UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2021

OR

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

For the transition period from _____ to _____.

Commission File Number: 001-38096

G1 THERAPEUTICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**26-3648180**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

700 Park Offices Drive, Suite 200
Research Triangle Park, NC 27709
(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: (919) 213-9835

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 $0.0001 per share	GTHX	The Nasdaq Stock 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 October 29, 2021, the registrant had 42,522,148 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

G1 Therapeutics, Inc.
Condensed Balance Sheets (unaudited)
(in thousands, except share and per share amounts)

	September 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 212,089	$ 207,306
Restricted cash	63	63
Accounts Receivable	5,240	237
Inventories	1,375	—
Prepaid expenses and other current assets	14,216	8,786
Total current assets	232,983	216,392
Property and equipment, net	2,127	2,482
Restricted cash	312	437
Operating lease assets	7,290	8,026
Other assets	785	1,215
Total assets	$ 243,497	$ 228,552
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 3,577	$ 3,572
Accrued expenses	22,013	16,486
Deferred revenue	26	237
Other current liabilities	1,223	3,148
Total current liabilities	26,839	23,443
Loan payable	30,273	19,893
Deferred revenue	1,000	—
Operating lease liabilities	7,046	7,865
Total liabilities	65,158	51,201
Stockholders' equity		
Common stock, $0.0001 par value, 120,000,000 shares authorized as of September 30, 2021 and December 31, 2020, respectively; 42,548,814 and 38,140,756 shares issued as of September 30, 2021 and December 31, 2020, respectively; 42,522,148 and 38,114,090 shares outstanding as of September 30, 2021 and December 31, 2020, respectively	4	4
Treasury stock, 26,666 shares	(8)	(8)
Additional paid-in capital	722,782	613,462
Accumulated deficit	(544,439)	(436,107)
Total stockholders' equity	178,339	177,351
Total liabilities and stockholders' equity	$ 243,497	$ 228,552

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

G1 Therapeutics, Inc.
Condensed Statements of Operations (unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Product sales, net	$ 3,576	—	$ 6,717	$ —
License revenue	1,282	26,599	$ 18,963	$ 28,739
Total revenues	4,858	26,599	$ 25,680	$ 28,739
Operating expenses:				
Cost of goods sold	591	—	1,642	—
Research and development	21,143	17,932	56,435	56,897
Selling, general and administrative	24,268	18,412	72,474	44,230
Total operating expenses	46,002	36,344	130,551	101,127
Loss from operations	(41,144)	(9,745)	(104,871)	(72,388)
Other income (expense):				
Interest income	7	50	35	922
Interest expense	(934)	(757)	(2,609)	(1,022)
Other income (expense)	(76)	(291)	(208)	(488)
Total other income (expense), net	(1,003)	(998)	(2,782)	(588)
Loss before income taxes	(42,147)	(10,743)	(107,653)	(72,976)
Income tax expense	321	931	679	931
Net loss	$ (42,468)	$ (11,674)	$ (108,332)	$ (73,907)
Net loss per share, basic and diluted	$ (1.00)	$ (0.31)	$ (2.60)	$ (1.95)
Weighted average common shares outstanding, basic and diluted	42,383,573	38,009,204	41,740,911	37,819,071

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

G1 Therapeutics, Inc.
Condensed Statements of Stockholders' Equity (unaudited)
(in thousands, except share and per share amounts)

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stock-holders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2020	**38,140,756**	**$ 4**	**(26,666)**	**$ (8)**	**$ 613,462**	**$ (436,107)**	**$ 177,351**
Public offering (ATM)	3,513,027	—	—	—	86,378	—	86,378
Exercise of common stock options	388,857	—	—	—	2,264	—	2,264
Stock-based compensation	—	—	—	—	5,892	—	5,892
Net loss during quarter	—	—	—	—	—	(26,442)	(26,442)
Balance at March 31, 2021	**42,042,640**	**$ 4**	**(26,666)**	**$ (8)**	**$ 707,996**	**$ (462,549)**	**$ 245,443**
Exercise of common stock options	230,347	—	—	—	1,481	—	1,481
Stock-based compensation			—	—	5,694	—	5,694
Net loss during quarter	—	—	—	—	—	(39,422)	(39,422)
Balance at June 30, 2021	**42,272,987**	**$ 4**	**(26,666)**	**$ (8)**	**$ 715,171**	**$ (501,971)**	**$ 213,196**
Exercise of common stock options	275,827	—	—	—	2,083	—	2,083
Stock-based compensation			—	—	5,528	—	5,528
Net loss during quarter	—	—	—	—	—	(42,468)	(42,468)
Balance at September 30, 2021	**42,548,814**	**$ 4**	**(26,666)**	**$ (8)**	**$ 722,782**	**$ (544,439)**	**$ 178,339**

