183,926	119 %
Total research and development expenses	$ 28,866,292	$ 22,047,254	$ 6,819,038	31 %

R&D expenses for the three months ended June 30, 2026 increased by approximately $6.8 million, or 31%, compared to the three months ended June 30, 2025. The increase was primarily driven by the following:

- $2.1 million increase in compensation and other personnel expenses primarily due to increases in headcount;
- $3.2 million increase in DMD (Deramiocel) program-related expenses primarily related to expanded manufacturing production, and commercial-related expenses for Deramiocel in preparation for potential commercial launch;
- $0.6 million increase in facility expenses primarily related to expanded leased space and incremental equipment and services to support those facilities; and
- $1.3 million increase in stock-based compensation expense primarily due to increases in headcount and stock price.

The increase was partially offset by a $0.6 million decrease in research expenses related to our exosomes platform, primarily related to timing of research activities for exosomes.

	Six months ended June 30, 2026	Six months ended June 30, 2025	Change ($)	Change (%)
Compensation and other personnel expenses	$ 17,549,787	$ 12,920,970	$ 4,628,817	36 %
Duchenne muscular dystrophy program (Deramiocel)	26,085,238	17,544,121	8,541,117	49 %
Exosomes platform research	1,332,824	2,685,067	(1,352,243)	(50)%
Facility expenses	3,683,639	2,300,893	1,382,746	60 %
Stock-based compensation	6,386,855	4,669,051	1,717,804	37 %
Depreciation and amortization	577,201	448,455	128,746	29 %
Research and other	627,660	394,269	233,391	59 %
Total research and development expenses	$ 56,243,204	$ 40,962,826	$ 15,280,378	37 %

R&D expenses for the six months ended June 30, 2026 increased by approximately $15.3 million, or 37%, compared to the six months ended June 30, 2025. The increase was primarily driven by the following:

- $4.6 million increase in compensation and other personnel expenses primarily due to increases in headcount;
- $8.5 million increase in DMD (Deramiocel) program-related expenses primarily related to expanded manufacturing production, and commercial-related expenses for Deramiocel in preparation for potential commercial launch;
- $1.4 million increase in facility expenses primarily related to expanded leased space and incremental equipment and services to support those facilities; and
- $1.7 million increase in stock-based compensation expense primarily due to increases in headcount and stock price

The increase was partially offset by a $1.4 million decrease in research expenses related to our exosomes platform, primarily related to timing of research activities for exosomes.

General and Administrative Expenses. G&A expenses consist primarily of compensation and other related personnel expenses for executive, finance and other administrative personnel, stock-based compensation expense, accounting, legal and other professional fees, consulting expenses, rent for corporate offices, business insurance and other corporate expenses.

The following table summarizes our G&A expenses by category for each of the periods indicated:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Change ($)	Change (%)
Stock-based compensation	$ 2,802,251	$ 1,716,687	$ 1,085,564	63 %
Compensation and other personnel expenses	3,140,431	2,139,615	1,000,816	47 %
Professional services	4,534,905	440,925	4,093,980	928 %
Facility expenses	1,505,612	77,970	1,427,642	1,831 %
Depreciation and amortization	266,293	252,788	13,505	5 %
Other corporate expenses	1,829,836	1,042,295	787,541	76 %
Total general and administrative expenses	$ 14,079,328	$ 5,670,280	$ 8,409,048	148 %

G&A expenses for the three months ended June 30, 2026 increased by approximately $8.4 million, or 148%, compared to the three months ended June 30, 2025. The increase was primarily driven by the following:

- $1.1 million increase in stock-based compensation primarily due to increases in headcount and stock price;
- $1.0 million increase in compensation and other personnel expenses related to increases in headcount;
- $4.1 million increase in professional services largely attributable to increased legal and consulting costs related to our continuing regulatory and pre-commercial initiatives;
- $1.4 million increase in facility expenses primarily related to expanded leased space and incremental equipment and services to support those facilities; and
- $0.8 million increase in other corporate expenses primarily related to other supporting costs incurred to support pre-commercial initiatives.

	Six months ended June 30, 2026	Six months ended June 30, 2025	Change ($)	Change (%)
Stock-based compensation	$ 5,594,125	$ 4,717,501	$ 876,624	19 %
Compensation and other personnel expenses	5,375,379	3,640,458	1,734,921	48 %
Professional services	7,361,284	776,834	6,584,450	848 %
Facility expenses	1,851,259	155,289	1,695,970	1,092 %
Depreciation and amortization	519,648	443,273	76,375	17 %
Other corporate expenses	2,773,574	2,004,301	769,273	38 %
Total general and administrative expenses	$ 23,475,269	$ 11,737,656	$ 11,737,613	100 %

G&A expenses for the six months ended June 30, 2026 increased by approximately $11.7 million, or 100%, compared to the six months ended June 30, 2025. The increase was primarily driven by the following:

- $0.9 million increase in stock-based compensation primarily due to increases in headcount and stock price;
- $1.7 million increase in compensation and other personnel expenses related to increases in headcount;
- $6.6 million increase in professional services largely attributable to increased legal and consulting costs related to our continuing regulatory and pre-commercial initiatives;
- $1.7 million increase in facility expenses primarily related to expanded leased space and incremental equipment and services to support those facilities; and
- $0.8 million increase in other corporate expenses primarily related to other supporting costs incurred to support pre-commercial initiatives.

Other Income (Expense)

Investment Income. Investment income for the three months ended June 30, 2026 and 2025 was approximately $2.2 million and $1.8 million, respectively. Investment income for the six months ended June 30, 2026 and 2025 was approximately $5.1 million and $2.5 million, respectively. The increase in investment income for three and six months ended June 30, 2026 as compared to three and six months ended June 30, 2025 is due to a higher principal balance in our marketable securities, savings and money market fund accounts.

Products Under Active Development

Deramiocel for the treatment of DMD – The expenses for our DMD program include costs for personnel, clinical, regulatory, commercial, and research activities, including expenses related to scale-up for potential commercial scale manufacturing if our Deramiocel product is approved. For the first six months of 2026, we spent approximately $28.2 million on our Deramiocel program. This amount excludes personnel costs. The Company expects to provide additional guidance on its longer-term financial outlook for this program following greater regulatory clarity, which will inform future strategic and capital allocation decisions.

Exosome Platform – Our exosome platform is in early-stage development. For the first six months of 2026, we spent approximately $1.3 million on our exosome program, primarily related to research, preclinical studies and manufacturing costs associated with our NIAID program. This amount excludes personnel costs. We are prioritizing capital toward Deramiocel and are minimizing expenses related to the exosome platform until further regulatory clarity is obtained with respect to our DMD program.

Our expenditures on current and future clinical development programs, particularly our Deramiocel and exosomes programs, cannot be predicted with any significant degree of certainty as they are dependent on the results of our current trials and our ability to secure additional funding and/or strategic partners. In particular, our expenditures on the commercialization of Deramiocel, if approved, will depend on the outcome of our litigation with NS and, if we are successful in such litigation, whether we commercialize Deramiocel in the United States directly or through one or more distributors. Further, we cannot predict with any significant degree of certainty the amount of time which will be required to complete our clinical trials, the costs of completing research and development projects or whether, when and to what extent we will generate revenues from the commercialization and sale of any of our product candidates. The duration and cost of clinical trials may vary significantly over the life of a project as a result of unanticipated events arising during manufacturing and clinical development and as a result of a variety of other factors, including:

- the number of trials and studies in a clinical program;
- the number of patients who participate in the trials;
- the number of sites included in the trials;
- the rates of patient recruitment and enrollment;
- the duration of patient treatment and follow-up;
- the costs of manufacturing our product candidates;
- the availability of necessary materials required to make our product candidates; and

- the costs, requirements and timing of, and the ability to secure, regulatory approvals;

Liquidity and Capital Resources

The following table summarizes our liquidity and capital resources as of June 30, 2026 and December 31, 2025 and our net increase (decrease) in cash, cash equivalents, and marketable securities for the six months ended June 30, 2026 and 2025 and is intended to supplement the more detailed discussion that follows. The amounts stated in the tables below are expressed in thousands. We believe that our current cash, cash equivalents, and marketable securities are sufficient to fund our operating capital requirements for at least the next twelve months from the issuance date of these condensed consolidated financial statements.

Liquidity and capital resources	June 30, 2026	December 31, 2025
Cash and cash equivalents	$ 20,935	$ 287,847
Marketable securities	$ 217,000	$ 30,282
Working capital	$ 209,167	$ 287,103
Stockholders' equity	$ 246,219	$ 305,792

Cash flow data	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash provided by (used in):		
Operating activities	$ (60,740)	$ (26,556)
Investing activities	(203,400)	38,440
Financing activities	(2,772)	70
Net increase (decrease) in cash and cash equivalents	$ (266,912)	$ 11,954

Our total cash, cash equivalents and marketable securities as of June 30, 2026 were approximately $237.9 million compared to approximately $318.1 million as of December 31, 2025. The decrease in cash, cash equivalents and marketable securities from December 31, 2025 to June 30, 2026 is primarily due to our continuing efforts in preparing the Company for potential commercialization. As of June 30, 2026, we had approximately $122.5 million in total liabilities, consisting of approximately $91.0 million in lease liabilities, approximately $19.5 million in accounts payable and accrued expenses, and $12.0 million relates to deferred revenue, with net working capital of approximately $209.2 million.

Cash used in operating activities was approximately $60.7 million and approximately $26.6 million for the six months ended June 30, 2026 and 2025, respectively. The increase of approximately $34.1 million in cash used in operating activities is due to an approximately $24.4 million increase in net loss for the six months ended June 30, 2026 as compared to the same period in 2025. Furthermore, there was an decrease of approximately $10.3 million in the change in receivables balances, as well as approximately $4.0 million in the change in accounts payable and accrued expenses balances for the six months ended June 30, 2026 as compared to the same period in 2025. To the extent we obtain sufficient capital and/or long-term debt funding and are able to continue developing our product candidates, including if we expand our platform technology portfolio, engage in further research and development activities, and, in particular, conduct preclinical studies and clinical trials, we expect to continue incurring substantial losses.

We had cash flow used in investing activities of approximately $203.4 million for the six months ended June 30, 2026 and cash flow provided by investing activities of approximately $38.4 million for the six months ended June 30, 2025. The change in investing activities for the six months ended June 30, 2026 as compared to the same period of 2025 is due to the net effect from purchases, sales and maturities of marketable securities and the purchase of approximately $16.6 million in property and equipment, leasehold improvements and construction in progress in the six months ended June 30, 2026, compared to approximately $2.6 million in the six months ended June 30, 2025.

We had cash flow used in financing activities of approximately $2.8 million and cash flow provided by financing activities of approximately $0.1 million for the six months ended June 30, 2026 and 2025, respectively. The change in cash provided by (used in) financing activities for the six months ended June 30, 2026 as compared to the six months ended June 30, 2025 is primarily due to payments made for CIRM liability, partially offset by the net proceeds from the exercises of stock options.

From inception through June 30, 2026, we financed our operations primarily through private and public sales of our equity securities, government grants, and payments from distribution agreements and collaboration partners.

We may seek to raise additional funds through various potential sources, such as equity and debt financings, government grants, or through strategic collaborations and license agreements or other distribution agreements. We can give no assurances that we will be able to secure such additional sources of funds to support our operations, complete our clinical trials or if such funds become available to us, that such additional financing will be sufficient to meet our needs. Moreover, to the extent that we raise additional funds by issuing equity securities, our stockholders may experience significant dilution, and debt financing, if available, may involve restrictive covenants. To the extent that we raise additional funds through collaboration and licensing arrangements, it may be necessary to relinquish some rights to our technologies or our product candidates or grant licenses on terms that may not be favorable to us.

Our estimates regarding the sufficiency of our financial resources are based on assumptions that may prove to be wrong. We may need to obtain additional funds sooner than planned or in greater amounts than we currently anticipate. The actual amount of funds we will need to operate is subject to many factors, some of which are beyond our control. These factors include the following:

- the progress of our clinical, regulatory, commercial, and research activities;
- the number and scope of our clinical and research programs;
- the costs involved in preparation for the potential commercialization of our Deramiocel product for the treatment of DMD;
- the progress and success of our preclinical and clinical development activities;
- the progress of the development efforts of parties with whom we have entered into research and development agreements;
- our ability to successfully manufacture product for our clinical trials and potential commercial use;
- the availability of materials necessary to manufacture our product candidates;
- the costs of manufacturing our product candidates, and the progress of efforts with parties with whom we may enter into commercial manufacturing agreements, if necessary;
- our ability to maintain current research and development programs and to establish new research and development and licensing arrangements;
- additional costs associated with maintaining licenses and insurance;
- the costs associated with legal matters, including disputes and pending securities litigation claims brought against us;
- the costs involved in prosecuting and enforcing patent claims and other intellectual property rights; and
- the costs and timing of obtaining marketing approval both in the United States and in countries outside of the United States.

Collaborations

Commercialization and Distribution Agreement (Nippon Shinyaku - United States)

On January 24, 2022, Capricor entered into the U.S. Distribution Agreement with Nippon Shinyaku, a Japanese corporation. Under the terms of the U.S. Distribution Agreement, Capricor appointed Nippon Shinyaku as its exclusive distributor in the United States of Deramiocel for the treatment of DMD.

On May 7, 2026, Capricor announced that it had filed a Motion for Preliminary Injunction and Complaint in the Superior Court of New Jersey. The Complaint alleges a fundamental pricing flaw in the U.S. Distribution Agreement and that the defendants named therein, NS, have failed to adequately prepare for the commercial launch of the Company’s product Deramiocel in the United States pursuant to the U.S. Distribution Agreement, and have otherwise materially breached the terms of the U.S. Distribution Agreement. In the Complaint, the Company seeks rescission of the U.S. Distribution Agreement, declaratory judgment that the Company has the right to distribute Deramiocel directly or through distributors other than NS, and other equitable remedies. The state court was scheduled to hear Capricor's motion for preliminary injunction on August 10, 2026, ahead of the current PDUFA action date. Capricor withdrew the motion, without prejudice, having determined that resolving this contractual dispute in arbitration following the FDA's decision would give the parties a more complete regulatory record to work from. The Company estimates arbitration to begin this fall. Capricor's position on the underlying dispute has not changed: it continues to believe the pricing structure in the U.S. Distribution Agreement is fundamentally flawed in a way that would impede patient access, and continues to seek rescission.

Commercialization and Distribution Agreement (Nippon Shinyaku - Japan)

On February 10, 2023, Capricor entered into the Japan Distribution Agreement with Nippon Shinyaku. Under the terms of the Japan Distribution Agreement, Capricor appointed Nippon Shinyaku as its exclusive distributor in Japan of Deramiocel for the treatment of DMD.

Under the terms of the Japan Distribution Agreement, Capricor received an upfront payment of $12.0 million in 2023 and in addition, Capricor will potentially receive additional development and sales-based milestone payments of up to approximately $89.0 million, subject to foreign currency exchange rates, and a meaningful double-digit share of product revenue. Nippon Shinyaku will be responsible for the distribution of Deramiocel in Japan. Capricor will be responsible for the conduct of clinical development and regulatory approval in Japan, as may be required, as well as the manufacturing of Deramiocel. Subject to regulatory approval, Capricor or its designee will hold the Marketing Authorization in Japan if the product is approved in that territory.

European Region Binding Term Sheet

On September 16, 2024, the Company entered into a binding term sheet with Nippon Shinyaku for the potential commercialization and distribution of Deramiocel for the treatment of DMD in Europe. The term sheet contemplated that the Company would be responsible for development and manufacturing, and Nippon Shinyaku would be responsible for sales and distribution in the European region, subject to execution of a definitive agreement and regulatory approval. As of March 31, 2026, no definitive agreement had been executed and the Company had not recognized any revenue, received any consideration, or recorded any amounts in connection with the term sheet. The term sheet expired in accordance with its terms on April 1, 2026.

Financing Activities by the Company

December 2025 Underwritten Public Offering

On December 5, 2025, the Company entered into an underwriting agreement with Piper Sandler & Co. and Oppenheimer & Co., Inc. as representatives of the underwriters (the “Underwriters”), pursuant to which the Company agreed to sell and issue, in a public offering an aggregate of 6,000,000 shares of common stock, including the exercise in full of the underwriters’ option to purchase an additional 900,000 shares to cover over allotments, at a public offering price of $25.00 per share for total gross proceeds of approximately $172.5 million, before deducting underwriting commissions and other offering expenses payable by the Company. The Company paid cash commissions on the gross proceeds, plus reimbursement of expenses to the Underwriters, as well as legal and accounting fees in the aggregate amount of approximately $10.5 million.

September 2025 ATM Program

On September 10, 2025, the Company established an at-the-market offering under a prospectus supplement for aggregate sales proceeds of up to $150.0 million (the “September 2025 ATM Program”), pursuant to an Equity Distribution Agreement with Piper Sandler and Oppenheimer (collectively, the “Agents”) by which the Agents may sell our common stock at the market prices prevailing at the time of sale. The Agents are entitled to compensation for their services at a commission rate of 3.0% of the gross sales price per share of common stock sold plus reimbursement of certain expenses. Effective December 5, 2025, the Company reduced the maximum offering amount from $150.0 million to $125.0 million.

Through December 31, 2025, the Company sold an aggregate of 2,682,307 shares of common stock under the September 2025 ATM Program at an average price of approximately $28.89 per share for gross proceeds of approximately

$77.5 million. The Company paid approximately $2.4 million of aggregated fees related to these sales. From January 1, 2026 through the date of this filing, no additional shares have been sold under the September 2025 ATM Program.

CIRM Grant Award

On June 16, 2016, Capricor entered into an award agreement with the California Institute for Regenerative Medicine ("CIRM") for approximately $3.4 million to support, in part, the Company's Phase I/II HOPE-Duchenne clinical trial of Deramiocel for the treatment of DMD-associated cardiomyopathy. The award was subject to operational milestones, a co-funding requirement, and certain reporting, intellectual property and revenue-sharing obligations under CIRM's clinical-stage award policies. The Company completed all milestones and close-out activities associated with the award in 2019 and expended all funds received.

The Company accounts for the award as a liability rather than income because the Company had the option to convert the award into a loan. In February 2025, the Company notified CIRM of its election to convert the award into a loan. In May 2026, the Company entered into a loan repayment agreement with CIRM providing for repayment in two installments. As of June 30, 2026, the Company had fully repaid approximately $6.3 million, consisting of approximately $3.4 million of principal and approximately $2.9 million of accrued interest, satisfying its repayment obligation under the award.

Off-Balance Sheet Arrangements

During the periods presented, we did not have, nor do we currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis, including research and development and clinical trial accruals, and stock-based compensation estimates. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates. We believe the following critical accounting policies reflect the more significant judgments and estimates used in the preparation of our financial statements and accompanying notes.

Leases

The Company accounts for its leases in accordance with ASC Topic 842, *Leases* ("ASC 842"), which requires lessees to recognize most leases on the balance sheet with a corresponding right-of-use asset ("ROU asset") and a lease liability for most leases. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at lease commencement based on present value of fixed lease payments over the lease term.

Leases are classified as either financing or operating leases. The Company's leases are primarily operating leases. The Company elects the short-term lease exemption for leases with a term of twelve months or less.

The Company uses its incremental borrowing rate to measure lease liabilities when the implicit rate is not readily determinable. The Company determines its incremental borrowing rate based on the rate of interest it would have to pay on a collateralized basis to borrow, over a similar term and in a similar economic environment, an amount equal to the lease payments.

The Company has elected the practical expedient to combine lease and non-lease components for real estate leases. This practical expedient is not elected for manufacturing facilities and equipment embedded in product supply arrangements.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), using a five-step model to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled. The Company's arrangements may include fixed consideration, such as upfront payments and milestones, as well as variable consideration, such as sales-based royalties and shared revenues. Variable consideration is included in the transaction price only to the extent that it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty is resolved.

Revenue is recognized either at a point in time or over time, depending on when control of the promised goods or services is transferred to the customer. For performance obligations satisfied over time, the Company recognizes revenue based on a measure of progress that depicts the transfer of services to the customer. Upfront payments received in advance of performance are recorded as deferred revenue.

Research and Development Expenses and Accruals

R&D expenses consist primarily of salaries and related personnel costs, supplies, clinical trial costs, patient treatment costs, rent for laboratories and manufacturing facilities, consulting fees, costs of personnel and supplies for manufacturing, costs of service providers for preclinical, clinical, manufacturing and commercial activities, and certain legal expenses resulting from intellectual property prosecution, stock compensation expense and other expenses relating to the design, development, testing and enhancement of our product candidates. Except for certain capitalized intangible assets, R&D costs are expensed as incurred.

Our cost accruals for clinical trials and other R&D activities are based on estimates of the services received and efforts expended pursuant to contracts with numerous clinical trial centers and contract research organizations ("CROs"), clinical study sites, laboratories, consultants or other clinical trial vendors that perform activities in connection with a trial. Related contracts vary significantly in length and may be for a fixed amount, a variable amount based on actual costs incurred, capped at a certain limit, or for a combination of fixed, variable and capped amounts. Activity levels are monitored through close communication with the CROs and other clinical trial vendors, including detailed invoice and task completion review, analysis of expenses against budgeted amounts, analysis of work performed against approved contract budgets and payment schedules, and recognition of any changes in scope of the services to be performed. Certain CRO and significant clinical trial vendors provide an estimate of costs incurred but not invoiced at the end of each quarter for each individual trial. These estimates are reviewed and discussed with the CRO or vendor as necessary, and are included in R&D expenses for the related period. For clinical study sites which are paid periodically on a per-subject basis to the institutions performing the clinical study, we accrue an estimated amount based on subject screening and enrollment in each quarter. All estimates may differ significantly from the actual amount subsequently invoiced, which may occur several months after the related services were performed.

In the normal course of business, we contract with third parties to perform various R&D activities in the ongoing development of our product candidates. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. Payments under the contracts depend on factors such as the achievement of certain events, the successful enrollment of patients, and the completion of portions of the clinical trial or similar conditions. The objective of the accrual policy is to match the recording of expenses in the financial statements to the actual services received and efforts expended. As such, expense accruals related to clinical trials and other R&D activities are recognized based on our estimates of the degree of completion of the event or events specified in the applicable contract.

No adjustments for material changes in estimates have been recognized in any period presented.

Stock-Based Compensation

Our results include non-cash compensation expense related to stock options and restricted stock awards granted to employees, directors and consultants. The Company has six equity plans; however, it currently issues awards only under the 2020 Equity Incentive Plan, the 2021 Equity Incentive Plan, and the 2025 Equity Incentive Plan. The Company no longer issues awards under the 2006 Stock Option Plan, the 2012 Restated Equity Incentive Plan or the 2012 Non-Employee Director Stock Option Plan.

We expense the fair value of stock-based compensation over the vesting period. For stock options, when more precise pricing data is unavailable, we determine the fair value using the Black-Scholes option-pricing model. This valuation model requires us to make assumptions and judgments about the variables used in the calculation. These variables and assumptions include the weighted-average period of time that the options granted are expected to be outstanding, the volatility of our common stock, and the risk-free interest rate. We account for forfeitures upon occurrence. For restricted stock awards, we determine the fair value using the Company's stock price at the grant date.

The terms and vesting schedules for share-based awards vary by type of grant and the employment status of the grantee. Generally, the awards vest based upon time-based conditions. Stock-based compensation expense is included in general and administrative expense or research and development expense, as applicable, in the Statements of Operations and Comprehensive Income (Loss). We expect to record additional non-cash compensation expense in the future, which may be significant.

Clinical Trial Expense

As part of the process of preparing our condensed consolidated financial statements, we are required to estimate our accrued expenses. Our clinical trial accrual process is designed to account for expenses resulting from our obligations under contracts with vendors, consultants, contract research organizations ("CROs"), and clinical site agreements in connection with conducting clinical trials. The financial terms of these contracts are subject to negotiations which vary from contract to contract and may result in payment flows that do not match the periods over which materials or services are provided to us under such contracts. Our objective is to reflect the appropriate clinical trial expenses in our condensed consolidated financial statements by matching the appropriate expenses with the period in which services are provided and efforts are expended. We account for these expenses according to the progress of the trial as measured by patient progression and the timing of various aspects of the trial. We determine accrual estimates through financial models that take into account discussions with applicable personnel and outside service providers as to the progress or state of completion of trials, or the services completed. During the course of a clinical trial, we adjust our clinical expense recognition if actual results differ from our estimates. We make estimates of our accrued expenses as of each balance sheet date in our condensed consolidated financial statements based on the facts and circumstances known to us at that time. Our clinical trial accrual and prepaid assets are dependent, in part, upon the receipt of timely and accurate reporting from CROs and other third-party vendors. Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in us reporting amounts that are too high or too low for any particular period.

Recently Issued or Newly Adopted Accounting Pronouncements

In December 2025, the FASB issued *ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements*, which is intended to improve the navigability of the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

In September 2025, the FASB issued *ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which amends the guidance in ASC 350-40, Intangibles – Goodwill and Other – Internal-Use Software. The amendments modernize the recognition and disclosure framework for internal-use software costs, removing the previous "development stage" model and introducing a more judgment-based approach. The ASU is effective for fiscal years beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its financial statements.

In November 2024, the FASB issued *ASU No. 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40)*. The ASU requires the disaggregated disclosure of specific expense categories, including purchases of inventory, employee compensation, depreciation, and amortization, within relevant income statement captions. This ASU also requires disclosure of the total amount of selling expenses along with the definition of selling expenses. The ASU is effective for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Adoption of this ASU can either be applied prospectively to consolidated financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is also permitted. This ASU will likely result in the required additional disclosures being included in our consolidated financial statements, once adopted. The Company is currently evaluating the impact this guidance will have on its financial statement disclosures.

Other recent accounting pronouncements issued by the Financial Accounting Standards Board, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the SEC, did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statement presentation or disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Sensitivity

Our exposure to market risk for changes in interest rates relates primarily to our marketable securities and cash and cash equivalents. As of June 30, 2026, the fair value of our cash, cash equivalents and marketable securities was approximately $237.9 million. Additionally, as of June 30, 2026, Capricor's investment portfolio was classified as cash, cash equivalents and marketable securities, which consisted primarily of bank checking and savings accounts, money market funds and bank money market accounts, commercial papers, corporate bonds, U.S. treasuries and government agency bonds.

The goal of our investment policy is to place our investments with highly rated credit issuers and limit the amount of credit exposure. We seek to improve the safety and likelihood of preservation of our invested funds by limiting default risk and market risk. Our investments may be exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair market value of our investments, if any. We will manage this exposure by performing ongoing evaluations of our investments. Our policy is to mitigate default risk by investing in high credit quality securities, and we currently do not hedge interest rate exposure. Due to the relatively short-term nature of the investments that the Company holds, we believe that the fair value of our investment portfolio would not be materially impacted by a hypothetical 100 basis point increase or decrease in interest rates.

Item 4. Controls and Procedures.

We have adopted and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that controls and procedures, no matter how well designed and operated, cannot provide absolute assurance of achieving the desired control objectives.

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

On July 17, 2025, a putative securities class action was filed in the Southern District of California, naming Capricor Therapeutics, Inc. and the Chief Executive Officer of the Company. The action alleges certain violations of the U.S. federal securities laws and seeks unspecified damages.

On August 1, 2025, a derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages.

On October 2, 2025, the Company received a Section 220 Shareholder Demand Letter dated September 30, 2025 to inspect and make copies of certain books and records of the Company. The stockholder's demand is related to, among other things, alleged false and misleading statements purportedly made by officers and directors of the Company, as well as the alleged failure to disclose material adverse facts about the Company's business, operations, and prospects.

On November 24, 2025, a second derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages.

On May 7, 2026, Capricor announced that it had filed a Motion for Preliminary Injunction and Complaint in the Superior Court of New Jersey. The Complaint alleges a fundamental pricing flaw in the U.S. Distribution Agreement and that the defendants named therein, NS, have failed to adequately prepare for the commercial launch of the Company’s product Deramiocel in the United States pursuant to the U.S. Distribution Agreement, and have otherwise materially breached the terms of the U.S. Distribution Agreement. In the Complaint, the Company seeks rescission of the U.S. Distribution Agreement, declaratory judgment that the Company has the right to distribute Deramiocel directly or through distributors other than NS, and other equitable remedies. The state court was scheduled to hear Capricor's motion for preliminary injunction on August 10, 2026, ahead of the current PDUFA action date. Capricor withdrew the motion, without prejudice, having determined that resolving this contractual dispute in arbitration following the FDA's decision would give the parties a more complete regulatory record to work from.

On May 20, 2026, Capricor received a shareholder litigation demand from Jennifer Godin, a beneficial owner of Capricor common stock, to take action to remedy breaches of fiduciary duties and other violations of law. No settlement amount has been requested yet.

On July 16, 2026, Mesoblast International Sàrl has filed a patent infringement and declaratory judgment action in the District of Delaware against Capricor, alleging unauthorized manufacture, use, sale, and importation of the cardiosphere-derived cell product Deramiocel for the treatment of DMD. The complaint asserts infringement of three patents relating to mesenchymal stem cell compositions, preparations, and methods. Mesoblast alleges direct, induced, and contributory infringement and seeks injunctive relief, damages, attorneys' fees and a declaratory judgment of infringement.

On July 30, 2026, Darren Ngasseu Nkamga, individually and on behalf of all others similarly situated, filed a class action for securities against Capricor Therapeutics Inc. and certain officers of the Company, alleging that defendants had made materially false and/or misleading statement regarding Capricor Therapeutics Inc.'s business, operations and prospects.

On August 7, 2026, a derivative action was filed in the Southern District of California naming each of the Directors on the Board of Capricor Therapeutics, Inc. and certain officers of the Company. The action alleges, among other things, breaches of fiduciary duties and seeks unspecified damages and certain declaratory relief.

In 2026, the Company received certain employment-related claims from former employees.

Item 1A. Risk Factors.

Part 1, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the SEC on March 17, 2026, describes important risk factors that could cause our business, financial condition, results of operations and prospects to differ significantly from those suggested by forward-looking statements made in this Quarterly Report on Form 10-Q or otherwise presented by us from time to time. Other than the addition of, and modifications to the risk factors listed below, there have been no material changes from the risk factors previously described under Part I, Item 1A of the Form 10-K and under Part II, Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2026.

Risks Related to Our Business

The negative vote of the FDA's Cellular, Tissue and Gene Therapies Advisory Committee is expected to have a significant impact on Deramiocel's approvability in the U.S. for the treatment of cardiomyopathy in patients with DMD.

On July 29, 2026, the FDA convened an Advisory Committee to review our BLA for Deramiocel. The single voting question presented to the Advisory Committee asked whether the available evidence supports the effectiveness of Deramiocel for the treatment of cardiomyopathy in patients with DMD. The Advisory Committee voted 3 in favor and 9 against, with no abstentions. The voting question addressed a narrower indication than we had proposed and did not include a vote on the HOPE-3 primary endpoint of upper limb function or on the overall benefit-risk profile of Deramiocel. At this time, we plan to submit an amendment to our BLA, which the FDA has indicated it is willing to review; however, we do not know how long it will take for the FDA to make a decision on our BLA. The FDA may give us a complete response letter (rejecting our amended BLA) or further delay approval of our amended BLA if applicable regulatory criteria are not satisfied and/or the FDA requires additional testing or information.

We may not be successful in our newly filed litigation against NS, and the litigation could result in substantial costs, diversion of resources and harm to our business.

We have filed a Complaint for Equitable Relief and Application for Preliminary Injunction (the "Complaint") in the Superior Court of New Jersey. The Complaint alleges that the defendants named therein, NS, have failed to adequately prepare for the commercial launch of the Company's product Deramiocel in the United States pursuant to the Commercialization and Distribution Agreement dated January 25, 2022, between the Company and NS (the "U.S. Distribution Agreement"), and have otherwise materially breached the terms of the U.S. Distribution Agreement. In the Complaint, the Company seeks rescission of the U.S. Distribution Agreement, declaratory judgment that the Company has the right to distribute Deramiocel directly or through distributors other than NS, and other equitable remedies. Capricor withdrew the motion, without prejudice, having determined that resolving this contractual dispute in arbitration following the FDA's decision would give the parties a more complete regulatory record to work from. The Company estimates arbitration to begin this fall.

It is difficult to predict the outcome of any dispute, and there can be no assurance that we will prevail in this matter or obtain the remedies we seek. The arbitration process may continue for an extended period of time, may be expensive and time-consuming, and may divert the attention and resources of management and other personnel away from our business operations and strategic objectives. In addition, NS has asserted counterclaims against us. An adverse outcome in the arbitration or in any counterclaims could materially and adversely affect our business, financial condition, results of operations and prospects.

If we are unsuccessful in the arbitration, we may be unable to prevent NS from engaging in activities that we believe are harmful to our business. Any unfavorable ruling could adversely affect our competitive position, reduce potential revenues, impair our ability to commercialize our products, or otherwise negatively impact the market price of our common stock.

Regardless of the outcome, arbitration may generate negative publicity, create uncertainty among customers, distributors, suppliers or collaboration partners, and adversely affect our ability to enter into strategic transactions or obtain financing on favorable terms.

We have a history of net losses, and we expect losses to continue for the foreseeable future. In addition, a number of factors may cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

We have a history of net losses, expect to continue to incur substantial net losses for the foreseeable future, and may never achieve or maintain profitability. Our operations to date have been primarily limited to organizing and staffing our company, developing our technology, and undertaking preclinical studies and clinical trials of our product candidates. We have not yet obtained regulatory approval for any of our product candidates. Specifically, our financial condition and operating results have varied significantly in the past and will continue to fluctuate from quarter-to-quarter and year-to-year in the future due to a variety of factors, many of which are beyond our control. In particular, our expenditures on the commercialization of Deramiocel, if approved, will heavily depend on the outcome of our litigation with NS and, if we are successful in such litigation, whether we commercialize Deramiocel in the United States directly or through one or more distributors. Other factors relating to our business that may contribute to these fluctuations include the following factors:

- our need for additional capital to fund our trials and development programs;
- delays in the commencement, enrollment, and timing of clinical testing;
- the viability of Deramiocel as a potential product candidate and its development through all stages of clinical development;
- the viability of our exosome technologies as potential product candidates and the advancement of our exosome technologies through all stages of their preclinical and clinical development;
- any delays in regulatory review and approval of our product candidates in clinical development;
- our ability to receive regulatory approval or commercialize our product candidates, within and outside the United States;
- potential side effects of our current or future products and product candidates that could delay or prevent commercialization or cause an approved treatment to be taken off the market;
- market acceptance of our product candidates;
- our ability to establish an effective sales and marketing infrastructure once our products are commercialized, as necessary or to establish partnerships with other companies who have greater sales and marketing capabilities;
- the ability of the Company, Nippon Shinyaku, or another distribution partner, to successfully market and sell our Deramiocel product if and to the extent it is approved;
- our ability to establish or maintain collaborations, licensing or other arrangements, including strategic partnerships for Deramiocel outside of DMD and our exosome technologies;
- our ability and third parties' abilities to obtain and protect intellectual property rights;
- competition from existing products or new products that may emerge;
- guidelines and recommendations of therapies published by various organizations;
- the ability of patients to obtain coverage of, or sufficient reimbursement for, our product candidates;
- our ability to maintain adequate insurance policies;
- our ability to successfully manufacture our product candidates in sufficient quantities and on a timely basis to meet clinical trial and potential commercial demand;
- our dependency on third parties to formulate and manufacture our product candidates, as necessary;
- our ability to maintain and staff our current manufacturing facilities;
- our ability to build or secure new manufacturing facilities, if necessary, and achieve and maintain cGMP and obtain required certifications as required;
- costs related to and outcomes of potential intellectual property litigation, including the recent claim brought against us by Mesoblast;
- compliance with obligations under intellectual property licenses with third parties;
- our ability to implement additional internal systems and infrastructure;

- our ability to adequately support future growth;
- if our products are approved for commercial sale, the ability to secure adequate reimbursement levels for our products;
- our ability to attract and retain key personnel to manage our business effectively; and
- the ability of members of our senior management to manage our business and operations.

If we achieve our near-term product development milestones, we may not be able to manage any subsequent growth.

Should we achieve our near-term product development milestones, of which no assurance can be given, our long-term viability will depend upon the expansion of our operations and the effective management of our growth, which will place a significant strain on our management and on our administrative, operational and financial resources, especially if we expand our business and operations internationally. The extent of our need to expand our operations, particularly with respect to a commercial sales organization, will heavily depend on the outcome of our dispute with NS and, if we are successful in such dispute, whether we commercialize Deramiocel in the United States directly or through one or more distributors. To manage this growth, we will need to expand our facilities, augment our operational, financial and management systems and hire and train additional qualified personnel, including people and companies with expertise in commercialization activities, some of whom may be outside consultants who are not our full-time employees. If we are unable to manage our growth effectively, our business would be harmed.

Risks Related to Clinical and Commercialization Activities

We have no experience commercializing and marketing products, and we may be unable to successfully launch, market and sell our products including Deramiocel.

We currently have no FDA approved products and so do not have experience in the commercialization, marketing, sale or distribution of pharmaceutical products on a commercial scale. As a result, even if we are successful in our litigation against NS, we may encounter significant difficulties or delays in successfully launching and commercializing any product candidates for which we obtain regulatory approval.

To successfully commercialize our products, we must develop and implement sales, marketing, market access, distribution, reimbursement and other commercial capabilities, either alone or in collaboration with third parties. We may be unable to effectively recruit, train and retain qualified personnel, establish appropriate distribution relationships, secure adequate reimbursement from government and private payors, or develop sufficient market acceptance among physicians, patients and healthcare providers. In addition, we may face substantial competition from companies with significantly greater commercial infrastructure, financial resources, marketing capabilities and established relationships with customers and payors.

Even if we are able to successfully establish commercial operations, such efforts may be more costly and time-consuming than we anticipate and may not result in meaningful product sales or profitability. We also may encounter operational, logistical, supply chain, customer support and regulatory compliance challenges associated with commercializing products for the first time. If we are unable to successfully commercialize our products, our ability to generate revenue and achieve profitability would be materially adversely affected.

We may also choose to rely on third parties to perform certain commercialization functions, including sales, marketing, distribution and market access activities. Our dependence on third parties may reduce our control over the commercialization process, and such third parties may fail to devote sufficient resources to the marketing and sale of our products or otherwise fail to perform as expected. Any failure to successfully commercialize our products could materially adversely affect our business, financial condition, results of operations and prospects.

Even if any of our product candidates 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.

If any of our product candidates receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors and others in the medical community. If our product candidates do not achieve an adequate level of acceptance, we may not generate sufficient revenues from sales of drugs to cover our costs and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of the product;
- the potential advantages of the product compared to alternative therapies;
- the prevalence and severity of any side effects;
- whether the product is designated under physician and other provider treatment guidelines as a first-, second- or third-line therapy;
- our ability, or the ability of any future collaborators, to offer the product for sale at competitive prices;
- the product's convenience and ease of administration for patients and healthcare practitioners compared to alternative treatments;
- site-of-care requirements, infusion logistics, and the ability of treatment centers and payors to support administration and access on a timely basis;
- the willingness of the target patient population to try, and of physicians to prescribe, the product;
- limitations or warnings, including distribution or use restrictions and safety information contained in the product's approved labeling;
- the strength of sales, marketing and distribution support;
- the performance of third-party distributors, if any;
- changes in the standard of care for the targeted indications for the product; and
- the availability of coverage by, and the amount of reimbursement from, government payors, managed care plans and other third-party payors.

Risks Related to Our Relationships with Third Parties

We may depend on distributors for the commercial sale of Deramiocel in certain territories, if regulatory approval is obtained.

If we are unsuccessful in our dispute with NS, a substantial portion of our potential revenue for the foreseeable future would depend on milestone, revenue sharing and other payments received from Nippon Shinyaku under our distribution agreements, pursuant to which Nippon Shinyaku has exclusive distribution rights for Deramiocel in the United States and Japan for a significant period of time, with only limited rights of either party to terminate these agreements. In that event, if Nippon Shinyaku failed to successfully commercialize Deramiocel in the United States or Japan, whether due to strategic priorities, financial constraints, insufficient commercial resources, inadequate performance or other factors, our ability to generate revenue from Deramiocel in those territories would be materially limited, which would adversely affect our business, financial condition and results of operations. Even if we are successful in our dispute with NS, we may ultimately partner with one or more distribution partners for the commercialization of Deramiocel in the United States or other territories, and in that event we would depend upon the performance of those distribution partners. The failure of any such distribution partner to successfully commercialize Deramiocel could adversely affect our business, financial condition and results of operations.

If we enter into strategic partnerships, we may be required to relinquish important rights to and control over the development of our product candidates or otherwise be subject to terms unfavorable to us.

We are actively looking into potential additional strategic partnerships for our product candidates, particularly for Deramiocel in additional territories outside the United States and Japan, and for our exosomes product candidates. To the extent that we are successful in our dispute against NS, we may also explore strategic partnerships for the commercialization of Deramiocel in the United States. If we do not establish strategic partnerships, we potentially will have to undertake development and commercialization efforts with respect to our product candidates on our own, which would be costly and adversely impact our ability to commercialize any future products or product candidates. If we enter into any strategic partnerships with pharmaceutical, biotechnology or other life science companies, we will be subject to a number of risks, including:

- we may not be able to control the amount and timing of resources that our strategic partners devote to the development or commercialization of product candidates;
- strategic partners may delay clinical trials, provide insufficient funding, terminate a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new version of a product candidate for clinical testing;
- strategic partners may not pursue further development and commercialization of products resulting from the strategic partnering arrangement or may elect to discontinue research and development programs;
- strategic partners may not commit adequate resources to necessary pre-launch activities or the marketing and distribution of any future products, limiting our potential revenues from these products;
- disputes may arise between us and our strategic partners, such as our litigation with NS, 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's attention and consumes resources;
- strategic partners may experience financial difficulties;
- strategic partners may not properly maintain or defend our intellectual property rights or may use our proprietary information in a manner that could jeopardize or invalidate our proprietary information or expose us to potential litigation;
- business combinations or significant changes in a strategic partner's business strategy may also adversely affect a strategic partner's willingness or ability to complete its obligations under any arrangement; and
- strategic partners could independently move forward with a competing product candidate developed either independently or in collaboration with others, including our competitors.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Rule 10b5-1 Trading Arrangements

During the three months ended June 30, 2026, the following director of the Company adopted or terminated contracts, instructions, or written plans for the purchase or sale of the Company's securities that were intended to meet the affirmative defense conditions of Rule 10b5-1(c) ("Rule 10b5-1 Plan") under the Securities Exchange Act of 1934.

Name	Title	Action	Date Adopted or Terminated	Plan End Date	Aggregate Shares
George Dunbar	Board of Director	Adoption of Rule 10b5-1 trading plan	05/18/2026	12/15/2026	Up to 93,656 shares
Philip Gotwals	Board of Director	Adoption of Rule 10b5-1 trading plan	05/18/2026	12/10/2026	Up to 50,000 shares
David Musket	Board of Director	Adoption of Rule 10b5-1 trading plan	05/18/2026	05/15/2027	Up to 24,170 shares
Frank Litvack	Board of Director	Adoption of Rule 10b5-1 trading plan	05/18/2026	07/31/2027	Up to 195,000 shares
Karimah Es Sabar	Board of Director	Adoption of Rule 10b5-1 trading plan	05/18/2026	01/31/2027	Up to 80,000 shares

The trading arrangements permit transactions in the Company's common stock in accordance with Rule 10b5-1(c) and applicable company policies regarding insider trading.

Item 6. Exhibits.

3.1 Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 9, 2007).

3.2 Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on November 26, 2013).

3.3 Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 4, 2019).

3.4 Certificate of Amendment of Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on May 15, 2024).

3.5 Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on February 9, 2007).

3.6 Certificate of Amendment of the Bylaws of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 25, 2020).

10.1 License Agreement, dated May 14, 2026, between Capricor Therapeutics, Inc. and ARE-SD Region No. 39 Owner, LLC.*+

10.2 Lease Agreement, dated July 9, 2026, between Capricor Therapeutics, Inc. and ARE-SD Region No. 39 Owner, LLC.*+

31.1 Certification of Principal Executive Officer.*

31.2	Certification of Principal Financial Officer.*
32.1	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following financial information from Capricor Therapeutics, Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) Condensed Consolidated Balance Sheets as of June 30, 2026 and December 31, 2025, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss, (iii) Condensed Consolidated Statement of Changes in Stockholders' Equity, (iv) Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
+ Portions of the exhibit have been excluded because it is both not material and is the type of information that the registrant treats as private or confidential.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on August 14, 2026.

CAPRICOR THERAPEUTICS, INC.

Date: August 14, 2026	By: /s/ Linda Marbán, Ph.D. Linda Marbán, Ph.D. Chief Executive Officer *(Principal Executive Officer)*
Date: August 14, 2026	By: /s/ Anthony J. Bergmann Anthony J. Bergmann Chief Financial Officer *(Principal Financial and Principal Accounting Officer)*

***Portions of the exhibit have been excluded because it is both not material and is the type of information that the registrant treats as private or confidential.**

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (the "**Agreement**") is made as of this 14th day of May, 2026 (the "**Effective Date**"), between **ARE-SD REGION NO. 39 OWNER, LLC**, a Delaware limited liability company ("**Licensor**"), and **CAPRICOR THERAPEUTICS, INC.**, a Delaware corporation ("**Licensee**").

RECITALS:

A. Licensor is the owner of that certain 3-story building with 1 subterranean level, containing approximately 171,001 rentable square feet, commonly known as 9625 Towne Centre Drive, San Diego, California ("**Building**"), which is part of that certain project comprised of approximately 7.48 acres of land, together with all improvements thereon and appurtenances thereto, as described on **Exhibit A** (the "**Project**").

B. Licensee desires to have a temporary license to use the entire Building, as shown on **Exhibit B** attached hereto (the "**Licensed Premises**").

C. Licensor and License are currently negotiating a Lease Agreement (the "**Lease**") which provides for a lease of the Licensed Premises.