	Common stock		Treasury stock		Additional paid-in capital	Accumulated deficit	Total stock-holders' equity
	Shares	Amount	Shares	Amount			
Balance at December 31, 2019	**37,638,260**	**$ 4**	**(26,666)**	**$ (8)**	**$ 592,384**	**$ (336,853)**	**$ 255,527**
Exercise of common stock options	125,666	—	—	—	219	—	219
Stock-based compensation	—	—	—	—	4,727	—	4,727
Net loss during quarter	—	—	—	—	—	(31,023)	(31,023)
Balance at March 31, 2020	**37,763,926**	**$ 4**	**(26,666)**	**$ (8)**	**$ 597,330**	**$ (367,876)**	**$ 229,450**
Exercise of common stock options	175,140	—	—	—	1,238	—	1,238
Stock-based compensation	—	—	—	—	4,367	—	4,367
Net loss during quarter	—	—	—	—	—	(31,210)	(31,210)
Balance at June 30, 2020	**37,939,066**	**$ 4**	**(26,666)**	**$ (8)**	**$ 602,935**	**$ (399,086)**	**$ 203,845**
Exercise of common stock options	117,535	—	—	—	379	—	379
Stock-based compensation	—	—	—	—	4,922	—	4,922
Net loss during quarter	—	—	—	—		(11,674)	(11,674)
Balance at September 30, 2020	**38,056,601**	**$ 4**	**(26,666)**	**$ (8)**	**$ 608,236**	**$ (410,760)**	**$ 197,472**

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

G1 Therapeutics, Inc.
Condensed Statements of Cash Flows (unaudited)
(amounts in thousands)

	Nine Months Ended September 30,	
	2021	**2020**
Cash flows from operating activities		
Net loss	$ (108,332)	$ (73,907)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	17,114	14,016
Depreciation and amortization	355	462
Loss on disposal of fixed assets	—	303
Amortization of debt issuance costs	682	351
Non-cash interest expense	236	161
Non-cash equity interest, net	228	(926)
Change in operating assets and liabilities		
Accounts receivable	(5,003)	—
Inventories	(1,375)	—
Prepaid expenses and other assets	(4,580)	(4,316)
Accounts payable	(109)	(1,375)
Accrued expenses and other liabilities	2,547	(1,034)
Deferred revenue	789	14,031
Net cash used in operating activities	(97,448)	(52,234)
Cash flows from investing activities		
Proceeds from disposal of property and equipment	—	152
Purchases of property and equipment	—	—
Net cash provided/used in investing activities	—	152
Cash flows from financing activities		
Proceeds from stock options exercised	5,828	1,836
Proceeds from loan agreement	10,000	20,000
Payments of debt issuance costs	(100)	(620)
Proceeds from public offering, net of underwriting fees and commissions	86,429	—
Payment of public offering costs	(51)	—
Net cash provided by financing activities	102,106	21,216
Net change in cash, cash equivalents and restricted cash	4,658	(30,866)
Cash, cash equivalents and restricted cash		
Beginning of period	207,806	269,708
End of period	$ 212,464	$ 238,842
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,856	$ 509
Non-cash operating, investing and financing activities		
Upfront project costs and other current assets in accounts payable and accrued expenses	$ 114	$ -

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

G1 Therapeutics, Inc.
Notes to financial statements
(unaudited)

1. Business Description

G1 Therapeutics, Inc. (the "Company") is a commercial-stage biopharmaceutical company based in Research Triangle Park, North Carolina focused on the development and commercialization of novel small molecule therapeutics for the treatment of patients with cancer. The Company's first FDA-approved product, COSELA™ (trilaciclib) is the first and only therapy indicated to proactively help protect bone marrow from the damage of chemotherapy and is the first innovation in managing myelosuppression in decades. The Company was incorporated on May 19, 2008 in the state of Delaware.