D. Licensee and Licensor wish to confirm the terms and conditions upon which Licensee may use the Licensed Premises.

NOW, THEREFORE, in consideration of the mutual covenants herein expressed and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Licensee and Licensor agree as follows:

1. **Grant of License.**

(a) Licensor hereby grants to Licensee an exclusive license (the "**License**") to enter and use the Licensed Premises for the use described below commencing on the day that is one business day following Effective Date of this Agreement (the "**Commencement Date**"). The term (the "**Term**") of the License granted pursuant to this Section 1 shall expire on the day immediately preceding the Commencement Date of the Lease ("**Lease Commencement Date**"), which Lease Commencement Date shall be defined in the Lease; provided, however, that (i) if Licensor and Licensee do not enter into the Lease on mutually agreeable terms on or before June 26, 2026, then either Licensor or Licensor shall have the right upon five (5) business days' written notice to the other party, to terminate this Agreement, or (ii) if the Lease is executed but then terminates prior to the Lease Commencement Date, then either Licensor or Licensee can terminate this Agreement with written notice to the other party effective five (5) business days after such notice. Notwithstanding anything to the contrary contained herein, Licensee shall have the right to use and operate only within the Operating Licensed Premises (as defined in Section 8(b)). For the avoidance of doubt, Licensee shall have the right to enter the entire Licensed Premises for purposes of planning and accessing the portions of the Operating Licensed Premises, but Licensee shall not have the right to operate within nor complete any Premises Improvements (as defined below) within the areas outside of the Operating Licensed Premises during the Term of this Agreement.

(b) Except as otherwise expressly set forth in this Agreement, Licensee hereby accepts the Licensed Premises on an "as is" basis and in its condition as of the Effective Date of this Agreement and except as provided in Section 9(c) Licensor is hereby expressly relieved and released from any duty or obligation to make any improvements or alterations to the Licensed Premises prior to or after the Commencement Date of the Term. Licensee hereby further acknowledges that Licensor has made no representation as to the condition of the Licensed Premises or the suitability of the Licensed Premises or the Project for Licensee's intended use.

(c) During the Term, Licensee shall have the right, at no additional cost, to use the furniture currently located in the Licensed Premises as of the Effective Date ("Licensor's FF&E"). Licensee shall have no right to remove any of Licensor's FF&E from the Licensed Premises and Licensor's FF&E shall be returned to Licensor at the expiration or earlier termination of the Term in substantially the same condition as received by Licensee, except for ordinary wear and tear and casualty. Licensee hereby acknowledges that Licensor has made no representation as to the condition of the Licensed Premises or Licensor's FF&E or the suitability of the Licensed Premises, the Project or Licensor's FF&E for Licensee's intended use.

2. **Premises Improvements.**

(a) Licensor shall make available to Licensee a tenant improvement allowance in the amount of $30.00 per rentable square foot of the Licensed Premises (or $5,130,030.00 in the aggregate) (the "**Improvements Allowance**"), for the design and construction of the fixed and permanent improvements (the "**Premises Improvements**") desired by and performed by Licensee and reasonably acceptable to Licensor pursuant to the space plans and test fit approved by Licensor and Licensee and attached hereto as **Exhibit C** (the "**Space Plans**"). Licensee shall not make any material changes to the Premises Improvements without the approval of Licensor, which approval shall not be unreasonably withheld, conditioned or delayed. The Improvements Allowance shall be available only for costs incurred by Licensee for the design, engineering, permitting and construction of the Premises Improvements (collectively, the "**Premises Improvement Costs**"), and may not be used to purchase any furniture, personal property or other non-Building system materials or equipment. Except for the Improvements Allowance, Licensee shall be solely responsible for all of the costs of the Premises Improvements. The general contractor for the Premises Improvements shall be selected by Licensee from the list of general contractors on the list of approved vendors attached hereto as **Exhibit D** (the "**Approved General Contractors and Vendors**"). The Approved General Contractors and Vendors are pre-qualified and may be utilized by Licensee for the Premises Improvements without any further approvals required from Licensor. Any other architect, engineer or subcontractor, other than the Approved General Contractors and Vendors, shall be subject to Licensor's reasonable approval, so long as such architect, engineer or subcontractor can demonstrate that it regularly works on Class A life science buildings and that it otherwise meets the requirements described in **Exhibit E** attached hereto (the "**Contractor Requirements**"). Notwithstanding anything to the contrary contained herein, Licensee need not obtain Licensor's approval for any subcontractor that is required for Licensee's construction of the Premises Improvements in the manufacturing space in the Licensed Premises (a "**Manufacturing Contractor**"), and such Manufacturing Contractor need not meet the Contractor Requirements, unless the Premises Improvements being performed by such Manufacturing Contractor will affect the mechanical, engineering or plumbing, fire life safety, or envelope of the Building, in which case Licensee shall either use one of the Approved General Contractors and Vendors, or use a subcontractor reasonably approved by Licensor. Licensor shall be named a third party beneficiary of any contract entered into by Licensee with the architect, any consultant, any contractor or any subcontractor, and of any warranty made by any contractor or any subcontractor. Prior to the commencement of the Premises Improvements, Licensee shall deliver to Licensor a copy of the contract with Licensee's general contractor, and certificates of insurance from the general contractor performing the Premises Improvements evidencing industry standard commercial general liability, automotive liability, "builder's risk", and workers' compensation insurance. Licensee shall cause the general contractor to provide a certificate of insurance naming the Licensor Insured Parties (defined in Section 4), and Licensor's lender (if any) as additional insureds for the general contractor's liability coverages required above.

(b) Licensee shall deliver to Licensor for Licensor's review any design drawings, preliminary permit set plans, construction plans, specifications or other drawings for the Premises Improvements (collectively, the "**Construction Drawings**"). Licensor shall deliver written comments, if any, to the Construction Drawings to Licensee not later than 5 business days after Licensor's receipt of the same; provided, however, that Licensor may not object to any element of the Construction Drawings that is consistent with the Space Plans. Licensee shall not materially modify the Construction Drawings except with the written consent of Licensor or as may be reasonably required in connection with the issuance of the building permit required for the construction of the Premises Improvements.

If any dispute regarding the design of the Premises Improvements is not settled within 5 business days after notice of such dispute is delivered by one party to the other, Licensee may make the final decision regarding the Construction Drawings, provided (i) Licensee acts reasonably and such final decision is either consistent with or a compromise between Licensor's and Licensee's positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Licensee shall be payable out of the Improvements Allowance, and (iii) Licensee's decision will not affect the Building structure or materially or adversely affect any Building Systems (as defined in Section 9(a)), in which case Licensor shall make the final decision in its reasonable discretion; provided, however, with respect to the construction of Licensee's cleanrooms, Licensee shall not require Licensor's approval of any design that affects the Building Systems if such design is necessary in order for Licensee to comply with all applicable Legal Requirements (as defined in Section 5(a) below) required in connection with the products being developed by Licensee.

(c) The parties will hold monthly project meetings at a mutually convenient time (each, a "**Project Meeting**") to, among other things, (i) review design documents relating to Premises Improvements, (ii) review the progress of the design and construction of the Premises Improvements, (iii) review cost control measures, and (iv) observe the status of construction of the Premises Improvements. Any such observation shall be conducted under the supervision of the Licensee and the general contractor and shall be subject to the general contractor's rules and safety requirements. The Project Meetings shall be attended by Licensor's representative, Licensee's representative, the general contractor and the architect, and other appropriate members of the design and construction team (as appropriate given the time and subject of the particular Project Meeting). Licensee shall provide Licensor with a minimum 72 hours prior notice of any work that will affect any Building Systems, which notice may be provided in writing or verbally in the Project Meetings.

On or before the 10th day of each calendar month during the course of design and construction of the Premises Improvements, Licensee shall deliver to Licensor a Premises Improvements progress report in the form of **Exhibit F** completed to provide all of the most up-to-date information regarding Licensee's progress with respect the design and construction of the Premises Improvements in addition to the corresponding AIA forms G702 and G703 (or their reasonable equivalents), if applicable, for all contracted costs, along with back up documentation reasonably acceptable to Licensor evidencing the costs incurred to date and costs remaining to be paid under all contracts with Licensee's contractors (including the architect, general contractor, and any consultants). Concurrently with each progress report, Licensee shall also deliver to Licensor a forecast in the form of **Exhibit G** completed to provide the projected remaining Premises Improvements Costs.

(d) Licensor shall disburse to Licensee the Premises Improvements Costs, up to the Improvements Allowance, in one lump sum upon Licensee's completion of the Premises Improvements and payment in full of the costs thereof, provided that prior to any disbursement of the Improvements Allowance, Licensee shall deliver to Licensor the following items: (i) a list of the names of all contractors and subcontractors who did work on the Premises Improvements and final unconditional lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for the Premises Improvements, if applicable. The Improvements Allowance shall be available for use by Licensee for the construction of the Premises Improvements until the Lease Commencement Date (the "**Outside Allowance Date**"). If the Lease Commencement Date occurs, any portion of the Improvements Allowance which has not been properly requested by Licensee from Licensor on or before the Outside Allowance Date shall be available for use by Licensee for Tenant Improvements (as defined in the Lease) in the Licensed Premises pursuant to the Work Letter attached to the Lease.

(e) If this Agreement is terminated due to the parties' failure to timely enter into the Lease as provided in Section 1, or if the Lease Commencement Date does not occur for any reason, Licensee shall (i) be responsible for the cost of removal of all Premises Improvements and restoration of any damage caused by or occasioned as a result of such removal, including, with respect to any Premises Improvements that were plumbed, wired or otherwise connected to any of the Building Systems, capping off all such connections behind the walls of the Licensed Premises and repairing any holes, and otherwise surrender the Licensed Premises in the same condition as received, ordinary wear and tear and casualty loss and condemnation excepted and free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Licensed Premises by any person other than Licensor, its officers, directors, employees, managers, agents, invitees and contractors (collectively, the "**Restoration Work**"), and (ii) reimburse Licensor for the total amount of the Premises Improvements Costs that were disbursed to Licensee out of the Improvements Allowance. Licensor shall competitively bid the Restoration Work, as required in Section 2(e)(i) above [***]. Licensor shall choose the lowest of the qualified bids for the Restoration Work, and Licensee shall pay Licensor the amount of such lowest qualified bid within ten (10) business days after receipt of such lowest qualified bid. Notwithstanding the foregoing, if Licensor has not completed all or any portion of the Restoration Work within one (1) year after the expiration or earlier termination of this Agreement, Licensor shall reimburse Licensee for all or the portion of the costs of the Restoration Work that was not completed. Notwithstanding anything to the contrary contained in this Section 2(e), Licensee shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in, on, about or under the Licensed Premises which Licensee can prove existed in the Licensed Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in, on, about or under the Licensed Premises which Licensee can prove migrated from outside of the Licensed Premises into the Licensed Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Licensee of any of its obligations under this Agreement, or (y) was caused, contributed to or exacerbated by Licensee or any Licensee Party (as defined in Section 6(b) below).

(f) Notwithstanding the foregoing, Licensee shall retain the right to remove its trade fixtures from the Licensed Premises at any time prior to the expiration or earlier termination of this Agreement, provided that such removal does not cause material damage to the Licensed Premises and Licensee repairs any damage caused by such removal and restores the Licensed Premises to the condition required upon surrender.

(g) Notwithstanding anything to the contrary contained herein, Licensor shall have the right, by prior written notice to Licensee, to elect to retain the Premises Improvements in the Licensed Premises, at no additional cost to Licensor. For purposes of clarity, if the Lease Commencement Date does not occur and Licensor elects to retain all or any portion of the Premises Improvements, then Licensee shall not be required to return the portion of the Improvements Allowance attributable to all or the portion of the Premises Improvement retained by Licensor. If the Lease Commencement Date does not occur, the Improvements Allowance has not yet been paid, and Licensor elects to retain all or any portion of the Premises Improvements, then the costs with respect to all or the portion of the Premises Improvements retained by Licensor shall be paid to Licensee within ten (10) business days following the expiration or earlier termination of this Agreement. The provisions of this Section 2 shall survive the expiration or earlier termination of this Agreement.

3. **Waiver of Liability and Indemnification.**

(a) Licensee covenants that it will use reasonable care to prevent damage to property and injury to persons while on the Project under this Agreement. Licensee waives any claim it may have against Licensor arising out of Licensee's use of the License or the Licensed Premises, and releases and exculpates Licensor from any liability in connection with Licensee's use of the License or the Licensed Premises, except as otherwise expressly set forth in this Agreement.

(b) Licensee hereby agrees to indemnify, defend, and hold harmless Licensor from any claim of damage to property or injury to person arising from Licensee's use of the License or the Licensed Premises or a breach or default by Licensee in the performance of any of its obligations or agreements hereunder, except to the extent caused by the negligence or willful misconduct of Licensor. The provisions of this Section 3 shall survive the expiration or earlier termination of this Agreement.

(c) Licensor will give prompt written notice to Licensee of each claim for indemnification hereunder, specifying the amount and nature of the claim. As soon as practicable after the date of such notice, Licensor will provide Licensee all information and documentation reasonably necessary to support and verify the losses so claimed. So long as Licensee is not in monetary default beyond any applicable cure period under the terms of this Agreement, Licensee will have the right to defend Licensor against such claim with counsel reasonably acceptable to Licensor. So long as Licensee is conducting the defense of the claim (i) Licensor may retain separate co-counsel at its own cost and expense and participate in the defense of the claim, (ii) Licensor will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of Licensee, which consent will not be unreasonably withheld, conditioned or delayed, (iii) Licensor will reasonably cooperate with Licensee’s defense of such claim, and (iv) Licensee will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of Licensor, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, that such consent of Licensor will not be required if the judgment or settlement (i) does not admit fault or wrongdoing on behalf of Licensor, (ii) is not the subject of any press release that mentions Licensor or the Project, and does not otherwise create any negative publicity with respect to Licensor or the Project, and (iii) contains a full release of claims against Licensor.

4. **Insurance of Licensee.**

(a) Licensee, at its sole cost and expense, shall maintain during the Term: all risk property insurance, covering the full replacement cost of all property and improvements installed or placed on the Licensed Premises by Licensee at Licensee's expense; commercial general liability insurance with limits of not less than [***]. The commercial general liability insurance policy shall name Alexandria Real Estate Equities, Inc., ARE-SD Region No. 39 HoldCo, LLC, ARE-SD Region No. 39 JV, LLC, ARE-SD Region No. 39 MM, LLC, ARE-SD Region No. 39 TRS, LLC, Columbia California Towne Centre Office Properties, LLC, Columbia Office Properties, LLC, Clarion Partners, LLC, BioProperties Management, Inc., Licensor, and each of their officers, directors, employees, managers, agents, sub-agents, constituent entities and signatories (collectively, "**Licensor Insured Parties**") as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; shall not be cancelable for nonpayment of premium unless 30 days prior written notice shall have been given to Licensor from the insurer; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Licensor Insured Parties (any policy issued to Licensor Insured Parties providing duplicate or similar coverage shall be deemed excess over Licensee's policies, regardless of limits). Certificates of insurance showing the limits of coverage required hereunder and showing the Licensor Insured Parties as additional insureds shall be delivered to Licensor by Licensee prior to (i) the earlier to occur of (x) the Commencement Date, or (y) the date that Licensee accesses the Licensed Premises under this Agreement and (ii) each renewal of said insurance. Licensee's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Licensee shall, at least 5 days prior to the expiration of such policies, furnish Licensor with renewal certificates.

(b) The property insurance obtained by Licensee and any property insurance maintained by Licensor shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Licensor or Licensee, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under such property insurance, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Licensor and its respective Related Parties shall not be liable for, and Licensee hereby waives all claims against such parties for losses sustained by Licensee or any person claiming through Licensee resulting from any accident or occurrence in or upon the Licensed Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Licensor or Licensee shall be deemed not released but shall be secondary to the other's insurer.

5. **Use.**

(a) Licensee's use of the Licensed Premises is strictly limited to use as a research and development laboratory, related office and other related uses consistent with the character of the Project. The Licensed Premises shall be used in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Project ("**Legal Requirements**"). Licensor hereby reserves the right to enter the Licensed Premises at all reasonable times, upon not less than 24 hours' notice to Licensee, for any purpose Licensor deems to be necessary or appropriate in connection with the maintenance, repair, operation, sale or leasing of the Project.

(b) Licensee shall have access to the Building and the Licensed Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Licensor of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Agreement.

6. **Hazardous Materials.**

(a) Licensee shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Licensed Premises or the Project in violation of applicable Legal Requirements. If Licensee breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Licensed Premises during the Term, any holding over or during any other period of occupancy of the Licensed Premises by Licensee results in contamination of the Licensed Premises, the Project or any adjacent property or if contamination of the Licensed Premises, the Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Licensed Premises by anyone other than Licensor and Licensor's employees, agents and contractors otherwise occurs during the Term, any holding over, or during any other period of occupancy of the Licensed Premises by Licensee, Licensee hereby indemnifies and shall defend and hold Licensor, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Licensed Premises or the Project, or the loss of, or restriction on, use of the Licensed Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses which arise during or after the Term as a result of such contamination, except to the extent caused by the negligence or willful misconduct of Licensor. This indemnification of Licensor by Licensee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local governmental authority because of Hazardous Materials present in the air, soil or ground water above, on, about or under the Licensed Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Licensed Premises, the Project or any adjacent property caused or permitted by Licensee or any Licensee Party results in any contamination of the Licensed Premises, the Project or any adjacent property, Licensee shall promptly take all actions at its sole expense and in accordance with applicable Legal Requirements as are necessary to return the Licensed Premises, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Licensor's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Licensed Premises or the Project. Notwithstanding anything to the contrary contained in this Section 6, Licensee shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in, on, about or under the Licensed Premises which Licensee can prove existed in the Licensed Premises immediately prior to the Commencement Date, or (ii) the presence of any Hazardous Materials in, on, about or under the Licensed Premises which Licensee can prove migrated from outside of the Licensed Premises into the Licensed Premises, unless in either case, the presence of such Hazardous Materials (x) is the result of a breach by Licensee of any of its obligations under this Agreement, or (y) was caused, contributed to or exacerbated by Licensee or any Licensee Party. Licensee’s indemnification obligations set forth herein shall be subject to and conditioned upon the provisions set forth in Section 3(c) above.

(b) The term "**Hazardous Materials**" shall mean any flammable material, explosives, radioactive materials, petroleum products, hazardous or toxic substances, or any waste or related materials, including without limitation anything included in the definition of "hazardous substances", "hazardous materials", "hazardous wastes", or "toxic substances" under any applicable federal, state or local law or regulation. If Licensee or any officers, directors, employees, managers, agents, invitees and contractors of Licensee (a "**Licensee Party**" or "**Licensee Parties**") in any way causes or permits contamination of the Licensed Premises or the Project with Hazardous Materials, Licensee shall notify Licensor, and Licensor may terminate this Agreement immediately. Licensee hereby indemnifies Licensor, and agrees to defend and hold Licensor harmless, from and against all claims of any type arising from or in connection with contamination of the Licensed Premises or the Project by Hazardous Materials caused by Licensee or any Licensee Party or by Licensee's use of the License.

(c) As a material inducement to Licensor to allow Licensee to use Hazardous Materials in connection with its business in the Licensed Premises, Licensee agrees to deliver to Licensor prior to the Commencement Date a list identifying each type of Hazardous Materials to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Licensed Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Licensed Premises. Licensee shall deliver to Licensor an updated list before any new Hazardous Material is brought onto, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Licensed Premises. Licensee shall deliver to Licensor true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a governmental authority: permits; approvals; reports; storage and management plans, notice of violations of any Legal Requirements. Licensee is not required, however, to provide Licensor with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) The provisions of this Section 6 shall survive the expiration or earlier termination of this Agreement.

7. **Surrender.**

(a) If this Agreement is terminated due to the parties' failure to timely enter into the Lease as provided in Section 1, or if the Lease Commencement Date does not occur, then upon the expiration of the Term or earlier termination of Licensee's right of possession, Licensee shall, except as otherwise expressly provided in Section 2 of this Agreement, (a) remove all of Licensee's personal property from the Licensed Premises and restore and repair any damage caused by or occasioned as a result of such removal, and (b) [***].

(b) If Licensee shall fail to prepare or submit a Surrender Plan approved by Licensor, or if Licensee shall fail to complete the approved Surrender Plan, or if such Surrender Plan, whether or not approved by Licensor, shall fail to adequately address any residual effect of Licensee HazMat Operations in, on or about the Licensed Premises, Licensor shall have the right to take such actions as Licensor may deem reasonable or appropriate to assure that the Licensed Premises and the Project are surrendered free from any residual impact from Licensee HazMat Operations, the cost of which actions shall be reimbursed by Licensee without regard to the limitation set forth in the first paragraph of this Section 7.

(c) Licensee shall be responsible for reimbursing Licensor for all reasonable costs expended by Licensor in repairing damage to the Licensed Premises or the Project caused by Licensee or any Licensee Parties.

8. **Licensee Fee and Operating Expenses.**

(a) Except as provided in the following paragraph, Licensee shall not be required to pay a license fee or operating expenses during the Term in connection with its use of the Licensed Premises pursuant to the terms of this Agreement. For the avoidance of doubt, Licensee shall be responsible for the payment of Utility Costs (as described in Section 10(a)) and Janitorial Costs (as described in Section 10(b)).

(b) Notwithstanding anything to the contrary contained in this Section 8, if the Lease Commencement Date has not occurred by August 30, 2026, then commencing on September 1, 2026 and continuing until the expiration or earlier termination of the Term of this Agreement, Licensee shall pay with respect to that portion of the Licensed Premises containing approximately 79,463 rentable square feet in the basement level, and 1st, 2nd and third floors of the Building (the "**Operating Licensed Premises**") (x) a license fee (the "**License Fee**") in the amount of [***].

(c) The License Fee, Operating Expenses and Administration Rent required to be made to Licensor pursuant to this Agreement shall be remitted to Licensor at the address set forth below, or to such other person or at such other place as Licensor may from time to time designate in writing.

ARE-SD Region No. 39 Owner, LLC
[***]

9. **Maintenance Obligations.**

(a) **Licensee's Maintenance Obligations.** Licensee, at its expense, shall repair, replace and maintain, in the same condition as was received as of the Commencement Date, (i) all non-structural portions of the Licensed Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls and the interior side of demising walls, ordinary wear and tear and damage by casualty excepted, (ii) the Existing Generators described in Section 10(c), and (iii) the items identified as Licensee's responsibility in the Maintenance Responsibilities Matrix attached hereto as **Exhibit H** (the "**Maintenance Responsibilities Matrix**"), including, without limitation, the HVAC, plumbing, fire sprinklers and other life safety systems, elevators and all other building systems serving the Building ("**Building Systems**"). Licensee's maintenance responsibilities provided for in the immediately preceding sentence shall be referred to herein as the "**Self-Management Obligations.**" If Licensee fails to maintain any portion of the Project for which Licensee is responsible as part of the Self-Management Obligations in a Class A manner reasonably acceptable to Licensor within the requirements of this Agreement, Licensor shall provide Licensee with written notice of such failure. Should Licensee fail to make any such repair or replacement or fail to maintain the Licensed Premises, Licensor shall give Licensee notice of such failure. If Licensee fails to commence cure of such failure within ten (10) days of Licensor's notice, and thereafter diligently prosecute such cure to completion, Licensor may perform such work and shall be reimbursed by Licensee within thirty (30) days after demand therefor along with a reasonably detailed invoice reflecting the amounts incurred by Licensor; provided, however, that if such failure by Licensee creates or could create an emergency, Licensor may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Licensee. Subject to Section 4, Licensee shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Licensee or any Licensee Party.

(b) The Self-Management Obligations shall include the procurement and maintenance of contracts, with copies to Licensor upon Licensor's written request, for and with contractors reasonably acceptable to Licensor specializing and experienced in the respective Self-Management Obligations ("**Maintenance Contracts**"). Notwithstanding anything to the contrary contained herein, the scope of work of any such Maintenance Contracts entered into by Licensee pursuant to this paragraph shall, at a minimum, comply with the standard maintenance procedures for the applicable equipment. Licensor shall have no obligation to perform any Self-Management Obligations. The Self-Management Obligations shall in no event include the right or obligation on the part of Licensee to make any structural and/or capital repairs or improvements to the Project, and Licensor shall continue to be responsible, as provided in Section 9(c), for capital repairs and replacements required to be made to the Building and Project. Licensor and Licensee acknowledge and agree that for so long as Licensee is performing the Self-Management Obligations, the Administration Rent payable by Licensee under this Agreement is [***]% of the License Fee; provided, however, if at any time during the Term Licensor assumes the Self-Management Obligations, Administration Rent payable by Licensee shall be increased to [***]% of the License Fee. Within 60 days following the Commencement Date (the "**Transition Period**") Licensee shall procure the Maintenance Contracts reasonably required to fulfill the Self-Management Obligations. Licensor shall cooperate with Licensee during the Transition Period to ensure that any ongoing or new required maintenance is completed during such Transition Period until such Maintenance Contracts are operative. Licensee shall reimburse Licensor for the costs of any services performed by Licensor or its contractors during the Transition Period.

(c) **Licensor's Maintenance Obligations.** Licensor shall maintain (i) all of the structural, roof (including the roof membrane), exterior walls and windows, landscaping, parking and other common areas of the Project, (ii) the items identified as Licensor's responsibility on the Maintenance Responsibilities Matrix, and (iii) all areas of the Project outside the Building and any related improvements constructed by Licensor not specifically identified on the Maintenance Responsibilities Matrix set forth on (collectively, the "**Licensor Maintenance Obligations**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Licensee, or by any Licensee Parties excluded. Licensor reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements reasonably within the scope of Licensor's Maintenance Obligations, which are, in the judgment of Licensor, desirable or necessary to be made, until such repairs, alterations or improvements shall have been completed. Licensor shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Licensor shall, except in case of emergency, make a commercially reasonable effort to give Licensee at least seventy-two (72) hours advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Licensee shall promptly give Licensor written notice of any repair required by Licensor pursuant to this paragraph, after which Licensor shall make a commercially reasonable effort to effect such repair. Licensor shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Licensee's written notice of the need for such repairs or maintenance. Licensee shall notify Licensor if Licensee requires more than 72 hours in order to prepare for any shut-down, and Licensor shall defer such work for the period of time requested by Licensee to enable Licensee to make accommodations to preserve its development activities; provided that Licensor shall not be liable for any failure to make repairs during such deferral period.

(d) Notwithstanding anything to the contrary contained in this Agreement, the parties acknowledge and agree that Licensor shall be responsible, at its sole cost, for the repairs described in **Exhibit I** attached hereto (the "**Licensor Repairs**").

10. **<u>Utilities.</u>**

(a) **Generally.** Licensor shall provide or cause to be provided to the Licensed Premises, subject to Licensee directly paying all of the costs thereof and the terms of this Section 10, (i) water, (ii) electricity (including lights and plugs), (iii) heat, ventilation and air conditioning (collectively, "**HVAC**"), (iv) power, and (v) sewer (each, a "**Utility**" and collectively, "**Utilities**"). Licensee shall use reasonable efforts to set up separate accounts for each Utility to allow for the transfer of such accounts and direct billing of costs of such Utilities to Licensee, and Licensor, at no cost to Licensor, shall reasonably cooperate with Licensee to effect such transfer. Commencing on the Commencement Date, Licensee shall pay directly to the Utility provider, prior to delinquency, all Utilities and services (including, without limitation, electricity, water, sewer, telephone and internet service) furnished to Licensee or the Licensed

Premises during the Term; provided, however, that if Licensee and Licensor are unable to transfer the account for any particular Utility directly to Licensee, then Licensee shall reimburse Licensor for the costs of such Utility within 15 days of written demand from Licensor (collectively, the "**Utility Costs**"). No interruption or failure of Utilities from any cause whatsoever shall result in eviction or constructive eviction of Licensee, termination of this Agreement or the abatement of and fees or costs due under this Agreement.

(b) **Janitorial and Trash.** Licensee shall be responsible for contracting directly with a vendor reasonably acceptable to Licensor and paying for its own janitorial services for the Licensed Premises (the "**Janitorial Costs**").

(c) **Emergency Generator.** [***]

11. **Parking.** Subject to all applicable Legal Requirements, force majeure, a taking, and the exercise by Licensor of its rights hereunder, Licensee shall have the exclusive right, at no additional cost during the Term, to use all of the parking spaces located at the Project, which as of the Effective Date of this Agreement currently total 382 parking spaces. Except in the event of an emergency, and subject to Legal Requirements, force majeure or a taking, (a) Licensor shall not reduce, relocate or reconfigure the parking areas located in the Project without the prior written consent of Licensee, which consent shall not be unreasonably withheld, conditioned or delayed, and (b) Licensor shall not construct any improvements in the Project that will obstruct or interfere with Licensee's use, access to or enjoyment of the parking areas without Licensee's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Licensor shall not be responsible for enforcing Licensee's parking rights against any third parties.

12. **Signs; Exterior Appearance.** Licensee shall not, without the prior written consent of Licensor, which may be granted or withheld in Licensor's sole discretion: (i) attach any signs, awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, (ii) use any curtains, blinds, shades or screens other than Licensor's standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Licensed Premises or the Project any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Licensed Premises.

13. **Alterations.**

(a) Licensee may, subject to this terms of this Section 13, construct those certain alterations in the Licensed Premises as included in and described on the Space Plans attached hereto as Exhibit C (the "**Approved Alterations**"). Except for the Premises Improvements and Approved Alterations, Licensee shall not make any other alterations, additions, or improvements to the Licensed Premises of any kind whatsoever during the Term of this Agreement without Licensor's prior written consent, which may be given or withheld in Licensor's sole discretion. Notwithstanding anything the contrary contained herein, Licensee may, subject to this terms of this Section 13, construct nonstructural, cosmetic alterations in the Licensed Premises without Licensor’s prior approval (a “**Notice-Only Alteration**”) if the aggregate cost of all such work during the Term does not exceed $[***], provided Licensee notifies Licensor in writing, which notice shall be delivered to Licensor not less than 5 business days in advance of any proposed construction, of such intended Notice-Only Alteration along with a description of the scope of such Notice-Only Alteration (and, if applicable, the plans and specifications for such Notice-Only Alteration) and a list of the identities and mailing addresses of all persons performing work or supplying materials. Upon completion of the Approved Alterations or Notice-Only Alterations, Licensee shall deliver to Licensor: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for the Approved Alterations or Notice-Only Alterations.

(b) If this Agreement is terminated due to the parties’ failure to timely enter into the Lease as provided in Section 1, or if the Lease Commencement Date does not occur, Licensee shall be required to remove all Approved Alterations and Notice-Only Alterations within thirty (30) days of the expiration or earlier termination of this Agreement and restore the Licensed Premises back to its original condition prior to the performance of the Approved Alterations or Notice-Only Alterations, including repairing any damage caused by or occasioned as a result of such removal, including, with respect to any Approved Alterations or Notice-Only Alterations that were plumbed, wired or otherwise connected to any of the Building Systems, capping off all such connections behind the walls of the Licensed Premises and repairing any holes. For purposes of clarity, in no event shall Licensee be required to restore any Approved Alterations or Notice-Only Alterations if Licensor elects to retain such Approved Alterations or Notice-Only Alterations.

14. **Termination for Cause.** "**Cause**" for termination of this Agreement shall exist if (i) the payment of any amount due under this Agreement to Licensor is not made when due (provided, however, that Licensor will give Licensee written notice and an opportunity to cure any failure to pay amounts due hereunder within ten (10) business days of any such written notice not more than once in any 12 month period, and Licensee agrees that such written notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law); or (ii) Licensee fails to comply with any of the material terms or provisions of this Agreement (other than the provisions requiring the payment of fees or other sums), and fails to commence cure of such failure within ten (10) days of Licensor’s notice, and thereafter diligently prosecute such cure to completion; provided, however, that, upon request by Licensor from time to time, Licensee shall provide Licensor with detailed written status reports regarding the status of such cure and the actions being taken by Licensee.

15. **Intentionally Omitted.**

16. **Limitation on Licensor's Liability.** NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LICENSOR AND LICENSEE TO THE CONTRARY: (A) LICENSOR SHALL NOT BE LIABLE TO LICENSEE OR ANY OTHER PERSON FOR (AND LICENSEE AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: LICENSEE'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, PRODUCT, AND/OR BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE LICENSED PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LICENSOR FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE LICENSED PREMISES OR ARISING IN ANY WAY UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN LICENSOR AND LICENSEE WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LICENSOR HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LICENSOR'S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LICENSOR'S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LICENSOR IN CONNECTION WITH THIS AGREEMENT NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LICENSOR OR ANY OF LICENSOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LICENSOR OR ANY OF LICENSOR'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO LICENSEE'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

Notwithstanding any contrary provision of this Agreement, neither Licensee nor Licensor shall be liable to the other for any consequential, indirect or punitive damages; provided, however, that this sentence shall not apply to Licensor’s damages (x) as expressly provided for in Section 21, and/or (y) in connection with Licensee’s obligations as more fully set forth in Section 6,

17. **Assignment and Subletting.** Licensee may not assign, sublease, sublicense or otherwise transfer all or any part of its interest in this Agreement or in the Licensed Premises.

18. **Governing Jurisdiction.** This Agreement shall be construed under and in accordance with the laws of the State of California.

19. **Notice.** Any notice required to be given under this Agreement may be personally delivered to a party, or may be sent by overnight courier service (e.g., Federal Express), or by facsimile transmission with a confirming copy sent by overnight courier service, to either party addressed as follows:

To Licensee: [***]

With a copy to: [***]

To Licensor: [***]

20. **Financial Information.** Licensee shall furnish to Licensor true and complete copies of (a) upon Licensor's written request on an annual basis, Licensee's most recent unaudited (or, if available, audited) annual financial statements, provided, however, that Licensee shall not be required to deliver to Licensor such annual financial statements for any particular year sooner than the date that is ninety (90) days after the end of each of Licensee's fiscal years during the Term, (b) upon Licensor's written request on a quarterly basis, Licensee's most recent unaudited quarterly financial statements; provided, however, that Licensee shall not be required to deliver to Licensor such quarterly financial statements for any particular quarter sooner that the date that is forty-five (45) days after the end of each of Licensee's fiscal quarters during the Term, (c) upon Licensor's written request from time to time, updated business plans, including cash flow projections and/or pro forma balance sheets and income statements, all of which shall be treated by Licensor as confidential information belonging to Licensee, (d) upon Licensor's written request from time to time, corporate brochures and/or profiles prepared by Licensee for prospective investors, and (e) upon Licensor's written request from time to time, any other financial information or summaries that Licensee typically provides to its lenders or shareholders. Notwithstanding anything to the contrary contained in this Agreement, Licensor's written request for financial information pursuant to this Section 20 may delivered to Licensee via email. So long as Licensee is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 20 shall not apply.

21. **Holding Over.** If this Agreement is terminated due to the parties’ failure to timely enter into the Lease as provided in Section 1, or if the Lease Commencement Date does not occur and Licensee remains in possession of the Licensed Premises after the expiration or earlier termination of the Term without the express written consent of Licensor, (a) Licensee shall become a tenant at sufferance upon the terms of this Agreement except that the monthly License Fee shall be equal to [***]% of the monthly License Fee, plus the monthly

installment of Operating Expenses and all other amounts payable by Licensee under this Agreement, and (b) if such hold over continues for more than 30 days, Licensee shall be responsible for all damages suffered by Licensor resulting from or occasioned by Licensee's holding over including, without limitation, consequential damages; provided, however, that if Licensee delivers a written inquiry to Licensor within 30 days prior to the expiration or earlier termination of the Term, Licensor will notify Licensee whether the potential exists for consequential damages. No holding over by Licensee, whether with or without consent of Licensor, shall operate to extend this Agreement except as otherwise expressly provided, and this Section 21 shall not be construed as consent for Licensee to retain possession of the Licensed Premises. Acceptance by Licensor of License Fees, Operating Expenses or any other amounts after the expiration of the Term or earlier termination of this Agreement shall not result in a renewal or reinstatement of this Agreement.

22. **OFAC.** Licensee is currently (a) in compliance with and shall at all times during the Term of this Agreement remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the Term of this Agreement be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

23. **Miscellaneous.** Any modification of this Agreement must be in writing signed by both Licensor and Licensee. If any provision of this Agreement is made unenforceable, such shall not affect the enforceability of any other provision. If any action is brought by either party against the other, the prevailing party shall be entitled to recover reasonable attorney's fees. This Agreement shall be binding on and inure to the benefit of the successors and permitted assigns of the respective parties. If any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby.

24. **Brokers.** Licensor and Licensee each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with the transaction reflected in this Agreement and that no Broker brought about this transaction, other than Savills, Cushman & Wakefield and CBRE. Licensor and Licensee each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than Savills, Cushman & Wakefield and CBRE, claiming a commission or other form of compensation by virtue of having dealt with Licensee or Licensor, as applicable, with regard to this Agreement.

25. **Rules and Regulations.** Licensee shall, at all times during the Term, comply with all reasonable rules and regulations at any time or from time to time established by Licensor covering use of the Licensed Premises and the Project. If there is any conflict between said rules and regulations and other provisions of this Agreement, the terms and provisions of this Agreement shall control. Licensor shall not have any liability or obligation for the breach of any rules or regulations by other tenants or other licensees at the Project, if any, and shall not enforce such rules and regulations in a discriminatory manner.

26. **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

27. **Licensor's Proprietary Operations.** Licensee acknowledges that Licensor's business operations are proprietary to Licensor or its affiliates. Absent prior written consent from Licensor, Licensee shall hold confidential and will not disclose to third parties, and shall require Licensee Parties to hold confidential and not disclose to third parties, information regarding the systems, controls, equipment, programming, vendors, tenants, and specialized amenities of Licensor or its affiliates. Licensee shall notify Licensor immediately if Licensee becomes aware of any third party contacting Licensee or any Licensee Parties requesting information regarding Licensor's or its affiliates business operations.

28. **California Accessibility Disclosure.** For purposes of Section 1938(a) of the California Civil Code, Licensor hereby discloses to Licensee, and Licensee hereby acknowledges, that the Project has not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Licensee, having read such notice and understanding Licensee's right to request and obtain a

CASp inspection, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Licensed Premises, Building and/or Project to the extent permitted by Legal Requirements; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to Legal Requirements, then Licensor and Licensee hereby agree as follows (which constitutes the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Licensee shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Licensee to Licensor; (B) any CASp inspection timely requested by Licensee shall be conducted (1) at a time mutually agreed to by Licensor and Licensee, (2) in a professional manner by a CASp designated by Licensor and without any testing that would damage the Licensed Premises, Building or Project in any way, and (3) at Licensee's sole cost and expense, including, without limitation, Licensee's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) the CASp Reports shall be delivered by the CASp simultaneously to Licensor and Licensee; (D) Licensee, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Licensed Premises to correct violations of construction-related accessibility standards including, without limitation, any violations disclosed by such CASp inspection; and (E) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building and Project located outside the Licensed Premises that are Licensor's obligation to repair as set forth in this Agreement, then Licensor shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by Legal Requirements to correct such violations, and Licensee shall reimburse Licensor for the cost of such improvements, alterations, modifications and/or repairs within 10 business days after Licensee's receipt of an invoice therefor from Licensor.

[Signatures are on the next page]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first written above.

LICENSEE:

CAPRICOR THERAPEUTICS, INC.,
a Delaware corporation

By:	/s/ AJ Bergmann
Name:	AJ Bergmann
Its:	CFO

☒ I hereby certify that the signature, name, and title above are my signature, name and title

LICENSOR:
ARE-SD REGION NO. 39 OWNER, LLC,
a Delaware limited liability company

By: ARE-SD Region No. 39 HoldCo, LLC, .
a Delaware limited liability company,
managing member

By: ARE-SD Region No. 39 JV, LLC,
a Delaware limited liability company, managing member

By: ARE-SD Region No. 39 MM, LLC,
a Delaware limited liability company, managing member

By: Alexandria Real Estate Equities, L.P.,
a Delaware limited partnership,
managing member

By: ARE-QRS Corp.,
a Maryland corporation,
general partner

By:	/s/ Gary Dean
Name:	Gary Dean
Its:	Executive Vice President – Real Estate Legal Affairs

EXHIBIT A

<u>Description of Project</u>

[***]

EXHIBIT B

Licensed Premises and Operating Licensed Premises

[***]

EXHIBIT C

Space Plans for Premises Improvements and Approved Alterations

[***]

EXHIBIT D

<u>Approved General Contractors and Vendors for Premises Improvements Only</u>

[***]

EXHIBIT E

Contractor Requirements

[***]

EXHIBIT F

Form of Progress Report

[***]

EXHIBIT G

Premises Improvements Cost Forecast

[***]

EXHIBIT H

Maintenance Responsibilities Matrix

[***]

EXHIBIT I

Licensor Repairs

[***]

Exhibit 10.2

***Portions of the exhibit have been excluded because it is both not material and is the type of information that the registrant treats as private or confidential.**

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made this 9 day of July, 2026 (the "**Effective Date**"), between **ARE-SD REGION NO. 39 OWNER, LLC**, a Delaware limited liability company ("**Landlord**"), and **CAPRICOR THERAPEUTICS, INC.**, a Delaware corporation ("**Tenant**").

BASIC LEASE PROVISIONS

Building: 9625 Towne Centre Drive, San Diego, California

Premises: The entire Building, containing approximately 171,001 rentable square feet, consisting of (i) approximately 43,453 rentable square feet located on the first floor of the Building, (ii) approximately 42,417 rentable square feet located on the second floor of the Building, (iii) approximately 42,417 rentable square feet located on the third floor of the Building, and (iv) approximately 42,714 rentable square feet located on the subterranean level, all as determined by Landlord, as shown on **Exhibit A**.

Project: The land on which the Building is located, consisting of approximately 7.42 acres, together with all improvements thereon (including, without limitation, the Building and parking areas) and all appurtenances thereto as shown on **Exhibit B**.

Base Rent: Initially, $67.20 per rentable square foot of the Premises per year, subject to adjustment pursuant to Section 4 hereof.

Rentable Area of Premises: 171,001 sq. ft.

Rentable Area of Project: 171,001 sq. ft.

Tenant's Share of Operating Expenses: 100%

Security Deposit Amount: $957,605.60

Rent Adjustment Percentage: 3%

Base Term: Beginning on the Commencement Date and ending 138 months from the first day of the first full month following the Rent Commencement Date. For clarity, if the Rent Commencement Date occurs on the first day of a month, the expiration of the Base Term shall be measured from that date. If the Rent Commencement Date occurs on a day other than the first day of a month, the expiration of the Base Term shall be measured from the first day of the following month.

Permitted Use: Research and development laboratory, manufacturing, related office and other related uses consistent with the character of the Project and otherwise in compliance with the provisions of Section 7 hereof.

Address for Rent Payment:
ARE-SD Region No. 39 JV, LLC
[***]

Landlord's Notice Address:
[***]

Tenant's Notice Address:
Capricor Therapeutics, Inc.
9625 Towne Centre Drive
San Diego, California 92121
[***]

With a copy to:
Capricor Therapeutics, Inc.
10865 Road to the Cure
Suite 150
San Diego, CA 92121
[***]

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

[X] **EXHIBIT A** - PREMISES DESCRIPTION
[X] **EXHIBIT B** - DESCRIPTION OF PROJECT
[X] **EXHIBIT C** - WORK LETTER
[X] **EXHIBIT D** - COMMENCEMENT DATE
[X] **EXHIBIT E** - RULES AND REGULATIONS
[X] **EXHIBIT F** - TENANT'S PERSONAL PROPERTY
[X] **EXHIBIT G** – OPEX EXCLUSIONS
[X] **EXHIBIT H** – LANDLORD'S FF&E
[X] **EXHIBIT I –** MAINTENANCE RESPONSIBILITIES MATRIX
[X] **EXHIBIT J –** REMAINING LANDLORD REPAIRS

1. **Lease of Premises**. Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Project outside of the Building are collectively referred to herein as the "**Common Areas**." Subject to the terms and conditions of this Lease, Tenant shall have the appurtenant right to use the Common Areas. Except (i) for any required utility easements and the like, (ii) as may be required for compliance with Legal Requirements (as defined below), and/or (iii) as necessary for Landlord to comply with its obligations under this Lease (e.g., vendors and others doing work in the Common Areas), Landlord shall not grant any third parties (other than Tenant) any rights to use the Common Areas. The Common Areas shall include, without limitation, the parking areas, exterior areas, and any common amenities now or hereafter located in or on the Project, if any, as may exist from time to time, in accordance with the provisions hereof (each, a "**Project Amenity**" and collectively, the "**Project Amenities**"). From and after the Commencement Date through the expiration of the Term (as defined in Section 2), Tenant shall have access to the Building and the Premises 24 hours a day, 7 days a week, except in the case of emergencies, as the result of Legal Requirements, the performance by Landlord of any installation, maintenance or repairs, or any other temporary interruptions, and otherwise subject to the terms of this Lease.

2. **Commencement Date; Rent Commencement Date; Lease Contingency; Acceptance of Premises**. Landlord and Tenant acknowledge that as of the Effective Date, Tenant is currently occupying the Premises pursuant to that certain License Agreement between Landlord and Tenant dated as of May 14, 2026 (the "**License Agreement**"). The "**Commencement Date**" shall be the earlier of (i) the date that the Lease Contingency (defined below) is satisfied or waived, or (ii) December 31, 2026. The "**Rent Commencement Date**" shall be twelve (12) months after the Commencement Date. For example, if the Commencement Date occurs on December 16, 2026, then the Rent Commencement Date shall be December 16, 2027. The period commencing on the Commencement Date through the day immediately preceding the Rent Commencement Date may be referred to herein as the "**Abatement Period**." Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date and the expiration date of the Term when such are established in the form of the "Acknowledgement of Commencement Date" attached to this Lease as **Exhibit D**; provided, however, Tenant's failure to execute and deliver such acknowledgment shall not affect Landlord's rights hereunder. The "**Term**" of this Lease shall be the Base Term, as defined in the Basic Lease Provisions and any Extension Terms which Tenant may exercise pursuant to Section 39 of this Lease.

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Except as set forth in the Work Letter or as otherwise expressly set forth in this Lease: (A) Tenant shall accept the Premises in their condition as of the Commencement Date; (B) Landlord shall have no obligation for any defects in the Premises except to the extent arising from Landlord's express obligations under this Lease or the Work Letter, or from Landlord's failure to perform the Landlord Maintenance Obligations; and (C) Tenant's taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Notwithstanding the foregoing, Tenant's possession of the Premises under this Lease shall not be deemed to release Landlord from any of its obligations under this Lease including, without limitation, under Section 13 or the Work Letter.