The Company uses "COSELA" when referring to its FDA approved drug and "trilaciclib" when referring to the development of COSELA for additional indications.

The Company is advancing its lead clinical compound trilaciclib, a first-in-class therapy designed to improve outcomes for patients who are treated with chemotherapy, in clinical trials assessing myeloprotection and anti-tumor efficacy endpoints in a variety of tumors including colorectal cancer ("CRC"), metastatic triple negative breast cancer ("mTNBC"), neoadjuvant breast cancer, and bladder cancer. During the fourth quarter of 2021, the Company has decided to discontinue the non-small cell lung cancer trial as the competitive landscape has changed. The Company is in the process of evaluating partnering options for rintodestrant, an oral selective estrogen receptor degrader (SERD) for the potential treatment of ER+, HER2- breast cancer. In addition, the Company out-licensed global rights to lerociclib, an internally discovered and differentiated oral CDK4/6 inhibitor designed to enable more effective combination treatment strategies across multiple oncology indications. The Company also has intellectual property focused on cyclin-dependent kinase targets.

Trilaciclib

The Company's lead compound, trilaciclib, is a first-in-class therapy approved to help protect hematopoietic stem and progenitor cells ("HSPCs") in bone marrow against chemotherapy-induced myelosuppression by transiently inhibiting CDK4/6 in patients with extensive-stage small cell lung cancer ("ES-SCLC"). This action leads to a temporary arrest of susceptible host cells during chemotherapy. This reduces the duration and severity of neutropenia and other myelosuppressive consequences of chemotherapy. Also, clinical trials have shown that trilaciclib has the potential to activate and enhance the immune system response driving increased anti-tumor efficacy, which the Company continues to explore in additional clinical trials in a variety of solid tumor types.

Trilaciclib is a novel therapeutic approach, which is given before chemotherapy, that temporarily blocks progression through the cell cycle. This provides two benefits. First, it proactively helps protect HSPCs in bone marrow leading to preservation of neutrophils, erythrocytes, and platelets (called myeloprotection) which reduces the occurrences and severity of neutropenia and other myelosuppressive consequences of chemotherapy. This myeloprotection benefit has been conclusively proven in double-blind placebo-controlled clinical trials in extensive-stage small cell lung cancer. Second, trilaciclib activates and enhances the immune system response driving increased anti-tumor efficacy, which the Company is exploring in clinical trials.

On February 12, 2021, COSELA for injection was approved by the U.S. Food and Drug Administration ("FDA") to decrease the incidence of chemotherapy-induced myelosuppression in adult patients when administered prior to a platinum/etoposide-containing regimen or topotecan-containing regimen for ES-SCLC. On March 2, 2021, COSELA became commercially available through the Company's specialty distributor network. COSELA is administered intravenously as a 30-minute infusion completed within four (4) hours prior to the start of chemotherapy and is the first FDA-approved therapy to provide proactive, multilineage protection from chemotherapy-induced myelosuppression. The approval of COSELA is based on data from three (3) randomized, placebo-controlled trials that showed patients receiving COSELA prior to chemotherapy had clinically meaningful and statistically significant reduction in the duration and severity of neutropenia, reduction of red blood cell transfusions, as well as improvements in other myeloprotection measures, compared to patients receiving chemotherapy without COSELA. The Company announced on March 25, 2021 that COSELA had been included in two updated National Comprehensive Cancer Network® ("NCCN") Clinical Practice Guidelines in Oncology (NCCN Guidelines®): The Treatment Guidelines for Small Cell Lung Cancer and the Supportive Care Guidelines for Hematopoietic Growth Factors. These guidelines document evidence-based, consensus-driven management to ensure that all patients receive preventive, diagnostic, treatment, and supportive services that are most likely to lead to optimal outcomes. On October 1, 2021, the Company announced that the permanent J-code for COSELA that was issued in July 2021 by the Centers for Medicare & Medicaid Services (CMS) is now effective for provider billing for all sites of care. All hospital outpatient departments, ambulatory surgery centers and physician offices in the United States have one consistent Healthcare Common Procedure Coding System (HCPCS) code to standardize the submission and payment of COSELA insurance claims across Medicare, Medicare Advantage, Medicaid and commercial plans. G1's new technology add-on payment (NTAP) for COSELA which provides additional payment to inpatient hospitals above the standard Medicare Severity Diagnosis-Related Group (MS-DRG) payment amount also became effective for provider billing on October 1, 2021.