Notwithstanding anything to the contrary contained herein, Landlord and Tenant acknowledge and agree that pursuant to the License Agreement, Landlord agreed to complete certain Licensor Repairs (as described in **Exhibit I** attached to the License Agreement). A list of the outstanding repairs to be made by Landlord is attached hereto as **Exhibit J** (the "**Remaining Landlord Repairs**"). To the extent that the Remaining Landlord Repairs are not completed by the Commencement Date of this Lease, Landlord shall be responsible, at its sole cost, for the completion of such Remaining Landlord Repairs and the cost of such Remaining Landlord Repairs shall not be passed through to Tenant as part of Operating Expenses; provided, however, once the Remaining Landlord Repairs are completed (whether prior to or after the Commencement Date), any future repairs or replacements of the items listed on **Exhibit J** may be passed through as part of Operating Expenses, subject to the terms of Section 5 and **Exhibit G** of this Lease.

During the Term, Landlord shall provide, and Tenant shall have the right to use, certain furniture, fixtures and equipment as described on **Exhibit H** attached hereto (collectively, "**Landlord's FF&E**"), at no additional cost to Tenant. During the Term, Tenant shall have the right to purchase from Landlord, for One and No/100 Dollar ($1.00), all or any portion of Landlord's FF&E (collectively, the "**Purchased Landlord's FF&E**"). Tenant may exercise such purchase right at any time after the Commencement Date by written notice to Landlord, whereupon the Purchased Landlord's FF&E shall be deemed Tenant's Property for all purposes under this Lease. Tenant shall have the one-time right within one hundred twenty (120) days after the Commencement Date to provide Landlord with a written list of any of Landlord's FF&E that Tenant elects not to purchase or use, and Landlord shall remove such items within thirty (30) days at Landlord's expense. Landlord and Tenant shall amend the Lease to replace **Exhibit H** with a final list of Landlord's FF&E, if applicable. Tenant shall have no right to remove any of Landlord's FF&E from the Premises at any time during the Term; provided, however, once purchased Tenant may remove, relocate, use or dispose of any Purchased Landlord's FF&E in Tenant's sole discretion. Any Landlord's FF&E remaining in the Premises during the Term that is not Purchased Landlord's FF&E shall be returned to Landlord at the expiration or earlier termination of the Term in substantially the same condition as received by Tenant, except for ordinary wear and tear and casualty.

Notwithstanding the foregoing, if Tenant elects at any time after the Effective Date, to relocate any of Landlord's FF&E to 10121 Barnes Canyon Road, San Diego, California, Tenant shall have the right to do so; provided, however, that (i) Tenant shall provide Landlord with a detailed written list of the Landlord's FF&E that is being relocated prior to its relocation, (ii) if the Lease Contingency is satisfied or waived, or if the Contingency Termination Right is not timely exercised and this Lease remains in full force and effect, then such relocated FF&E shall be considered Purchased Landlord's FF&E and (iii) if this Lease is terminated pursuant to the Contingency Termination Right, then Tenant shall promptly return the relocated Landlord's FF&E to the Premises, and if any of such relocated Landlord's FF&E is not in substantially the same condition as it was as of the Effective Date, Tenant shall be responsible for repairing and/or replacing it so that it is in substantially the same condition as it was as of the Effective Date.

Except as expressly set forth in this Lease, including any rights or obligations thereunder that expressly survive or are expressly incorporated into this Lease, Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises, the Building or the Project, and/or the suitability of the Premises, the Building or the Project for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises, the Building or the Project are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations that are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant's representations, warranties, acknowledgments and agreements contained herein.

3. **Rent**.

(a) **Base Rent**. Tenant shall deliver to Landlord, concurrent with Tenant's delivery of an executed copy of this Lease to Landlord, the Base Rent due for the first full calendar month following the expiration of the Base Rent Abatement Period (as defined below). Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof, after the Base Rent Abatement Period, in lawful currency of the United States of America, to the physical address designated by Landlord or by federally insured electronic fund transfer ("**EFT**") via wire, Society for Worldwide Interbank Financial Communications (SWIFT) or automated clearing house (ACH) pursuant to the instructions provided by Landlord to Tenant (the "**EFT Payment Instructions**"). All EFT payments made by Tenant pursuant to this Section 3(a) must include a reference to ARE-SD Region No. 39 Owner, LLC, as well as the address of the Building (i.e., 9625 Towne Centre Drive). Payments of Base Rent for any fractional calendar month shall be prorated. Notwithstanding anything to the contrary contained herein, if the Rent Commencement Date occurs on a day other than the first day of a calendar month, then Tenant shall pay to Landlord the prorated Base Rent for such partial month on the Rent Commencement Date and the prepaid Base Rent delivered by Tenant pursuant to this first sentence of this Section 3(a) shall be applied to the first full calendar month following the Rent Commencement Date. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in Section 5) due hereunder except for any abatement as may be expressly provided in this Lease.

Notwithstanding anything to the contrary contained in this Lease, so long as Tenant is not in default under this Lease (beyond applicable notice and cure periods) (i) commencing on the Rent Commencement Date and continuing for eighteen (18) months (the "**Base Rent Abatement Period**"), Base Rent for the entire Premises shall be abated, and (ii) during months nineteen (19) through twenty-four (24) following the Rent Commencement Date (the "**Partial Base Rent Abatement Period**"), Tenant shall be required to pay Base Rent with respect to only 128,068 rentable square feet of the Premises. On the day immediately following the expiration of the Partial Base Rent Abatement Period, Tenant will be required to pay Base Rent with respect to the entire Premises. For the avoidance of doubt, Tenant shall be responsible for the payment of Operating Expenses and Utility Costs (as defined in Section 11) and janitorial services for the entire Premises during the Base Rent Abatement Period and Partial Base Rent Abatement Period.

(b) **Additional Rent**. In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent ("**Additional Rent**"): (i) Tenant's Share of "Operating Expenses" (as defined in Section 5) as provided in Section 5, and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period. Tenant shall pay to Landlord any and all Additional Rent due hereunder by EFT in accordance with the EFT Payment Instructions. All EFT payments made by Tenant pursuant to this Section 3(b) must include a reference to ARE-SD Region No. 39 Owner, LLC, as well as the address of the Building (i.e., 9625 Towne Centre Drive).

4. **Adjustments**.

(a) **Annual Adjustments**. Base Rent shall be increased on each annual anniversary of the Rent Commencement Date (provided, however, that if the Rent Commencement Date occurs on a day other than the first day of a calendar month, then Base Rent shall be increased on each annual anniversary of the first day of the first full calendar month immediately following the Rent Commencement Date) (each an "**Adjustment Date**") by multiplying the Base Rent payable immediately before such Adjustment Date by the Rent Adjustment Percentage and adding the resulting amount to the Base Rent payable immediately before such Adjustment Date. Base Rent, as so adjusted, shall thereafter be due as provided herein. Base Rent adjustments for any fractional calendar month shall be prorated.

(b) **Intentionally deleted**.

5. **Operating Expense Payments**.

(a) Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the "**Annual Estimate**"), which may be revised by Landlord from time to time during such calendar year. Commencing on the earlier of (i) the date that the Tenant Improvements are Substantially Completed (as defined in the Work Letter), or (ii) the Rent Commencement Date, and continuing thereafter on the first day of each calendar month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

(b) The term "**Operating Expenses**" means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Project, including, without limitation, (1) Taxes (as defined in Section 9), (2) insurance, (3) intentionally deleted, and (4) the cost of repairs, improvements and replacements, provided that to the extent that such repairs, improvements and/or replacements are reasonably determined by Landlord in accordance with sound real estate accounting principles to be capital in nature (each, a "**Capital Expenditure**"), such costs shall be amortized over the useful life of such Capital Expenditure, as reasonably determined by Landlord taking into account all relevant factors including, without limitation, the 24/7 operation of the Building, with interest at the lesser of (i) [***], or (ii) Landlord's or its affiliates' actual cost of funds, excluding only those costs and expenses listed on **Exhibit G** and any other costs expressly excluded under this Lease.

As part of Operating Expenses, Tenant shall be required to pay the costs of Landlord's third party property manager or, if there is no third party property manager, administration rent in the amount of 1% of Base Rent (the "**Administration Rent**"). For so long as Tenant is performing the Self-Management Obligations (as defined below), the Administration Rent payable by Tenant under this Lease shall not exceed 1% of the Base Rent. Notwithstanding anything to the contrary contained herein, during the Abatement Period, Base Rent Abatement Period and Partial Base Rent Abatement Period, Tenant shall be required to pay Administration Rent each month equal to the amount of the Administration Rent that Tenant would have been required to pay in the absence of there being an Abatement Period, Base Rent Abatement Period and Partial Base Rent Abatement Period.

(c) Within ninety (90) days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement for the previous calendar year (an "**Annual Statement**") showing in reasonable detail: (i) the total Operating Expenses, (ii) Tenant's Share of Operating Expenses, and (iii) the total amount of Operating Expenses actually paid by Tenant. If Tenant's Share of Operating Expenses for such calendar year exceeds the total amount of Operating Expenses actually paid by Tenant for such calendar year, then the excess shall be due and payable by Tenant as Rent within thirty (30) days after delivery of such Annual Statement to Tenant. If the total amount of Operating Expenses actually paid by Tenant for such calendar year exceeds the amount of Tenant's Share of Operating Expenses for such calendar year, then Landlord shall pay the excess to Tenant within thirty (30) days after delivery of such Annual Statement, except that after the expiration or earlier termination of the Term, or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord's and Tenant's obligations to pay any overpayments or deficiencies due pursuant to this paragraph shall survive the expiration or earlier termination of this Lease.

Notwithstanding anything to the contrary contained herein including, without limitation, Section 5(d), in the event that Landlord fails to deliver the Annual Statement and/or any corrective Annual Statements within eighteen (18) months after the end of the applicable calendar year, then except as expressly set forth below, Landlord shall be deemed to have waived Landlord's right to deliver the Annual Statement and Tenant shall not be responsible for the payment of items of Operating Expenses that would have been reflected in such Annual Statement and/or corrective Annual Statements (except for Taxes for which Tenant is responsible under this Lease and/or any costs for which Landlord is billed after the expiration of such eighteen (18) month period and, with respect to any such Taxes or other costs for which Landlord is billed after the expiration of such eighteen (18) month period, Landlord shall have the right to deliver a further corrective Annual Statement or invoice to Tenant within ninety (90) days after Landlord is billed for such Taxes or other costs and, if Landlord fails to do so, Landlord shall be deemed to have waived its right to collect such Taxes or other costs from Tenant; provided, however, in no event shall Tenant be responsible for any interest, penalties, professional fees or other charges on account of Landlord's failure to timely pay such Taxes or other costs except to the extent Tenant did not timely pay such Taxes or other costs to Landlord under this Lease.

(d) The Annual Statement shall be final and binding upon Tenant unless Tenant, within sixty (60) days after Landlord's delivery to Tenant of the Annual Statement, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. If, during such sixty (60) day period, Tenant reasonably and in good faith questions or contests the accuracy of Landlord's statement of Tenant's Share of Operating Expenses, Landlord will provide Tenant with access to Landlord's tax bills, insurance bills and invoices (which may be provided in an electronic format or through a file sharing site to which Landlord shall give Tenant access) relating to the operation of the Project for the calendar year reflected in such Annual Statement as Landlord reasonably determines to be responsive to Tenant's questions (the "**Expense Information**"). If after Tenant's review of such Expense Information, Landlord and Tenant cannot agree upon the amount of Tenant's Share of Operating Expenses, then Tenant shall have the right to have a regionally or nationally recognized independent public accounting firm selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld or delayed), working pursuant to a fee arrangement other than a contingent fee (at Tenant's sole cost and expense), audit and/or review the Expense Information for the calendar year in question (the "**Independent Review**"). The results of any such Independent Review shall be binding on Landlord and Tenant. If the Independent Review shows that the payments actually made by Tenant with respect to Operating Expenses for the calendar year in question exceeded Tenant's Share of Operating Expenses for such calendar year, Landlord shall at Landlord's option either (i) credit the excess amount to the next succeeding installments of estimated Operating Expenses or (ii) pay the excess to Tenant within thirty (30) days after delivery of such statement, except that after the expiration or earlier termination of this Lease or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. If the Independent Review shows that Tenant's payments with respect to Operating Expenses for such calendar year were less than Tenant's Share of Operating Expenses for the calendar year, Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such statement. If the Independent Review shows that Tenant has overpaid with respect to Operating Expenses by more than 5% then Landlord shall reimburse Tenant for all actual, out-of-pocket costs incurred by Tenant for the Independent Review. Tenant shall not disclose any Expense Information provided or the results of any Independent Review to any third parties; provided, however, that Tenant may disclose such information to Tenant's employees, attorneys, accountants and lease administrators (provided that Tenant shall deliver written notice to all parties requiring them to treat such information as confidential) in connection with Tenant's Permitted Use or if required in connection with any dispute resolution proceeding between Landlord and Tenant.

(e) Operating Expenses for the calendar years in which Tenant's obligation to share therein begins and ends shall be prorated.

(f) "**Tenant's Share**" shall be the percentage set forth on the first page of this Lease as Tenant's Share of Operating Expenses, subject to adjustment only to the extent the parties mutually agree in writing in connection with any future development or reconfiguration of the Project approved by Tenant pursuant to this Lease. Base Rent, Tenant's Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as "**Rent**."

6. **Security Deposit**. Tenant shall deliver to Landlord a security deposit (the "**Security Deposit**") for the performance of all of Tenant's obligations hereunder in the Security Deposit Amount set forth in the Basic Lease Provisions, which Security Deposit shall be in the form of an unconditional and irrevocable letter of credit (the "**Letter of Credit**"): (i) in form and substance satisfactory to Landlord, (ii) naming Landlord as beneficiary, (iii) expressly allowing Landlord to draw upon it at any time from time to time by delivering to the issuer notice that Landlord is entitled to draw thereunder, (iv) issued by an FDIC- insured financial institution satisfactory to Landlord, and (v) redeemable by presentation of a sight draft, by facsimile or by overnight courier. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments due under this Lease, future rent damages under California Civil Code Section 1951.2, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. Landlord's right to use the Security Deposit under this Section 6 includes the right to use the Security Deposit to pay future rent damages following the termination of this Lease pursuant to Section 21(c) below. Upon any draw down on the Letter of Credit pursuant to this paragraph, Tenant shall deliver to Landlord, within five (5) business days after written demand from Landlord, a new Letter of Credit complying with all of the requirements hereof (a "**Replacement Letter of Credit**") for the full Security Deposit Amount set forth in the Basic Lease Provisions. Tenant hereby waives the provisions of any law, now or hereafter in force, including, without limitation, California Civil Code Section 1950.7, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee, and no interest shall accrue thereon. Upon bankruptcy of Tenant or other debtor-creditor proceedings against Tenant as debtor, the Security Deposit shall be deemed to be applied first to the payment of Rent and other charges due Landlord for periods prior to the filing of such proceedings. If Tenant shall fully perform every provision of this Lease to be performed by Tenant, the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which

Landlord is entitled under the provisions of this Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within ninety (90) days after the expiration or earlier termination of this Lease.

Tenant shall deliver a Replacement Letter of Credit to Landlord at least thirty (30) days before the stated expiration date of any then current Letter of Credit for the full Security Deposit Amount set forth in the Basic Lease Provisions. If Tenant does not provide Landlord with a Replacement Letter of Credit as required pursuant to the immediately preceding sentence, Landlord shall have the right to draw the full amount of the current Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit until Tenant delivers a Replacement Letter of Credit to Landlord, at which time Landlord shall refund to Tenant the amount of the cash Security Deposit to Tenant less any amount applied under this Lease.

If at any time during the Term the issuer of the Letter of Credit is declared insolvent or is placed into receivership by the FDIC or any other Governmental Authority, or if the issuer is downgraded by S&P/Moody's (if the issuer is credit-rated) or the issuer's 5-year Credit Default Swap spread (as quoted, and if available on Bloomberg Professional Services) goes above 250 bps at any point during the Term, then following the delivery of written notice from Landlord to Tenant, (x) Landlord shall have the right to immediately draw the full amount of the existing Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit, and (y) Tenant shall have thirty (30) days to deliver a Replacement Letter of Credit to Landlord. If Landlord is unable to draw on the existing Letter of Credit as provided for in clause (x) above then, within three (3) days after Landlord's delivery of written request to Tenant, Tenant shall deliver to Landlord cash in the Security Deposit Amount set forth in the Basic Lease Provisions as an interim Security Deposit until such time as Tenant delivers a Replacement Letter of Credit to Landlord. Upon Tenant's delivery of a Replacement Letter of Credit to Landlord, Landlord shall refund to Tenant the amount of the cash Security Deposit less any amount applied under this Lease.

Notwithstanding anything to the contrary contained in this Lease, no additional Security Deposit shall be required in connection with any Transfer or Permitted Assignment except to the extent expressly agreed by Landlord and Tenant in writing.

If Landlord transfers its interest in the Project or this Lease, Landlord shall transfer any Security Deposit then held by Landlord to such transferee of Landlord's interest. Upon such transfer, Landlord shall have no further obligation with respect to the Security Deposit, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee.

Notwithstanding anything to the contrary contained in this Section 6, if Tenant is unable to deliver the Letter of Credit to Landlord upon Tenant's execution of this Lease, then, in consideration of Landlord providing additional time for Tenant to deliver the Letter of Credit, Tenant shall deliver an interim cash security deposit in the amount of $957,605.60 (the "**Interim Cash Security Deposit**") to Landlord concurrently with Tenant's execution of this Lease. If Tenant elects to deliver the Interim Cash Security Deposit pursuant to the foregoing sentence, Tenant shall be required to deliver the Letter of Credit to Landlord no later than 60 days after the Effective Date and the Interim Cash Security Deposit shall be treated as the Security Deposit under this Lease until Landlord receives the Letter of Credit. Following Tenant's delivery to Landlord of the Letter of Credit, Landlord shall promptly return the Interim Cash Security Deposit to Tenant.

7. **Use**.

(a) **Generally**. The Premises shall be used solely for the Permitted Use set forth in the Basic Lease Provisions, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, "**ADA**") (collectively, "**Legal Requirements**" and each, a "**Legal Requirement**"). Tenant shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant's failure to comply with the provisions of this Section 7. Tenant shall not permit any part of the Premises to be used as a "place of public accommodation", as defined in the ADA or any similar Legal Requirement. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other occupants of the Project, if any. In no event shall Tenant conduct any auction, liquidation, or going out of business sale on the Premises, or use or allow the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations from the Premises from extending into Common Areas, or other space in the Project. Tenant shall not place any machinery or equipment which would overload the floor in or upon the Premises, and Tenant shall not transport or move machinery or equipment through the Common Areas of the Project or in the Project elevators in a manner that would materially damage the Project or violate Legal Requirements; provided that Landlord's prior written consent shall be required only to the extent expressly required under Section 12 or if such transport or move could reasonably be expected to affect the Building structure or Building Systems. Except as contemplated by the Work Letter, the Tenant Improvements, any approved Alterations or the Permitted Use, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner that will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Project as of the Commencement Date.

(b) **Compliance**. Commencing on the Commencement Date, Landlord shall make any alterations or modifications to the Common Areas or the exterior of the Building that are required by Legal Requirements and the cost of such alterations or modifications shall (x) constitute an Operating Expense (to the extent such Legal Requirement is generally applicable to similar buildings in the area in which the Project is located), or (y) be at Tenant's expense to the extent such Legal Requirement is triggered by Tenant's particular use of the Premises or Tenant's Alterations. Except as otherwise expressly provided in the immediately preceding sentence, Tenant, at its sole expense, shall make any alterations or modifications to the Premises that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA) related to Tenant's use or occupancy of the Premises and any Alterations. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all Claims (as defined in Section 16) arising out of or in connection with Legal Requirements related to Tenant's use or occupancy of the Premises or any Alterations, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of or in connection with any failure of the Premises to comply with any Legal Requirement related to Tenant's use or occupancy of the Premises or any Alterations.

(c) **Sustainability**. Tenant acknowledges that Landlord may, but shall not be obligated to, seek to obtain Leadership in Energy and Environmental Design (LEED), WELL Building Standard, or other similar "green" certification with respect to the Project and/or the Premises, and Tenant agrees to reasonably cooperate with Landlord, and to provide such information and/or documentation as Landlord may reasonably request, in connection therewith.

8. **Holding Over**. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (a) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly rental shall be equal to (i) [***] in effect during the last thirty (30) days of the Term, plus (ii) Tenant's Share of Operating Expenses, plus (iii) all other amounts payable by Tenant under this Lease, and (b) if such holdover continues for more than thirty (30) days, Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over including, without limitation, consequential damages; provided, however, that if Tenant delivers written inquiry to Landlord within thirty (30) days prior to the expiration or earlier termination of the Term, Landlord will notify Tenant whether the potential exists for consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be

construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes**. Landlord shall pay, subject to reimbursement as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed on the Project by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes: (a) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Project or any portion thereof, or (b) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Project, or (c) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Project, including parking, or (d) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (e) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Project. In no event shall Taxes include any federal, state or local income taxes levied or assessed on Landlord, unless such taxes are a specific substitute for any Taxes payable hereunder. Furthermore, in no event shall Taxes include any interest, penalties, professional fees or other charges on account of Landlord's failure to timely pay any Taxes except to the extent Tenant did not timely pay Taxes to Landlord under this Lease. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. If any such Taxes are levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Project is increased by a value attributable to improvements in or alterations to the Premises, whether owned by Landlord or Tenant and regardless of whether such improvements or alterations are affixed to the real property so as to become a part thereof, Landlord shall have the right, but not the obligation, to pay such Taxes and Tenant shall reimburse Landlord for the same if Landlord pays such Taxes, or otherwise pay such Taxes directly to the applicable Governmental Authority. Landlord's determination of any excess assessed valuation shall be binding and conclusive, absent manifest error. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord immediately upon demand.

Following the Rent Commencement Date, if Tenant disputes in good faith any valuation of the Project or assessment of Tenant's personal property, trade fixtures or improvements or alterations in the Premises, then Tenant may request in writing (a "**Tax Dispute Notice**") that Landlord contest the same. A Tax Dispute Notice shall set forth in reasonable detail the particular matters which Tenant disputes and Tenant's basis for such dispute. Upon receipt of a Tax Dispute Notice, provided that no Default exists hereunder, Landlord shall contest those matters set forth in the applicable Tax Dispute Notice. Tenant shall reimburse Landlord within thirty (30) days of invoice for all actual, reasonable costs and expenses reasonably incurred by Landlord in contesting such matters, which shall set forth such costs and expenses in reasonable detail. Failure of Tenant to timely pay the foregoing amounts shall permit Landlord to suspend or terminate any such contest. Tenant shall be entitled to Tenant's Share of any refund obtained by reason of any such contest or otherwise whether obtained during or after the expiration of the Term, except that if the refund shall relate to the year in which the Rent Commencement Date occurs or the Term expires, Tenant's Share of the refund shall be apportioned between Landlord and Tenant according to the number of days within the Term provided Tenant paid Taxes for the year relating to such refund. If Landlord fails to commence to contest those matters set forth in a Tax Dispute Notice within forty-five (45) days after delivery of such Tax Dispute Notice, then Tenant may deliver a second written notice requesting that Landlord contest those matters set forth in the applicable Tax Dispute Notice. If within ten (10) days following receipt of such second written notice, Landlord fails to commence to contest those matters set forth in the applicable Tax Dispute Notice, then, so long as Tenant is not in Default, Tenant shall have the right to contest or review, at Tenant's expense, by appropriate proceedings (which may be instituted during the

Term, and if instituted shall be with the reasonable cooperation of Landlord if requested) those matters set forth in the applicable Tax Dispute Notice. Upon reasonable request from Tenant, Landlord shall furnish, on a timely basis, such data, documents, information and assistance and make such appearances as may be reasonably required by Tenant. Landlord shall, at no cost or liability to Landlord, reasonably cooperate with Tenant in connection with any such protest, appeal or other proceedings. Tenant shall not abandon any appeal without first offering to Landlord the right to prosecute such appeal. In no event may Tenant reach any agreement with any Governmental Authorities with respect to Taxes for any future tax year(s) or any other property which may be binding on Landlord without Landlord's consent.