In June 2020, the Company entered into a three-year co-promotion agreement for COSELA in the United States and Puerto Rico with Boehringer Ingelheim. The agreement is limited to support for SCLC. Under the terms of the agreement, the Company will record revenue in the United States and Puerto Rico and retain development and commercialization rights to trilaciclib. The Company leads marketing, market access and medical engagement initiatives; Boehringer Ingelheim will leads sales force engagements.

In September 2021, the Company announced that it would hire and deploy up to a 15-person oncology sales force to supplement the Boehringer Ingelheim oncology commercial team. The expansion is expected to allow the Company to target top tier accounts in order to accelerate sales activities and help maximize the adoption of COSELA.

In August 2020, the Company entered into an exclusive license agreement with Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd ("Simcere") for development and commercialization rights for trilaciclib in all indications in Greater China (mainland China, Hong Kong, Macau and Taiwan). Under the terms of the agreement, the Company received an upfront payment of $14.0 million in September 2020, and will be eligible to receive up to $156.0 million in development and commercial milestone payments. During the nine months ended September 30, 2021, the Company received three development milestone payments totaling $8.0 million. Simcere will also pay the Company tiered low double-digit royalties on annual net sales of trilaciclib in Greater China. As part of this agreement, Simcere will participate in global clinical trials of trilaciclib and the companies will be responsible for all development and commercialization costs in their respective territories.

The Company is also executing on its tumor-agnostic strategy to evaluate the potential benefits of providing trilaciclib to patients with other tumors and to continuously develop new data with trilaciclib in a variety of chemotherapeutic settings and in combination with other agents to maximize the applicability of the drug to potential future treatment paradigms. The Company's on-going clinical trials include: a pivotal trial in 1L CRC, a pivotal trial in mTNBC (including 1L and 2L patients), a Phase 2 trial in neoadjuvant breast cancer (I-SPY 2), and a Phase 2 trial in 1L bladder cancer with chemotherapy and a checkpoint inhibitor. These studies across treatment settings and tumor types will evaluate trilaciclib's dual benefits in both multi-lineage myeloprotection and anti-tumor efficacy. We also intend to initiate the following two new Phase 2 trials in the fourth quarter of 2021: (i) a trial designed to validate trilaciclib's immune-based mechanism of action (MOA); and (ii) a trial designed to evaluate the antitumor efficacy and myeloprotective benefit of COSELA administered prior to an antibody-drug conjugate (ADC).

Rintodestrant

Rintodestrant is an oral selective estrogen receptor degrader ("SERD") for the treatment of estrogen receptor-positive ("ER+") breast cancer. It is a Phase 2 compound being developed as a monotherapy and in combination with CDK4/6 inhibitors, initially Ibrance® (palbociclib), for the treatment of ER+ breast cancer. In 2018, the Company initiated a Phase 1/2a (dose escalation/dose expansion) clinical trial in ER+, HER2- breast cancer. Preliminary data from the Phase 1 portion of this trial were presented at the 2019 ESMO Congress, showing that rintodestrant was well tolerated and demonstrated evidence of anti-tumor activity in heavily pre-treated patients. The mature monotherapy data were presented at the 2020 San Antonio Breast Cancer Symposium ("SABCS") conference, confirming the safety and efficacy results of the preliminary analysis. Based on these findings the Company advanced an 800 mg dose of rintodestrant into a 40-patient Phase 1b combination arm with palbociclib, a CDK4/6 inhibitor, safety and antitumor activity data from which were presented at the 2021 American Society of Clinical Oncology (ASCO) annual virtual meeting. The Company is in the process of evaluating partnering options for rintodestrant.

Lerociclib

Lerociclib is a differentiated clinical-stage oral CDK4/6 inhibitor for use in combination with other targeted therapies in multiple oncology indications. In 2020, the Company entered into separate, exclusive agreements with EQRx, Inc. (rights for U.S., Europe, Japan and all markets outside Asia-Pacific) and Genor Biopharma Co. Inc. (rights for Asia-Pacific, excluding Japan) for the development and commercialization of lerociclib in all indications. Combined, these agreements provided $26.0 million in upfront payments to the Company in 2020, and provide up to $330.0 million in potential milestone payments, plus sales-based royalties. EQRx, Inc. and Genor Biopharma Co. Inc. are responsible for all costs related to the development and commercialization of lerociclib in their respective territories.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying condensed financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). In the opinion of management, the Company has made all necessary adjustments, which include normal recurring adjustments necessary for a fair statement of the Company's financial position and results of operations for the interim periods presented.

The information presented in the condensed financial statements and related notes as of September 30, 2021, and for the three and nine months ended September 30, 2021 and 2020, is unaudited. The results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results expected for the full fiscal year or any future period. These interim financial statements should be read in conjunction with the financial statements and notes set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 24, 2021, (the "2020 Form 10-K"). The December 31, 2020 condensed balance sheet included herein was derived from the audited financial statements as of that date, but does not include all disclosures, including notes, required by U.S. GAAP for complete financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. On an ongoing basis, the Company's management evaluates its estimates which include, but are not limited to, estimates related to accrued expenses, accrued external clinical costs, net product sales, stock-based compensation expense and deferred tax asset valuation allowance. The Company bases its estimates on historical experience and other market specific or other relevant assumptions it believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Accounts Receivable

The Company's accounts receivable consists of amounts due from specialty distributors in the U.S. (collectively, its "Customers") related to sales of COSELA and have standard payment terms. Trade receivables are recorded net of the estimated variable consideration for chargebacks based on contractual terms and the Company's expectation regarding the utilization and earnings of the chargebacks and discounts as well as the net amount expected to be collected from the Company's customers. Estimates of the Company's credit losses are determined based on existing contractual payment terms, individual customer circumstances, and any changes to the economic environment.

In addition, the Company's accounts receivable consists of open invoices issued to its license partners for services rendered by the Company or receivables with its license partners for invoices related to milestones that were completed and recognized as revenue.

Inventories

Inventories are stated at the lower of cost or net realizable value and recognized on a weighted-average cost method. The Company uses actual cost to determine the cost basis for inventory. Inventory is capitalized based on when future economic benefit is expected to be realized. Due to the nature of the Company's supply chain process, inventory that is owned by the Company, is physically stored at third-party warehouses, logistics providers, and contract manufacturers. The Company began capitalizing inventory upon receiving FDA approval for COSELA on February 12, 2021. Prior to FDA approval of COSELA, expenses associated with the manufacturing of the Company's products were recorded as research and development expense.

Inventory valuation is established based on a number of factors including, but not limited to, finished goods not meeting product specifications, product excess and obsolescence, or application of the lower of cost or net realizable value concepts. The determination of events requiring the establishment of inventory valuation, together with the calculation of the amount of such adjustments may require judgment. The Company analyzes its inventory levels on a periodic basis to determine if any inventory is at risk for expiration prior to sale or has a cost basis that is greater than its estimated future net realizable value. Any adjustments are recognized through cost of sales in the period in which they are incurred. No inventory valuation adjustments have been recorded for any periods presented.