10. **Parking**. Subject to all applicable Legal Requirements, Force Majeure, a Taking (as defined in Section 19 below) and the exercise by Landlord of its rights hereunder, Tenant shall have the exclusive right, at no additional cost during the Term, to use all of the parking spaces located at the Project, which as of the Effective Date of this Lease currently total 382 parking spaces. Except in the event of an emergency, and subject to Legal Requirements, Force Majeure or a Taking, (a) Landlord shall not reduce, relocate or reconfigure the parking areas located in the Project without the prior written consent of Tenant, which consent shall not be unreasonably withheld, conditioned or delayed, and (b) Landlord shall not construct any improvements in the Project that will obstruct or interfere with Tenant's use, access to or enjoyment of the parking areas without Tenant's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties.

11. **Utilities; Services**.

(a) **Generally**. Landlord shall provide or cause to be provided to the Premises, subject to Tenant directly paying all of the costs thereof and the terms of this Section 11, (i) water, (ii) electricity (including lights and plugs), (iii) heat, ventilation and air conditioning (collectively, "**HVAC**"), (iv) power, and (v) sewer (each, a "**Utility**" and collectively, "**Utilities**"). Tenant shall use reasonable efforts to set up separate accounts for each Utility to allow for the transfer of such accounts and direct billing of costs of such Utilities to Tenant, and Landlord, at no cost to Landlord, shall reasonably cooperate with Tenant to effect such transfer. Commencing on the Commencement Date, Tenant shall pay directly to the Utility provider, prior to delinquency, all Utilities and services (including, without limitation, electricity, water, sewer, telephone and internet service) furnished to Tenant or the Premises during the Term; provided, however, that if Tenant and Landlord are unable to transfer the account for any particular Utility directly to Tenant, then Tenant shall reimburse Landlord for the costs of such Utility within fifteen (15) days of written demand from Landlord (collectively, the "**Utility Costs**"). Except as expressly provided in this Section 11, Section 18, Section 19 or elsewhere in this Lease, no interruption or failure of Utilities from any cause whatsoever shall result in eviction or constructive eviction of Tenant, termination of this Lease or, except as otherwise provided in the immediately following paragraph, the abatement of Rent and other fees or costs due under this Lease.

Notwithstanding anything to the contrary set forth herein, if (i) a stoppage of a Utility Service (as defined below) to the Premises shall occur and such stoppage is due solely to the gross negligence or willful misconduct of Landlord or a default by Landlord under this Lease, and not due in any part to any act or omission on the part of Tenant or any Tenant Party or any matter beyond Landlord's reasonable control (any such stoppage of a Utility Service being hereinafter referred to as a "**Service Interruption**"), and (ii) such Service Interruption continues for more than three (3) consecutive business days after Landlord shall have received written notice thereof from Tenant, and (iii) as a result of such Service Interruption, Tenant's use of the Premises for its normal operations is materially and adversely affected, then there shall be an abatement of Rent, Operating Expenses and Administration Rent payable with respect to the affected portion of the Premises for each day during which such Service Interruption continues after such three (3) business day period; provided, however, that if any part of the Premises is reasonably useable for Tenant's normal business operations or if Tenant conducts all or any part of its operations in any portion of the Premises notwithstanding such Service Interruption, then the amount of each daily abatement of Base Rent shall only be proportionate to the nature and extent of the interruption of Tenant's normal operations or ability to use the Premises. The rights granted to Tenant under this paragraph shall be Tenant's sole and exclusive remedy resulting from a failure of Landlord to provide services, and Landlord shall not otherwise be liable for any loss or damage suffered or sustained by Tenant resulting from any failure or cessation of services. For purposes hereof, the term "**Utility Service**" shall mean the following services: HVAC service, water, sewer and electricity, but in each case only to the extent that Landlord has an obligation to provide same to Tenant under this Lease, and shall expressly exclude any service or electricity that is provided from the Existing Generators or any generator within the Generator Area (as such terms are defined in Section 11(c) below). The provisions of this paragraph shall apply to Tenant and any assignee under a Permitted Assignment.

(b) **Janitorial**. Commencing on the Commencement Date, Tenant shall be responsible for contracting directly with a vendor reasonably acceptable to Landlord and paying for its own janitorial services for the Premises.

(c) **Emergency Generators**.

(i) **Existing Generators**. [***]

(ii) **Tenant Generators**. [***]

(d) **Energy Usage Data**. With respect to separately metered Utilities provided to the Premises that are paid for by Tenant directly to the Utility provider, Tenant shall provide Landlord, upon reasonable request, with copies of water and energy usage data to the extent reasonably required for Landlord's compliance with applicable Legal Requirements or Landlord's sustainability reporting requirements. Tenant shall not be required to provide utility account login credentials. The reasonable third-party costs and expenses incurred by Landlord in connection with receiving and analyzing such water and energy usage data (not to exceed $500 annually) shall be included as part of Operating Expenses only to the extent required by applicable Legal Requirements and otherwise permitted under this Lease.

12. **Alterations and Tenant's Property**.

(a) Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant, including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture systems (other than removal of furniture systems owned or paid for by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in Section 13) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the Building structure or Building Systems and shall not be otherwise unreasonably withheld. Notwithstanding anything to the contrary contained herein, so long as no Default exists by Tenant under this Lease, Tenant shall have the right to make any Alterations required for Tenant's Permitted Use in the manufacturing space in the Premises ("**Manufacturing Space Alterations**") without the need for Landlord's consent so long as (i) such Manufacturing Space Alterations will not materially or adversely affect the Building structure or any Building Systems, (ii) Tenant notifies Landlord in writing, which notice shall be delivered to Landlord not less than fifteen (15) business days in advance of any proposed construction, of such intended Manufacturing Space Alterations along with a description of the scope of such Manufacturing Space Alterations (and, if applicable, the plans and specifications for such Manufacturing Space Alterations) and (iii) Tenant provides Landlord with a list of the providers performing work or supplying materials. Tenant shall be required to remove the Manufacturing Space Alterations prior to the expiration or earlier termination of the Term unless, at the time Landlord receives Tenant's notice of such Manufacturing Space Alterations, Landlord notifies Tenant in writing that no removal is required. In addition, Tenant may, subject to the terms of this Section 12, construct nonstructural, cosmetic Alterations in the Premises without Landlord's prior approval (a "**Notice-Only Alteration**") if the aggregate cost of all such work in any twelve (12) month period does not exceed [***] (the "**Notice-Only Alteration Cap**"), provided Tenant notifies Landlord in writing, which notice shall be delivered to Landlord not less than fifteen (15) business days in advance of any proposed construction, of such intended Notice-Only Alteration along with a description of the scope of such Notice-Only Alteration (and, if applicable, the plans and specifications for such Notice-Only Alteration) and a list of the identities and mailing addresses of all persons performing work or supplying materials. Commencing on the second anniversary of the Commencement Date and continuing on each anniversary thereafter during the Base Term, the Notice- Only Alteration Cap shall be increased by 10%. Landlord may impose reasonable conditions on Tenant in connection with the commencement, performance and completion of Alterations that require Landlord's approval, but no additional conditions shall apply to Notice-Only Alterations or Manufacturing Space Alterations except as expressly set forth in this Section 12. Any request for approval of an Alteration shall be in writing, delivered not less than fifteen (15) business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with applicable insurance requirements and applicable Legal Requirements, and shall, subject to Section 7, implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Tenant shall reimburse Landlord for the reasonable third-party, out-of-pocket costs incurred by Landlord for review of Alterations that affect the Building structure or Building Systems, but Tenant shall not be charged for Landlord's internal costs or for Notice-Only Alterations. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup.

(b) Upon Landlord's written request with respect to Alterations requiring Landlord's approval that are reasonably expected to cost more than [***] or materially affect the Building structure or Building Systems, Tenant shall furnish reasonable security or make other arrangements reasonably satisfactory to Landlord to assure payment for the completion of such Alterations free and clear of liens; provided, however, that performance and payment bonds shall not be required to be recorded or provided by Tenant's contractors or their subcontractors, of any tier, unless reasonably required by Landlord based on a request by Tenant for approval of performance of Alterations by a contractor or subcontractor that has not been pre-approved by Landlord and who does not meet the requirements of the Lease for prequalification of contractors or subcontractors. With respect to any Alteration that is reasonably expected to cost more than [***], Tenant shall provide (and cause each contractor or subcontractor performing such work to provide) certificates of insurance for workers' compensation and other coverage in commercially reasonable amounts and from insurance companies reasonably satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) with respect to any Alteration that is reasonably expected to cost more than [***], sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors, or conditional lien waivers followed by final lien waivers when final payment is made; and (ii) "as built" plans for any such Alteration to the extent prepared and customarily available.

(c) Other than (i) the items, if any, listed on **Exhibit F** attached hereto, (ii) any items agreed by Landlord in writing to be included on **Exhibit F** in the future, and (iii) any trade fixtures, machinery, equipment and other personal property not paid for out of the TI Fund (as defined in the Work Letter) or otherwise paid for all or in part by Landlord that may be removed without material damage to the Premises, which damage shall be repaired (including capping or terminating utility hook-ups behind walls) by Tenant during the Term (collectively, "**Tenant's Property**"), all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods that penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk- in cold rooms, walk-in warm rooms, clean rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch (collectively, "**Installations**") shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term and shall remain upon and be surrendered with the Premises as a part thereof in accordance with Section 28 upon the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, or at the time it receives notice of a Notice-Only Alteration, notify Tenant that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. If Landlord so elects, Tenant shall remove such Installation upon the expiration or earlier termination of this Lease and restore any damage caused by or occasioned as a result of such removal, including, when removing any of Tenant's Property that was plumbed, wired or otherwise connected to any of the Building Systems, capping off all such connections behind the walls of the Premises and repairing any holes. Any restoration period beyond the expiration or earlier termination of the Term shall constitute a holdover pursuant to Section 8. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, Landlord agrees to consider such request in good faith, and, if Landlord consents to such waiver, Landlord will execute a lien waiver provided it is in a form and content reasonably acceptable to Landlord. If Landlord consents to such waiver, Tenant shall pay to Landlord an administrative fee of $2,500 for the preparation and/or negotiation of each such lien waiver. Tenant may remove Tenant's Property during the Term and following expiration or earlier rejection by Landlord of this Lease in bankruptcy or termination of this Lease to the extent such removal does not cause material damage and subject to Tenant's obligation to repair any damage caused by removal as set forth above, ordinary wear and tear excepted.

Tenant shall not be required to remove or restore the Tenant Improvements (as reflected in the approved Space Plans attached to the Work Letter) at the expiration or earlier termination of the Lease, nor shall Tenant have the right to remove any Tenant Improvements at any time except as otherwise contemplated pursuant to this Section 12.

13. **Landlord's Repairs**. Landlord, subject to reimbursement as part of Operating Expenses (but subject to **Exhibit G** and any other limitations on or exclusions to Operating Expenses expressly set forth in this Lease), shall maintain (a) all of the structural and roof (including the roof membrane), exterior walls and windows, landscaping, parking and Common Areas of the Project, and (b) the items identified on the "**Maintenance Responsibilities Matrix**" set forth on **Exhibit I** attached hereto as the responsibility of Landlord (collectively, the "**Landlord Maintenance Obligations**"), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant's assignees, sublessees, licensees, agents, servants, employees, invitees and contractors (or any of Tenant's assignees, sublessees and/or licensees respective agents, servants, employees, invitees and contractors) (collectively, "**Tenant Parties**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord (provided that if any such items are Self-Management Obligations, then only following Tenant's failure to repair such damages within applicable notice and cure periods) and, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements reasonably within the scope of Landlord's Maintenance Obligations (or Self-Management Obligations with respect to which Landlord has agreed in writing to be responsible), which are, in the judgment of Landlord, desirable or necessary to be made, until such repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant at least seventy-two (72) hours advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements. Tenant shall promptly give Landlord written notice of any repair required by Landlord pursuant to this paragraph, after which Landlord shall make a commercially reasonable effort to effect such repair. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after Tenant's written notice of the need for such repairs or maintenance. Tenant shall notify Landlord if Tenant requires more than seventy- two (72) hours in order to prepare for any shut-down, and Landlord shall defer such work for the period of time requested by Tenant to enable Tenant to make accommodations to preserve its development activities; provided that Landlord shall not be liable for any failure to make repairs during such deferral period. Except as expressly provided in this Lease, Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs**. Subject to Section 13 hereof, Tenant, at its expense, shall repair, replace and maintain in good condition, subject to ordinary wear and tear, (a) all portions of the Premises, including, without limitation, entries, doors, ceilings, non-structural components of windows, interior walls, the interior side of demising walls and (b) the items identified in the Maintenance Responsibilities Matrix as the responsibility of Tenant, including, without limitation, the Existing Generators, the HVAC, plumbing, fire sprinklers and other life safety systems, elevators and all other building systems serving the Building ("**Building Systems**"). Tenant's maintenance responsibilities provided for in the immediately preceding sentence shall be referred to herein as the "**Self-Management Obligations**." If Tenant fails to maintain any

portion of the Project for which Tenant is responsible as part of the Self-Management Obligations in a Class A manner reasonably acceptable to Landlord within the requirements of this Lease, Landlord shall provide Tenant with written notice of such failure. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within thirty (30) days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may (i) perform such work and shall be reimbursed by Tenant within thirty (30) days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant and (ii) if Tenant fails to cure such failure within the applicable notice and cure period, perform only the work reasonably necessary to cure such failure and Tenant shall reimburse Landlord for the actual costs incurred by Landlord as part of Operating Expenses. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Project that results from damage caused by Tenant or any Tenant Party.

The Self-Management Obligations shall include the procurement and maintenance of contracts, with copies to Landlord upon Landlord's written request, for and with contractors reasonably acceptable to Landlord specializing and experienced in the respective Self-Management Obligations (the "**Maintenance Contracts**"). Notwithstanding anything to the contrary contained herein, the scope of work of any such Maintenance Contracts entered into by Tenant pursuant to this paragraph shall, at a minimum, comply with the standard maintenance procedures for the applicable equipment. Landlord shall have no obligation to perform any Self-Management Obligations. The Self-Management Obligations shall in no event include the right or obligation on the part of Tenant to make any structural and/or capital repairs or improvements to the Project, and Landlord shall continue to be responsible, as provided in Section 13, for capital repairs and replacements required to be made to the Building and Project. Landlord and Tenant acknowledge and agree that for so long as Tenant is performing the Self-Management Obligations, the Administration Rent payable by Tenant under this Lease is [***] of the Base Rent; provided, however, if Landlord assumes any Self-Management Obligations as a result of Tenant's failure to perform any of its Self-Management Obligations promptly after written notice thereof from Landlord, Administration Rent payable by Tenant shall be increased to [***] of Base Rent only during the period that Landlord is actually performing such Self- Management Obligations.

15. **Mechanic's Liens**. Tenant shall fully discharge of record from title or from the public record, by bond or otherwise, any mechanic's lien filed against the Premises or against the Project for work claimed to have been done for, or materials claimed to have been furnished to, Tenant within [***] after Tenant receives notice of the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Project free from any liens arising out of work performed, materials furnished or obligations incurred by Tenant; provided, however, Tenant may contest any such lien in good faith so long as Tenant, within such [***], bonds over such lien or otherwise provides security reasonably sufficient, as reasonably determined by Landlord in good faith, to protect Landlord and the Project from foreclosure, forfeiture, sale or material impairment of title, and thereafter diligently prosecutes such contest to completion. Should Tenant fail to fully discharge of record any lien described herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Project and the costs incurred by Landlord in connection therewith shall be payable to Landlord by Tenant as Additional Rent within [***] after Tenant's receipt of an invoice therefor from Landlord. If Tenant shall lease or finance the acquisition of office equipment, furnishings, or other personal property of a removable nature utilized by Tenant for Tenant's Permitted Use, Tenant warrants that any Uniform Commercial Code Financing Statement filed as a matter of public record by any lessor or creditor of Tenant will upon its face or by exhibit thereto indicate that such Financing Statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Project be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in the suite number designated to the Premises in the Basic Lease Provisions.

16. **Indemnification**.

(a) **By Tenant**. Tenant hereby indemnifies and agrees to defend, save and hold Landlord, its officers, directors, employees, managers, members, partners, agents, sub-agents, affiliates and lease signatories, and any Holder of a Mortgage (collectively, "**Landlord Indemnified Parties**") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (each, a "**Claim**" and collectively, "**Claims**") for injury or death to persons or damage to property occurring within or about the Premises or the Project arising directly or indirectly out of the use or occupancy of the Premises or the Project by Tenant or any Tenant Parties (including, without limitation, any act, omission or neglect by Tenant or any Tenant's Parties in or about the Premises or at the Project) or a breach or default by Tenant in the performance of any of its obligations hereunder, except to the extent caused by the willful misconduct or negligence, or a default of this Lease, by any of the Landlord Indemnified Parties. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises). Tenant further waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records). Landlord Indemnified Parties shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Project or of any other third party or Tenant Parties.

(b) **By Landlord**. Subject to all of the other provisions of this Lease including, without limitation, the waivers provided in Sections 17 and 36, Landlord hereby indemnifies and agrees to defend, save and hold Tenant harmless from and against any and all third party Claims for injury or death to persons or damage to property occurring at the Project (outside of the Premises) caused by Landlord's willful misconduct or negligence, except to the extent caused by the willful misconduct or negligence of Tenant or Tenant Parties.

(c) **Procedure**. A person or entity seeking to be indemnified hereunder (the "**Indemnitee**") will give prompt written notice to the party from whom indemnification is sought (the "**Indemnitor**") of each Claim for indemnification hereunder, specifying the amount and nature of the Claim. As soon as practicable after the date of such notice, Indemnitee will provide Indemnitor all information and documentation reasonably necessary to support and verify the losses so claimed.

(d) **General**. So long as Indemnitor is conducting the defense of the Claim in accordance with this Section 16, (i) Indemnitee may retain separate co-counsel, at its own cost and expense, and participate in the defense of the Claim, (ii) Indemnitee will not consent to the entry of any judgment or enter into any settlement of the Claim without the prior written consent of Indemnitor, which consent will not be unreasonably withheld, conditioned or delayed, (iii) Indemnitee will reasonably cooperate with Indemnitor's defense of such Claim, and (iv) Indemnitor will not consent to the entry of any judgment or enter into any settlement with respect to the Claim without the prior written consent of Indemnitee, which consent will not be unreasonably withheld, conditioned or delayed; provided, however, that such consent of Indemnitee will not be required if the judgment or settlement (w) does not admit fault or wrongdoing on behalf of Indemnitee, (x) is not the subject of any press release that mentions Indemnitee or the Project, and does not otherwise create any negative publicity with respect to Indemnitee or the Project, (y) provides for a full recovery by Indemnitee of all damages subject to such Claims, and (z) contains a full release of Claims against Indemnitee.

The provisions of this Section 16 shall survive the expiration or earlier termination of this Lease.

17. **Insurance**. Landlord shall maintain all risk property and, if applicable, sprinkler damage insurance covering the full replacement cost of the Project (not including any property and improvements required to be insured by Tenant pursuant to the immediately following paragraph). Landlord shall further procure and maintain commercial general liability insurance with a single loss limit of not less than [***] for bodily injury and property damage with respect to the Project. Landlord may, but is not obligated to, maintain such other insurance and additional coverages as it may deem necessary. All such

insurance shall be included as part of the Operating Expenses. The Project may be included in a blanket policy (in which case the cost of such insurance allocable to the Project will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance that Landlord reasonably deems necessary as a result of Tenant's use of the Premises.

Tenant, at its sole cost and expense, shall maintain during the Term: all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense; [***]. The commercial general liability insurance maintained by Tenant shall include Alexandria Real Estate Equities, Inc. ("**ARE**"), ARE-SD Region No. 39 HoldCo, LLC, ARE-SD Region No. 39 JV, LLC, ARE-SD Region No. 39 MM, LLC, ARE-SD Region No. 39 TRS, LLC, Columbia California Towne Centre Office Properties, LLC, Columbia Office Properties, LLC, Clarion Partners, LLC, BioProperties Management, Inc., Landlord, and each of their officers, directors, employees, managers, members, partners, agents, affiliates and lease signatories (collectively, "**Landlord Insured Parties**"), as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; not contain a hostile fire exclusion; contain a contractual liability endorsement; and provide primary coverage to Landlord Insured Parties (any policy issued to Landlord Insured Parties providing duplicate or similar coverage shall be deemed excess over Tenant's policies, regardless of limits). Tenant shall (i) provide Landlord with thirty (30) days advance written notice of cancellation of such policies, and (ii) request Tenant's insurer to endeavor to provide thirty (30) days advance written notice to Landlord of cancellation of such policies (or ten (10) days in the event of a cancellation due to non-payment of premium). Certificates of insurance showing the limits of coverage required hereunder and showing the Landlord Insured Parties and Additional Insured Parties (as defined below) as additional insureds, shall be delivered to Landlord by Tenant (i) concurrent with Tenant's delivery to Landlord of a copy of this Lease executed by Tenant, and (ii) prior to each renewal of said insurance. Tenant's policy may be a "blanket policy" with an aggregate per location endorsement which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least five (5) days prior to the expiration of such policies, furnish Landlord with renewal certificates.

Upon written request of Landlord, Tenant shall, in addition to the Landlord Insured Parties, include the following parties as additional insureds under Tenant's commercial general liability insurance and umbrella insurance policies (collectively, "**Additional Insured Parties**"): (i) any Holder of a Mortgage encumbering the Project or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Project is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Project.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Project from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

Landlord may require insurance policy limits to be raised no more frequently than every three (3) years to levels then generally required by institutional landlords of comparable Class A life science projects in the Torrey Pines and UTC areas of San Diego for tenants occupying an entire Class A laboratory/office project, provided that such increases are commercially reasonable and consistent with coverages then available in the insurance market.

18. **Restoration**. If, at any time during the Term, the Project or the Premises are damaged or destroyed by a fire or other casualty, Landlord shall notify Tenant within sixty (60) days after discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Project or the Premises, as applicable (the "**Restoration Period**"). [***]. Unless either Landlord or Tenant so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any licenses, clearances, approvals, authorizations or permits issued by or from any Governmental Authority having jurisdiction over the presence, use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials in, on or about the Premises by Tenant or any Tenant Parties (collectively referred to herein as the "**Environmental Permits**") and otherwise required in order to, on an unrestricted basis, enter into and restore the Premises; provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, either Landlord or Tenant may by written notice to the other delivered within five (5) business days after the expiration of the Maximum Restoration Period or, if longer, the Restoration Period, elect to terminate this Lease, in which event Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is [***] after the later of: (i) discovery of such damage or destruction, or (ii) the date the release or termination of all required Environmental Permits are obtained, but Landlord shall retain any Rent paid and the right to any Rent payable by Tenant prior to such election by Landlord or Tenant.

Promptly following the date that Landlord makes the Premises available to Tenant for Tenant's repairs and/or restoration, Tenant shall, at Tenant's expense, promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure events or to obtain the release or termination of Environmental Permits, all repairs or restoration (which restoration shall be performed as an Alteration in accordance with Section 12) not required to be done by Landlord and shall promptly re-enter the Premises and commence doing business in accordance with this Lease. Notwithstanding the foregoing, either Landlord or Tenant may terminate this Lease upon written notice to the other if the Premises are damaged during the last year of the Term and Landlord reasonably estimates that it will take more than two (2) months to repair such damage; provided, however, that such notice is delivered within ten (10) business days after the date that Landlord provides Tenant with written notice of the estimated Restoration Period. Notwithstanding anything to the contrary contained herein, Landlord shall also have the right to terminate this Lease if insurance proceeds are not available for such restoration, except to the extent insurance proceeds are unavailable due to Landlord's failure to maintain the insurance required to be maintained by Landlord under this Lease. Rent, Operating Expenses and Administration Rent payable with respect to the affected portion of the Premises shall be abated from the date the release or termination of all required Environmental Permits are obtained until the Premises are repaired and restored, in the proportion that the area of the Premises, if any, that is not usable by Tenant bears to the total area of the Premises, unless and to the extent Landlord provides Tenant with other reasonably comparable and utilizable space at the

Project during the period of repair that is suitable for the temporary conduct of Tenant's Permitted Use. In the event that the release or termination of Environmental Permits are not required to be obtained by Tenant with respect to the Premises, Base Rent shall be abated commencing on the date of discovery of the damage or destruction. Such abatement shall be the sole remedy of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate this Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Project, and any statute or regulation that is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Project, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. **Condemnation**. If the whole or any material part of the Premises or the Project is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**" or "**Taken**"), and the Taking would either prevent or materially interfere with Tenant's use of the Premises or materially interfere with or impair Landlord's ownership or operation of the Project, then upon written notice by Landlord or Tenant to the other this Lease shall terminate and Rent shall be apportioned as of such date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Project as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be adjusted accordingly under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award; provided, however, that Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for compensation separately awarded or recoverable by Tenant for Tenant's relocation expenses, loss of business, and damage to Tenant's Property and trade fixtures and unamortized improvements paid for solely by Tenant (and not in whole or in part by Landlord), if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Project.

20. **Events of Default**. Each of the following events, after the expiration of any notice and cure period expressly provided for in this Lease, shall be a default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults**.

(i) Tenant shall fail to pay any installment of Base Rent, Operating Expenses or Utility Costs when due; provided, however, that Landlord will give Tenant notice and an opportunity to cure any failure to pay Base Rent, Operating Expenses or Utility Costs within five (5) business days after any such notice not more than once in any twelve (12) month period and Tenant agrees that such notice shall be in lieu of and not in addition to, or shall be deemed to be, any notice required by law.

(ii) Tenant shall fail to pay any Rent or other amount payable by Tenant hereunder (other than Base Rent, Operating Expenses or Utility Costs) within thirty (30) days after receipt of written notice that such amount is due.

(b) **Insurance**. Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance at least five (5) days before the expiration of the current coverage.

(c) **Abandonment**. Tenant shall abandon the Premises with no affirmative plan to reoccupy the Premises. Tenant shall not be deemed to have abandoned the Premises if Tenant provides Landlord with reasonable advance notice prior to vacating and, at the time of vacating the Premises, (i) Tenant completes Tenant's obligations under the Decommissioning and HazMat Closure Plan in compliance with Section 28 and provides reasonably detailed documentation to Landlord confirming such matters, (ii) Tenant has made reasonable arrangements with Landlord for the security of the Premises for the balance of the Term, and (iii) Tenant continues during the balance of the Term to satisfy and perform all of Tenant's obligations under this Lease as they come due.

(d) **Improper Transfer**. Tenant shall assign, sublease or otherwise transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within [***] of the action. This Section 20(d) shall not apply to any mechanic's lien, materialmen's lien or similar lien, any Uniform Commercial Code financing statement or security interest encumbering only Tenant's Property, any lien, foreclosure, receivership or other proceeding affecting Landlord's fee interest or any superior estate in the Project, or any Taking.

(e) **Liens**. Tenant shall fail to fully discharge of record, bond over, or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within [***] after Tenant receives written notice that such lien has been filed; provided, however, Tenant may contest any such lien in good faith so long as Tenant bonds over such lien or otherwise protects Landlord and the Project from foreclosure, forfeiture or sale.

(f) **Insolvency Events**. Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief**"); (C) become the subject of any Proceeding for Relief that is not dismissed within [***] of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement**. Tenant fails to execute any document required from Tenant under Sections 23 or 27 within five (5) business days after a second notice requesting such document.

(h) **Financial Information**. Tenant fails to provide any financial information required to be delivered by Tenant to Landlord pursuant to Section 40(c) following written request from Landlord, within five (5) business days after a second notice requesting such financial information.

(i) **Security Deposit**. Tenant fails to comply with the requirements of Section 6 and such failure continues beyond the applicable notice and cure period expressly set forth in Section 6, or if no such period is expressly set forth, for ten (10) business days after written notice from Landlord.

(j) **Other Defaults**. Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant. Any notice given under this Section 20(j) shall: (i) specify the alleged default in reasonable detail, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice. Notwithstanding the foregoing, if the nature of Tenant's default pursuant to this Section 20(j) is such that it cannot reasonably be cured by the payment of funds, does not affect the safety, security or integrity of the Building or Building Systems and reasonably requires more than thirty (30) days to cure, then Tenant shall not be deemed to be in Default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes the same to completion; provided, however, that upon request by Landlord from time to time, Tenant shall provide Landlord with a reasonably detailed written status reports regarding the status of such cure and the actions being taken by Tenant.

21. **Landlord's Remedies**.

(a) **Payment By Landlord; Interest**. Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to [***] or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent**. Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges that may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) business days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to [***]% of the overdue Rent as a late charge. Notwithstanding the foregoing, before assessing a late charge the first time in any calendar year, Landlord shall provide Tenant written notice of the delinquency and will waive the right if Tenant pays such delinquency within five (5) business days thereafter. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the fifth (5th) business day after the date due until paid.

(c) **Remedies**. Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

(i) Terminate this Lease, or at Landlord's option, Tenant's right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy that it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

(A) The worth at the time of award of any unpaid rent that has been earned at the time of such termination; plus

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(C) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(E) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(ii)(A) and (B), above, the "**worth at the time of award**" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(ii)(C) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to the terms of Section 22). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.

(vi) Landlord shall have the right to suspend funding of any allowance.

(d) **Effect of Exercise**. Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge; provided, however, Tenant does not waive any statutory notice, redemption or similar right to the extent such waiver is prohibited by applicable law. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default.

22. **Assignment and Subletting**.

(a) **General Prohibition**. Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign, transfer, allocate, or otherwise make or suffer any disposition of this Lease or any of its rights or obligations hereunder, including, without limitation, to a corporation or other entity which is a successor- in-interest to Tenant by the purchase of all or substantially all of the assets or the ownership interests of Tenant, or enter into or suffer any merger, consolidation, corporate division, reorganization or restructuring, or sublease the Premises or any part thereof, or mortgage, pledge, or hypothecate its leasehold interest, or grant any concession or license within the Premises, or enter into or suffer any transaction or event that would have the effect of any of the foregoing (any of the transactions or events described above in this sentence being sometimes referred to herein as a "**Transfer**"), and any Transfer or attempted Transfer without Landlord's prior written consent in each instance, other than pursuant to a Permitted Assignment (as defined below), shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof that are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or transaction or series of transfers or transactions whereby 49% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities that were owners thereof as of the Effective Date to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company as of the Effective Date, shall be deemed a Transfer requiring the consent of Landlord as provided in this Section 22. Notwithstanding the foregoing, the term "**Transfer**" shall not include (i) any mechanic's lien, materialmen's lien, construction lien, design professional lien or similar lien arising out of work performed, materials furnished or obligations incurred by or on behalf of Tenant or any Tenant Party, which liens shall be governed by any rights of Landlord or obligations of Tenant contained in and pursuant to Section 15 and Section 20(e) of this Lease, or (ii) any Uniform Commercial Code financing statement, equipment lien, purchase-money security interest or other security interest encumbering Tenant's Property (and, for the avoidance of doubt, expressly excluding any items which Tenant is precluded under this Lease from removing from the Premises); provided, however, that none of the items described in clause (ii) results in any obligations being imposed on Landlord, limits or impacts any rights which Landlord has under this Lease including, without limitation, against Tenant, and/or requires Landlord to execute any documents or grants any third party any rights with respect to the Premises or this Lease. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be permitted to enter into a leasehold deed of trust or similar transaction with respect to this Lease.

(b) **Permitted Transfers**. [***]

In addition, Tenant shall have the right to assign this Lease (but not engage in any other Transfer), upon thirty (30) days prior written notice to Landlord but without obtaining Landlord's prior written consent, to a corporation or other entity which is a successor-in-interest to Tenant, by way of merger, consolidation or non-bankruptcy corporate reorganization, provided that (i) such merger, consolidation, or corporate reorganization, as the case may be, is for a good business purpose and not principally for the purpose of transferring this Lease and/or other obligations of Tenant, and (ii) the net worth (as determined in accordance with GAAP) of the assignee or other successor-in-interest, and the creditworthiness of the assignee or other successor-in-interest to support the financial obligations it will have or incur under the proposed assignment or other transaction, without taking into account any limitations on such liabilities under insolvency, bankruptcy, or similar laws, are not less than the greater of the net worth (as determined in accordance with GAAP) and equivalent creditworthiness of Tenant as of (A) the Commencement Date, or (B) as of the date of Tenant's most current quarterly or annual financial statements, and (iii) if the then-current Tenant is not the surviving entity, then on or before the effective date of the Corporate Permitted Assignment, Tenant and the assignee or other successor-in-interest shall execute a reasonable form of acknowledgment of assignment acceptable to Landlord pursuant to which, among other things, such assignee or other successor-in-interest shall agree to assume or have assumed all of the terms, covenants and conditions of this Lease, and the assignee or other successor-in-interest shall deliver a certificate of insurance to Landlord satisfying the Tenant's insurance requirements under Section 17 (a "**Corporate Permitted Assignment**"). Control Permitted Assignments and Corporate Permitted Assignments are hereinafter referred to as "**Permitted Assignments**."

(c) **Additional Conditions**. As a condition to any Transfer, whether or not Landlord's consent is required, Landlord may require:

(i) that any Transferee agree, in writing at the time of such Transfer, that if Landlord gives such party notice that Tenant is in default under this Lease, such Transferee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under this Lease, and any such Transferee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) [***]

(d) **No Release of Tenant, Sharing of Excess Rents**. Notwithstanding any Transfer, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain fully and primarily responsible and liable for the payment of Rent and for compliance with all of the other obligations of the "Tenant" party under this Lease, arising before or after the date of the Transfer. If the rent due and payable by a Transferee (or a combination of the rental payable under such Transfer plus any bonus or other consideration therefor or incident thereto in any form) exceeds the sum of the Base Rent and Operating Expenses payable under this Lease with respect to the applicable portion of the Premises (excluding however, any Rent payable under this Section) and actual and reasonable and customary brokerage fees, legal costs, improvement allowances, and any design or construction fees (collectively, the "**Sublease/Assignment Costs**") directly related to and required pursuant to the terms of any Transfer ("**Excess Rents**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within ten (10) business days following receipt thereof by Tenant. For the purpose of calculating Excess Rents, the Sublease/Assignment Costs shall be amortized on a straight-lined basis over the term of the applicable sublease or assignment. If Tenant shall sublet the Premises or any part thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and Landlord or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver**. The consent by Landlord to any Transfer shall not relieve Tenant or any Transferee from obtaining the consent of Landlord to any further Transfer nor shall it release Tenant or any Transferee of Tenant from full and primary liability under this Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any Transfer.

(f) **Prior Conduct of Proposed Transferee**. [***]

23. **Estoppel Certificate**. Tenant shall, within [***] of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that, to Tenant's knowledge, there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon; provided that Tenant shall not be required to certify to any matter that is inaccurate, not within Tenant's actual knowledge, or a legal conclusion. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. Tenant's failure to deliver such statement within [***] after Tenant's receipt of a second written notice from Landlord shall be conclusive upon Tenant that this Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

Upon request by Tenant, Landlord will similarly execute an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not, to Landlord's knowledge, any uncured defaults on the part of Tenant hereunder, or specifying such defaults if any are claimed and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon; provided that Landlord shall not be required to certify to any matter that is inaccurate, not within Landlord's actual knowledge, or a legal conclusion.

24. **Quiet Enjoyment**. So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. **Prorations**. All prorations required or permitted to be made hereunder shall be made on the basis of a three hundred sixty (360) day year and thirty (30) day months.

26. **Rules and Regulations**. Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Project. The current rules and regulations are attached hereto as **Exhibit E** (the "**Rules and Regulations**"). Notwithstanding anything to the contrary contained in the Rules and Regulations, the Rules and Regulations shall be subject to the terms of the Lease. In no event shall the Rules and Regulations, or any amendment or supplement thereto, materially reduce

Tenant's rights under this Lease, materially increase Tenant's monetary obligations, materially interfere with Tenant's use of the Premises for the Permitted Use, or impose standards inconsistent with the operation of a full-building life science, laboratory, manufacturing and office facility. If there is any conflict between the Rules and Regulations and this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Project, if any, and shall not enforce such rules and regulations in a discriminatory manner.

27. **Subordination**. This Lease shall not be subject or subordinate to any Mortgage unless and until the Holder of such Mortgage, as the case may be, shall have executed, acknowledged and delivered to Tenant a subordination, non-disturbance and attornment agreement ("**SNDA**") in a commercially reasonable form, pursuant to which any such Holder on behalf of itself or its respective successors and assigns (including any purchaser under foreclosure proceedings or a grantee under a deed in lieu of foreclosure) shall recognize Tenant's interest and rights under this Lease including, without limitation, Tenant rights under this Lease to continue to occupy the Premises (together with Tenant's nonexclusive rights in and to the Project, and Common Areas as provided herein) for the balance of the Term as long as Tenant is not in default beyond any applicable notice and cure period of any of its obligations hereunder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

As of the Effective Date, there is no existing Mortgage encumbering the Building.

28. **Surrender**. Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord in broom clean condition (a) in the same condition the Premises is in following the Substantial Completion of the Tenant Improvements (except for any Alterations or Installations permitted by Landlord to remain in the Premises pursuant to Section 12), subject to ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19, (b) with all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building removed, [***]

[***]

Upon the expiration or earlier termination of the Term, Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Project, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

29. **Waiver of Jury Trial**. TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

30. **Environmental Requirements**.

(a) **Prohibition/Compliance/Tenant Indemnity**. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Project in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term of the License Agreement or this Lease or any holding over results in contamination of the Premises, the Project or any adjacent property or if contamination of the Premises, the Project or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term of the License Agreement or this Lease or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Project, or the loss of, or restriction on, use of the Premises or any portion of the Project), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses which arise during or after the Term of the License Agreement or this Lease as a result of such contamination, except to the extent caused by Landlord or except as otherwise set forth in this Section 30(a). This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, about, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Project or any adjacent property caused or permitted by Tenant or any Tenant Party results in any contamination of the Premises, the Project or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the Premises, the Project or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld, delayed or conditioned. Notwithstanding anything to the contrary contained in this Section 30, Tenant shall not be responsible for, and the indemnification and hold harmless obligation set forth in this paragraph shall not apply to (i) contamination in, on, about or under the Premises which Tenant can prove existed in the Premises immediately prior to Tenant's occupancy of the Premises under the License Agreement, or (ii) the presence of any Hazardous Materials in, on, about or under the Premises which Tenant can prove migrated from outside of the Premises into the Premises, except in either case, to the extent the presence of such Hazardous Materials (x) is the result of a breach by Tenant of any of its obligations under this Lease, or (y) was caused, contributed to or exacerbated by Tenant or any Tenant Party. Tenant's indemnification obligations set forth herein shall be subject to and conditioned upon the provisions set forth in the second paragraph of Section 16 above.

(b) **Business**. Landlord acknowledges that it is not the intent of this Section 30 to prohibit Tenant from using the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord prior to the Commencement Date a list identifying each type of Hazardous Materials to be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises (excluding any Hazardous Materials contained in products customarily used by tenants in quantities for ordinary cleaning and office purposes) and setting forth any and all Environmental Permits expected to be required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises for Phase 1 of the Phased Tenant Improvement Plan attached as **Schedule 3** to the Work Letter ("**Hazardous Materials List**"). Upon

Landlord's request, or any time that Tenant is required to deliver a Hazardous Materials List to any Governmental Authority (e.g., the fire department) in connection with Tenant's use or occupancy of the Premises for Phase 2 of the Phased Tenant Improvement Plan, or after items on the Hazardous Materials List change or Tenant identifies Environmental Permits that will be needed after the phased Tenant improvement plan, Tenant shall deliver to Landlord a copy of such new or updated Hazardous Materials List. Tenant shall deliver to Landlord true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; notice of violations of any Legal Requirements regarding the Premises; plans relating to the installation of any storage tanks known as bulk storage tanks for the storage of carbon dioxide or liquid nitrogen oxide to be installed in or under the Project (which bulk storage tanks Landlord has approved; provided that Tenant shall not install any other aboveground storage tanks without the written consent of Landlord to do so, which consent may be withheld in Landlord's reasonable discretion). Tenant is not required, however, to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors.

(c) **Tenant Representation and Warranty**. To the Tenant's knowledge, Tenant hereby represents and warrants to Landlord that (i) during the past five (5) years, neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant or such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the Effective Date, Landlord shall have the right to pursue its remedies under this Lease to the extent such representation and warranty was materially false when made.

(d) **Testing**. Landlord shall have the right, but not the obligation, to conduct annual tests of the Premises to determine whether any contamination of the Premises or the Project has occurred as a result of Tenant's use. Tenant shall be required to pay the cost of such annual test of the Premises if there is violation of this Section 30 or if contamination for which Tenant is responsible under this Lease is identified. In connection with such testing, upon the reasonable request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If contamination has occurred for which Tenant is liable under this Lease, Tenant shall pay all costs to conduct such tests; otherwise Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Upon Tenant's request, Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate any environmental conditions identified by such testing for which Tenant is liable under the terms of this Lease in accordance with all Environmental Requirements. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights that Landlord may have against Tenant. Landlord shall perform such testing on not less than seventy-two (72) hours advance written notice, it and its agents, representatives, contractors and guests shall comply with Tenant's reasonable security, safety and standard operating procedures while in the Premises, such testing shall not unreasonably interfere with Tenant's operations, Tenant shall receive a copy of the work plan for testing before it is implemented, and Tenant shall have the right to have a representative observe any testing and collect a split sample.

(e) **Storage Tanks**. If storage tanks storing Hazardous Materials located on the Premises or the Project are used by Tenant or are hereafter placed on the Premises or the Project by Tenant, Tenant shall install, use, monitor, operate, maintain, upgrade and manage such storage tanks, maintain appropriate records, obtain and maintain appropriate insurance, implement reporting procedures, properly close any storage tanks, and take or cause to be taken all other actions necessary or required under applicable state and federal Legal Requirements, as such now exists or may hereafter be adopted or amended in connection with the installation, use, maintenance, management, operation, upgrading and closure of such storage tanks. Notwithstanding anything to the contrary contained herein, Tenant shall have no right to use or install any underground storage tanks at the Project.

(f) **Tenant's Obligations**. Tenant's and Landlord's obligations under this Section 30 shall survive the expiration or earlier termination of this Lease. Any period after the expiration or earlier termination of this Lease required by Tenant or Landlord to complete the removal from the Premises of any Hazardous Materials (or the failure to close out any Environmental Permits so that the Premises may be used on an unrestricted basis and/or without Tenant requiring any further access) shall constitute a holdover pursuant to Section 8.

(g) **Definitions**. As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar legally binding enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Project, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

31. **Tenant's Remedies/Limitation of Liability**. Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within [***] after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of [***], then after such period of time as is reasonably necessary so long as Landlord has commenced the cure and is diligently prosecuting the same to completion). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises and to any landlord of any lease of property in or on which the Premises are located and Tenant shall offer such Holder and/or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder. Nothing in this Section 31 shall limit Tenant's express rights under this Lease to abatement, offset, self- help, termination or to pursue all rights and remedies available at law or in equity, subject to the terms of this Lease.

Notwithstanding the foregoing, if any claimed default by Landlord to perform any of its repair and/or maintenance obligations with respect to the Building under this Lease will immediately, materially and adversely affect Tenant's ability to conduct its business in the Premises or poses an immediate material threat to injure persons or damage property at the Building (each, a "**Material Landlord Default**"), Tenant shall, as soon as reasonably possible, but in any event within five (5) business days of obtaining knowledge of such claimed Material Landlord Default give Landlord written notice of such claim which notice shall specifically state that a Material Landlord Default exists. Landlord shall then have five (5) business days after receipt of such written notice to commence cure of such claimed Material Landlord Default and shall diligently prosecute such cure to completion. Landlord shall be entitled to recover from Tenant, as Additional Rent, any costs incurred by Landlord in connection with such cure except to extent Tenant is not required under this Lease to pay for the applicable repair and/or maintenance. If Landlord fails to commence cure of any claimed Material Landlord Default as provided above, Tenant may commence and prosecute such cure to completion provided that it does not materially adversely affect the Building structure or Building Systems, and shall be entitled to recover the actual and reasonable costs of such cure (but not any consequential or other damages) from Landlord by way of reimbursement from Landlord within thirty (30) days after Landlord's receipt of written notice from Tenant that such costs were incurred (with reasonable back-up documentation of such costs), but Tenant shall only be entitled to reimbursement for those costs of the cure that Landlord is expressly precluded from seeking reimbursement for as part of Operating Expenses or otherwise from Tenant under this Lease.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter. The term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises (including any successor or assignee of the original Landlord). Upon the transfer by such owner of its interest in the Premises, provided that the transferee assumes in a signed writing all of Landlord's obligations under the Lease from and after the date of transfer, (i) such transferring owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, (ii) Tenant shall look solely to such transferee for the performance of Landlord's obligations hereunder from and after the date of transfer, (iii) the transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease from and after the date of such transfer to be performed by Landlord, including return of any Security Deposit, and (iv) Tenant shall attorn to such transferee. Landlord may also assign its interest in this Lease to a Holder as additional security, but such an assignment shall not release Landlord from its obligations hereunder and Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

32. **Inspection and Access**. Landlord and its agents, representatives, and contractors may enter the Premises at any reasonable time to inspect the Premises and to make such repairs as may be required or permitted pursuant to this Lease and for any other business purpose. Landlord and Landlord's representatives may enter the Premises during business hours on not less than seventy-two (72) hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of effecting any such repairs, inspecting the Premises, showing the Premises to prospective purchasers and, during the last eighteen (18) months of the Term, to prospective tenants or for any other business purpose. Landlord may erect a suitable sign on the Premises stating the Premises are available to let or that the Project is available for sale. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Premises, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions. Tenant shall at all times, except in the case of emergencies, have the right to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely affect Landlord's access rights hereunder. Notwithstanding the foregoing, except in the case of an emergency posing an imminent threat to persons or property, Landlord and its agents, representatives, contractors and guests shall not enter any cleanroom, cGMP, manufacturing or other controlled-access area without Tenant's prior consent and shall comply with Tenant's reasonable security, safety and standard operating procedures provided that Landlord has received prior written notice of the same.