Revenue Recognition

For elements of those arrangements that the Company determines should be accounted for under ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), the Company assesses which activities in its license or collaboration agreements are performance obligations that should be accounted for separately and determines the transaction price of the arrangement, which includes the assessment of the probability of achievement of future milestones and other potential consideration. For arrangements that include

multiple performance obligations, such as granting a license or performing manufacturing or research and development activities, the Company allocates the transaction price based on the relative standalone selling price and recognizes revenue that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied. Accordingly, the Company develops assumptions that require judgment to determine the standalone selling price for each performance obligation identified in the contract. These key assumptions may include revenue forecasts, clinical development timelines and costs, discount rates and probabilities of clinical and regulatory success.

License Revenue

Licenses of Intellectual Property

If a license to the Company's intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, the Company recognizes revenue allocated to the license when the license is transferred to the customer and the customer is able to use and benefit from the license. For licenses that are bundled with other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue associated with the bundled performance obligation. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of progress and related revenue recognition.

Milestone Payments

At the inception of each arrangement that includes developmental and regulatory milestone payments, the Company evaluates whether the achievement of each milestone specifically relates to the Company's efforts to satisfy a performance obligation or transfer a distinct good or service within a performance obligation. The Company evaluates each milestone to determine when and how much of the milestone to include in the transaction price. The Company first estimates the amount of the milestone payment that the Company could receive using either the expected value or the most likely amount approach. The Company primarily uses the most likely amount approach as that approach is generally most predictive for milestone payments with a binary outcome. Then, the Company considers whether any portion of that estimated amount is subject to the variable consideration constraint (that is, whether it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty). The Company updates the estimate of variable consideration included in the transaction price at each reporting date which includes updating the assessment of the likely amount of consideration and the application of the constraint to reflect current facts and circumstances.

Royalties

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

Product Sales, Net

The Company sells COSELA to specialty distributors in the U.S. and, in accordance with ASC 606, recognizes revenue at the point in time when the customer is deemed to have obtained control of the product. The customer is deemed to have obtained control of the product at the time of physical receipt of the product at the customers' distribution facilities, or Free on Board ("FOB") destination, the terms of which are designated in the contract.

Product sales are recorded at the net selling price, which includes estimates of variable consideration for which reserves are established for (a) rebates and chargebacks, (b) co-pay assistance programs, (c) distribution fees, (d) product returns, and (e) other discounts. Where appropriate, these estimates take into consideration a range of possible outcomes which are probability-weighted for relevant factors such as current contractual and statutory requirements, and forecasted customer buying and payment patterns. Overall, these reserves reflect the Company's best estimates of the amount of consideration to which it is entitled based on the terms of the applicable contract. The amount of variable consideration may be constrained and is included in the net sales price only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. If actual results in the future vary from estimates, the Company adjusts these estimates, which would affect net product revenue and earnings in the period such variances become known.

Liabilities related to co-pay assistance, rebates, and GPO fees are classified as "Accrued Expenses" in the Condensed Balance Sheets. Discounts such as chargebacks, returns, and specialty distributor fees are recorded as a reduction to trade accounts receivable, which is included in "Accounts Receivable" in the Condensed Balance Sheets.

Forms of Variable Consideration

Rebates and Chargebacks*:* The Company estimates reductions to product sales for Public Health Service Institutions, such as Medicaid, Medicare and Veterans Administration ("VA") programs, as well as certain other qualifying federal and state government programs, and other group purchasing organizations. The Company estimates these reductions based upon the Company's contracts with government agencies and other organizations, statutorily defined discounts and estimated payor mix. These organizations purchase directly from the Company's specialty distributors at a discount and the specialty distributors charge the Company back the difference between the wholesaler price and the discounted price. The Company's liability for Medicaid rebates consists of estimates for claims that a state will make. The Company's reserve for this discounted pricing is based on expected sales to qualified healthcare providers and the chargebacks that customers have already claimed.

Co-pay assistance: Eligible patients who have commercial insurance may receive assistance from the Company to reduce the patient's out of pocket costs. Liabilities for co-pay assistance are calculated by actual program participation from third-party administrators.

Distribution Fees: The Company has written contracts with its customers that include terms for distribution fees and costs for inventory management. The Company estimates and records distribution fees due to its customers based on gross sales.