33. **Security**. [***]

34. **Force Majeure**. Except for the payment of Rent and other sums due under this Lease (except to the extent abated, offset or otherwise suspended pursuant to the terms of this Lease), neither Landlord nor Tenant shall be held responsible or liable for delays in the performance of its obligations hereunder to the extent, and only for so long as, such performance is actually delayed or prevented by acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, calamities, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefor) despite commercially reasonable efforts, failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, local, regional or national epidemic or pandemic, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, cyberattacks, ransomware attacks and similar events, fire or other casualty, and other causes or events beyond such party's reasonable control ("**Force Majeure**").

35. **Brokers**. Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with this transaction and that no Broker brought about this transaction, other than Savills, Cushman & Wakefield and CBRE. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than Savills, Cushman & Wakefield and CBRE, claiming a commission or other form of compensation, if any, by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. Landlord shall be responsible for all broker fees to Savills, Cushman & Wakefield and CBRE pursuant to one or more separate agreements between Landlord and such parties, which shall not be part of the Operating Expenses.

36. **Limitation on Landlord's Liability**. NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT AND EACH SUCH OTHER PERSON ASSUME ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF AND ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO LANDLORD'S INTEREST IN THE PROJECT OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROJECT OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

Notwithstanding any contrary provision of this Lease neither Tenant nor Landlord shall be liable to the other for any consequential, indirect, special, exemplary or punitive damages; provided, however, that this sentence shall not apply to Landlord's damages (x) as expressly provided for in Section 8, and/or (y) in connection with Tenant's obligations as more fully set forth in Section 30.

37. **Severability**. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of

this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. **Signs; Exterior Appearance**.

(a) **Generally**. Subject to Tenant's rights under this Section 38, Section 12, **Exhibit E** and the other express terms of this Lease, Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed except to the extent the applicable item materially affects the Building structure, roof, Building Systems or exterior appearance of the Project: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Project, except for the Building Sign, the Monument Sign and other signage permitted under this Section 38, (ii) use any curtains, blinds, shades or screens other than Landlord's standard window coverings, except as reasonably required for Tenant's security, privacy, cGMP, cleanroom, manufacturing or laboratory operations and approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, (iii) intentionally deleted, (iv) place any bottles, parcels or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony or exterior area, except as expressly permitted under this Lease, included in the Tenant Improvements, approved as an Alteration, reasonably required for Tenant's Self-Management Obligations, or as otherwise approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, or (vi) paint, affix or exhibit on any part of the Premises or the Project any signs, notices, window or door lettering, placards, decorations or advertising media of any type which can be viewed from the exterior of the Premises, except as expressly permitted under this Section 38 or **Exhibit E**, required by Legal Requirements, or reasonably related to Tenant's security, safety, access control, parking, loading, delivery, regulatory, construction, wayfinding or operational needs and not materially inconsistent with the exterior appearance of a Class A life science facility. Tenant may install lobby, suite-entry, directional, security, loading, parking, access-control and similar signage in and around the Premises and Project that is reasonably consistent with the character of a Class A life science facility and complies with Legal Requirements. The restrictions in this Section 38 shall not apply to interior signage, regulatory or safety notices, or temporary construction notices that are not visible from the exterior of the Building or that are required by Legal Requirements.

(b) **Building Sign**. Tenant shall have the exclusive right, at Tenant's cost and expense, to install, maintain, repair, replace, rebrand and modify an exterior façade sign on the top exterior of the Building with Tenant's name and/or logo in a location reasonably approved by Landlord (the "**Building Sign**"). Notwithstanding the foregoing, Tenant acknowledges and agrees that the Building Sign, including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements; provided, however, Landlord's approval shall not be required for like-kind replacements, rebranding or modifications that do not materially change the size, location, method of attachment or exterior appearance of the Building Sign. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of the Building Sign, for the removal of Tenant's name and logo from the Building Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal; provided, however, Tenant shall not be required to remove any existing sign structure, cabinet or other Building Sign elements that existed as of the Commencement Date or that Landlord elects to retain.

(c) **Monument Sign**. Tenant shall have the exclusive right, at Tenant's cost and expense, to install, display, maintain, repair, replace, rebrand and modify Tenant's name and/or logo on any existing monument sign in front of the Building and/or any replacement monument sign serving the Project (the "**Monument Sign**"). Notwithstanding the foregoing, Tenant acknowledges and agrees that Tenant's signage on the Monument Sign including, without limitation, the size, color and type, shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent with Landlord's signage program at the Project and applicable Legal Requirements; provided, however, that Landlord's approval shall not be required for like-kind replacements, rebranding or modifications that do not materially change the size, location, method of attachment or exterior appearance of Tenant's signage on the Monument Sign. Tenant shall be responsible, at Tenant's sole cost and expense, for the maintenance of Tenant's name and logo on the Monument Sign, for the removal of Tenant's signage on the Monument Sign at the expiration or earlier termination of this Lease and for the repair of all damage resulting from such removal; provided that Tenant shall not be required to remove the existing monument sign structure or any monument sign elements that existed as of the Commencement Date or that Landlord elects to retain.

39. **Right to Extend Term**. Tenant shall have the right to extend the Term of this Lease upon the following terms and conditions:

(a) **Extension Rights**. Tenant shall have two (2) consecutive rights (each, an "**Extension Right**") to extend the term of this Lease for five (5) years each (each, an "**Extension Term**") on the same terms and conditions as this Lease (other than with respect to Base Rent and the Work Letter) by giving Landlord written notice of its election to exercise each Extension Right at least twelve (12) months prior, and no earlier than fifteen (15) months prior, to the expiration of the Base Term of this Lease or the expiration of the prior Extension Term.

Upon the commencement of each Extension Term, Base Rent shall be payable at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on each annual anniversary of the commencement of such Extension Term by three percent (3%) per annum unless a different escalation is included in the determination of Market Rate. As used herein, "**Market Rate**" shall mean the rate that comparable landlords of comparable buildings have accepted in current transactions from non-equity (i.e., not being offered equity in the buildings) and nonaffiliated tenants of similar financial strength for space of comparable size, quality (including all Tenant Improvements, Alterations and other improvements) and floor height in Class A laboratory/office buildings in the Torrey Pines and UTC areas of San Diego area for a comparable term, with the determination of the Market Rate to take into account all relevant factors, including tenant inducements, views, parking costs, leasing commissions, allowances or concessions, if any.

If, on or before the date which is one hundred eighty (180) days prior to the expiration of the Base Term of this Lease or the prior Extension Term, as applicable, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the Extension Term after negotiating in good faith, Tenant shall be deemed to have elected arbitration as described in Section 39(b). Tenant acknowledges and agrees that, if Tenant has elected to exercise the Extension Right by delivering notice to Landlord as required in this Section 39(a), Tenant shall have no right thereafter to rescind or elect not to extend the term of this Lease for the Extension Term.

(b) **Arbitration**.

(i) Within seven (7) days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate Market Rate and escalations, each party shall deliver to the other a proposal containing the Market Rate and escalations that the submitting party believes to be correct ("**Extension Proposal**"). If either party fails to timely submit an Extension Proposal, the other party's submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within seven (7) days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within ten (10) days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party's submitted proposal shall determine the Base Rent for the Extension Term. The two (2) Arbitrators so appointed shall, within five (5) business days after their appointment, appoint a third Arbitrator. If the two (2) Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon ten (10) days prior written notice to the other party of such intent.

(ii) The decision of the Arbitrator(s) shall be made within thirty (30) days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. The decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and escalations are not determined by the first day of the Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term and increased by the Rent Adjustment Percentage until such determination is made. After the determination of the Market Rate and escalations, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An "**Arbitrator**" shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and: (i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than ten (10) years of experience in the appraisal of improved office and high tech industrial real estate in the greater San Diego metropolitan area, or (B) a licensed commercial real estate broker with not less than fifteen (15) years' experience representing landlords and/or tenants in the leasing of high tech or life sciences space in the greater San Diego metropolitan area, (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment and (iii) be in all respects impartial and disinterested.

(c) **Exceptions**. Notwithstanding anything set forth above to the contrary, the Extension Rights shall not be in effect and Tenant may not exercise the Extension Rights:

(i) during any period of time that Tenant is in default under any provision of this Lease (beyond any applicable notice and cure periods); or

(ii) during any period that Tenant is occupying less than 75% of the Premises; or

(iii) if Tenant has been in default (beyond any applicable notice and cure periods) under any provision of this Lease three (3) or more times, whether or not such defaults have been cured, during the twelve (12) month period prior to the date on which Tenant seeks to exercise such Extension Right.

(d) **Rights Personal**. The Extension Rights are personal to Tenant and are not assignable without Landlord's prior written consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in this Lease, except that they may be assigned in connection with any assignment of this Lease that constitutes a Permitted Assignment of this Lease.

(e) **No Extensions**. The period of time within which the Extension Rights may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise such Extension Rights.

(f) **Termination**. The Extension Rights shall, at Landlord's option, terminate and be of no further force or effect even after Tenant's due and timely exercise of an Extension Right, if, after such exercise, but prior to the commencement date of the Extension Term, Tenant fails to timely cure any default by Tenant under this Lease (beyond any applicable notice and cure periods).

40. **Miscellaneous**.

(a) **Notices**. All notices or other communications between the parties shall be in writing and shall be delivered by (i) reputable overnight guaranty courier, (ii) hand delivery with signature confirming receipt, or (iii) email transmission to the email address set forth in the Basic Lease Provisions for the applicable party, which email includes in the subject line (x) the Project address, (y) Tenant name and (z) "NOTICE UNDER LEASE" in all caps, provided a hard copy of any email notice is also sent the same day by one of the delivery methods provided in sub-sections (i) or (ii) (each, a "**Follow Up Notice**"). Notices delivered pursuant to the delivery methods provided in sub-sections (i) or (ii) shall be deemed duly given when actually received by the addressee or when delivery thereof is refused. Notices delivered via email and sent during the hours of 8:00 a.m. and 3:00 p.m. PST shall be deemed duly given on the day sent; provided, however, that any email notice delivered on a Saturday, Sunday or legal holiday observed in the State of California, or after 3:00 p.m. PST shall be deemed given on the next day that is not a Saturday, Sunday or legal holiday observed in the State of California. For the avoidance of doubt, for an email notice to be effective as provided in the immediately preceding sentence, a Follow Up Notice must be delivered to the addressee of the email notice within forty-eight (48) hours of the date that the email notice is delivered. If a Follow Up Notice is not received within such 48-hour period, actual notice will be deemed to have been given on the date that the Follow Up Notice is delivered rather than on the date of delivery of the email notice. Notwithstanding anything to the contrary contained herein, notice sent via email shall in no event constitute a notice hereunder if the sender receives notice or otherwise has knowledge that the email notice was not properly transmitted or otherwise received by the addressee. All notices shall be delivered to the parties at their addresses set forth in the Basic Lease Provisions. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability**. If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information**. Tenant shall furnish to Landlord true and complete copies of (i) upon Landlord's written request on an annual basis, Tenant's most recent audited annual financial statements, provided, however, that Tenant shall not be required to deliver to Landlord such annual financial statements for any particular year sooner than the date that is ninety (90) days after the end of each of Tenant's fiscal years during the Term, (ii) upon Landlord's written request on a quarterly basis, Tenant's most recent unaudited quarterly financial statements; provided, however, that Tenant shall not be required to deliver to Landlord such quarterly financial statements for any particular quarter sooner that the date that is forty-five (45) days after the end of each of Tenant's fiscal quarters during the Term, (iii) upon Landlord's written request from time to time, updated business plans, including cash flow projections and/or pro forma balance sheets and income statements, all of which shall be treated by Landlord as confidential information belonging to Tenant, (iv) upon Landlord's written request from time to time, corporate brochures and/or profiles prepared by Tenant for prospective investors, and (v) upon Landlord's written request from time to time, any other financial information or summaries that Tenant typically provides to its lenders or shareholders. Notwithstanding anything to the contrary contained in this Lease, Landlord's written request for financial information pursuant to this Section 40(c) may be delivered to Tenant via email. So long as Tenant is a "public company" and its financial information is publicly available, then the foregoing delivery requirements of this Section 40(c) shall not apply.

If Tenant is not a public company, Landlord agrees to hold the financial statements and other financial information provided under this section in confidence using at least the same degree of care that Landlord uses to protect its own confidential information of a similar nature; provided, however, that Landlord may disclose such information to Landlord's auditors, attorneys, consultants, lenders, affiliates, prospective purchasers and investors and other third parties as reasonably required in the ordinary course of Landlord's operations, provided that Landlord shall request that such parties treat the information as confidential. The obligations of confidentiality hereunder shall not apply to information that was in the public domain at the time it was disclosed to Landlord, entered into the public domain subsequent to the time it was disclosed to Landlord through no fault of Landlord, or was disclosed by Tenant to a third party without any confidentiality restrictions. In addition, Landlord may disclose such information without violating this section to the extent that disclosure is reasonably necessary (x) for Landlord to enforce its rights or defend itself under this Lease; (y) for required submissions to any state or federal regulatory body; or (z) for compliance with a valid order of a court or other governmental body having jurisdiction, or any law, statute, or regulation, provided that, other than in an emergency, before disclosing such information, Landlord shall give Tenant 5 business days' prior notice of the same to allow Tenant to obtain a protective order or such other judicial relief.

(d) **Recordation**. Tenant may prepare, at Tenant's sole cost and expense, a commercially reasonable memorandum of lease in a form and content reasonably approved by Landlord, and upon approval Landlord shall execute and acknowledge such memorandum and Tenant, at Tenant's sole cost and expense, may record such memorandum in the real property records. Nothing contained in this Lease is intended to prohibit Tenant from filing this Lease with the Securities and Exchange Commission ("**SEC**") to the extent that Tenant is required to do so pursuant to applicable SEC requirements. Tenant shall notify Landlord in advance of any such filing of this Lease with the SEC and shall either redact or exclude from the filing any terms or provisions reasonably requested by Landlord to be maintained as confidential, to the extent permitted by applicable SEC regulations.

(e) **Interpretation**. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed**. The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution of this Lease by both parties.

(g) **Limitations on Interest**. It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law**. Construction and interpretation of this Lease shall be governed by the internal laws of the state of California, excluding any principles of conflicts of laws. Except for the determination of Market Rate pursuant to the arbitration provision contained in Section 39(b), any action, suit, or proceeding arising out of or relating to this Lease shall be brought exclusively in the state or federal courts located in San Diego County, California.

(i) **Time**. Time is of the essence as to the performance of each party's respective obligations under this Lease.

(j) **OFAC**. Each party represents and warrants to the other party that it is currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List, Foreign Sanctions Evaders List, or the Sectoral Sanctions Identification List, which are all maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference**. All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement**. This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction**. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Landlord's Proprietary Operations**. Tenant acknowledges that Landlord's business operations are proprietary to Landlord. Absent prior written consent from Landlord, Tenant shall hold confidential and will not disclose to third parties, and shall require Tenant Parties to hold confidential and not disclose to third parties, non-public information concerning Landlord's Building Systems. Tenant shall notify Landlord immediately if Tenant becomes aware of any third party contacting Tenant or any Tenant Parties requesting information regarding Landlord's business operations.

(o) **Hazardous Activities**. Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

(p) **Redevelopment of Project**. Landlord shall not, without the prior written consent of Tenant, (i) construct additional buildings or other structures on the Project, (ii) reduce, relocate or reconfigure the parking areas located in the Project, (iii) change the size, dimensions, location or Tenant's Permitted Use of the Premises, and/or (iv) otherwise construct improvements in the Project that would obstruct or interfere with Tenant's use, access to or enjoyment of the Premises or the parking areas. If Tenant desires any additional buildings or structures constructed on the Project, Tenant shall provide written notice to Landlord with a description of such request, and Landlord and Tenant shall enter into good faith negotiations with respect thereto; provided that neither party shall be obligated to enter into an agreement with respect to the construction of additional buildings or structures unless the parties come to terms acceptable to each party in its sole and absolute discretion.

(q) **EV Charging Stations**. To the extent that the Project is not exempt under Section 1952.7 of the California Civil Code, Landlord shall not unreasonably withhold its consent to Tenant's written request to install one (1) or more electric vehicle car charging stations ("**EV Stations**") in the parking area serving the Project; provided, however, that Tenant complies with all reasonable requirements, standards, rules and regulations which may be imposed by Landlord, at the time Landlord's consent is granted, in connection with Tenant's installation, maintenance, repair and operation of such EV Stations, which may include, without limitation, Landlord's designation of the location of Tenant's EV Stations, and Tenant's payment of all costs whether incurred by Landlord or Tenant in connection with the installation, maintenance, repair and operation of each Tenant's EV Station(s). Nothing contained in this paragraph is intended to increase the number of parking spaces which Tenant is otherwise entitled to use at the Project under Section 10 of this Lease nor impose any additional obligations on Landlord with respect to Tenant's parking rights at the Project.

(r) **California Accessibility Disclosure**. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Project has not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In furtherance of and in connection with such notice: (i) Tenant, having read such notice and understanding Tenant's right to request and obtain a CASp inspection, hereby elects not to obtain such CASp inspection and forever waives its rights to obtain a CASp inspection with respect to the Premises, Building and/or Project to the extent permitted by Legal Requirements; and (ii) if the waiver set forth in clause (i) hereinabove is not enforceable pursuant to Legal Requirements, then Landlord and Tenant hereby agree as follows (which constitutes the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (A) Tenant shall have the one-time right to request for and obtain a CASp inspection, which request must be made, if at all, in a written notice delivered by Tenant to Landlord; (B) any CASp inspection timely requested by Tenant shall be conducted (1) at a time mutually agreed to by Landlord and Tenant, (2) in a professional manner by a CASp designated by Landlord and without any testing that would damage the Premises, Building or Project in any way, and (3) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (C) the CASp Reports shall be delivered by the CASp simultaneously to Landlord and Tenant; (D) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards including, without limitation, any violations disclosed by such CASp inspection; and (E) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building and Project located outside the Premises that are Landlord's obligation to repair as set forth in this Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by Legal Requirements to correct such violations, and Tenant shall reimburse Landlord for the cost of such improvements, alterations, modifications and/or repairs within ten (10) business days after Tenant's receipt of an invoice therefor from Landlord.

(s) **Counterparts**. This Lease may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature process complying with the U.S. federal ESIGN Act of 2000) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. Electronic signatures shall be deemed original signatures for purposes of this Lease and all matters related thereto, with such electronic signatures having the same legal effect as original signatures.

(t) **Third Party Agreements**. If, during the Term, (a) Tenant requests that Landlord review, prepare, and/or negotiate documents between Landlord and any third party (collectively, "**Third Party Documents**") relating to Tenant's use and occupancy of the Premises (other than lien waivers which are governed by Section 12), and (b) Landlord agrees, in Landlord's sole discretion and without obligation to do so, to review, prepare, and/ or negotiate such Third Party Documents, then Landlord shall be entitled to reimbursement from Tenant for its actual, reasonable out-of-pocket costs incurred in connection with the review, preparation, and/or negotiation of such Third Party Documents.

(u) **Prevailing Party's Fees**. In the event that either party should bring suit or commence any suit or proceeding related to this Lease against the other party, then, notwithstanding anything to the contrary contained in Section 16, all reasonable costs and expenses, including reasonable attorneys' fees and expert fees, incurred by the prevailing party relating to such legal action (including any action or participation in or in connection with any case or proceeding under the Bankruptcy Code in establishing or enforcing the right to indemnification in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding) shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

[Signatures on next page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

TENANT:

CAPRICOR THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ AJ Bergmann
Name: AJ Bergmann
Its: CFO

☒ I hereby certify that the signature, name, and title above are my signature, name and title

LANDLORD:

ARE-SD REGION NO. 39 OWNER, LLC,
a Delaware limited liability company

By: ARE-SD Region No. 39 HoldCo, LLC,
a Delaware limited liability company,
managing member

By: ARE-SD Region No. 39 JV, LLC,
a Delaware limited liability company,
managing member

By: ARE-SD Region No. 39 MM, LLC,
a Delaware limited liability company,
managing member

By: Alexandria Real Estate Equities, L.P.,
a Delaware limited partnership,
managing member

By: ARE-QRS Corp.,
a Maryland corporation,
general partner

By: /s/ Gary Dean
Name: Gary Dean
Its: Executive Vice President – Real Estate Legal Affairs

EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES

[***]

EXHIBIT B TO LEASE

DESCRIPTION OF PROJECT

[***]

EXHIBIT C TO LEASE

WORK LETTER

[***]

EXHIBIT D TO LEASE

ACKNOWLEDGEMENT OF COMMENCEMENT DATE

[***]

EXHIBIT E TO LEASE

RULES AND REGULATIONS

[***]

EXHIBIT F TO LEASE

TENANT'S PERSONAL PROPERTY

None.

EXHIBIT G TO LEASE

<u>OPERATING EXPENSE EXCLUSIONS</u>

[***]

EXHIBIT H TO LEASE

LANDLORD'S FF&E

[***]

EXHIBIT I TO LEASE

MAINTENANCE RESPONSIBILITIES MATRIX

[***]

EXHIBIT J TO LEASE

REMAINING LANDLORD REPAIRS

[***]

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Linda Marbán, Ph.D., certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2026

/s/ Linda Marbán, Ph.D.
Name: Linda Marbán, Ph.D.
Title: Chief Executive Officer and Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Anthony J. Bergmann, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2026

/s/ Anthony J. Bergmann
Name: Anthony J. Bergmann
Title: Chief Financial Officer, Principal Financial and Principal Accounting Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Linda Marbán, Ph.D., the Principal Executive Officer of Capricor Therapeutics, Inc. (the "**Company**"), hereby certifies, to her knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the "**Report**") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

Date: August 14, 2026

/s/ Linda Marbán, Ph.D.
Name: Linda Marbán, Ph.D.
Title: Chief Executive Officer and Principal Executive Officer

Exhibit 32.2

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Anthony J. Bergmann, the Principal Financial Officer of Capricor Therapeutics, Inc. (the "**Company**"), hereby certifies, to his knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the "**Report**") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

Date: August 14, 2026

/s/ Anthony J. Bergmann
Name: Anthony J. Bergmann
Title: Chief Financial Officer, Principal Financial and Principal Accounting Officer