Product Returns: The Company generally offers a right of return based on the product's expiration date and certain spoilage and damaged instances. The Company estimates the amount of product sales that may be returned and records the estimate as a reduction of product sales in the period the related product sales are recognized. The Company's estimates for expected returns are based primarily on an ongoing analysis of sales information and visibility into the inventory remaining in the distribution channel.

Cost of Goods Sold

Cost of goods sold includes direct and indirect costs related to the manufacturing and distribution of COSELA, including third-party manufacturing costs, packaging services, freight-in, third-party logistics costs associated with COSELA, and Company personnel costs. Cost of goods sold may also include period costs related to certain inventory manufacturing services and inventory adjustment charges. In connection with the FDA approval of COSELA on February 12, 2021, the Company subsequently began capitalizing inventory manufactured or purchased after this date. As a result, certain manufacturing costs associated with product shipments of COSELA were expensed prior to FDA approval and, therefore, are not included in cost of goods sold during the current period.

Research and Development

Research and development expenses consist of costs incurred to further the Company's research and development activities and include salaries and related employee benefits, manufacturing of pharmaceutical active ingredients and drug products, costs associated with clinical trials, nonclinical activities, regulatory activities, research-related overhead expenses and fees paid to expert consultants, external service providers and contract research organizations which conduct certain research and development activities on behalf of the Company. Costs incurred in the research and development of products are charged to research and development expense as incurred.

Each reporting period, management estimated and accrued research and development expenses, including external clinical study costs associated with clinical trial activities. The process of estimating and accruing expenses involves reviewing contracts and purchase orders, identifying services that have been provided on the Company's behalf, and estimating the level of service performed and the associated cost incurred for the service when the Company has not yet been invoiced or otherwise notified of the actual costs.

Costs for clinical trial activities were estimated based on an evaluation of vendors' progress towards completion of specific tasks, using data such as patient enrollment, clinical site activations or information provided by vendors regarding their actual costs incurred. Payments for these activities are based on the terms of individual contracts and payment timing may differ significantly from the period in which the services were performed. The Company determines accrual estimates through reports from and discussions with applicable personnel and outside service providers as to the progress or state of completion of trials, or the services completed. The estimates of accrued external clinical study costs as of each balance sheet date are based on the facts and circumstances known at the time.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of assets and liabilities and their respective tax bases, operating loss carryforwards, and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Accounting for Income Taxes*, the Company reflects in the financial statements the benefit of positions taken in a previously filed tax return or expected to be taken in a future tax return only when it is considered 'more-likely-than-not' that the position taken will be sustained by a taxing authority. As of September 30, 2021 and December 31, 2020, the Company had no unrecognized income tax benefits and correspondingly there is no impact on the Company's effective income tax rate associated with these items. The Company's policy for recording interest and penalties relating to uncertain income tax positions is to record them as a component of income tax expense in the accompanying statements of operations. As of September 30, 2021 and December 31, 2020, the Company had no such accruals.

Income tax expense recognized during the three and nine months ended September 30, 2021 related to the foreign withholding taxes incurred as a result of the Simcere milestone payments received during the period. See Note 11 for further detail.

Stock-Based Compensation

The primary type of stock-based payments utilized by the Company are stock options. The Company accounts for stock-based employee compensation arrangements by measuring the cost of employee services received in exchange for all equity awards granted based on the fair value of the award on the grant date. The fair value of each employee stock option is estimated on the date of grant using an options pricing model. The Company currently uses the Black-Scholes valuation model to estimate the fair value of its share-based payments. The model requires management to make a number of assumptions including expected volatility, expected life, risk-free interest rate and expected dividends.

The Company also incurs stock-based compensation expense related to restricted stock units ("RSUs") granted to employees. The fair value of RSUs is determined by the closing market price of the Company's common stock on the date of grant and then recognized over the requisite service period of the award.

Debt Issuance Costs

Debt issuance costs are amortized to interest expense over the estimated life of the related debt based on the effective interest method. In accordance with ASC 835, *Interest*, the Company presents debt issuance costs on the condensed balance sheet as a direct deduction from the associated debt.

Coronavirus (COVID-19) Impact on Operations

The Company has implemented business continuity plans to address the COVID-19 pandemic and minimize disruptions to ongoing operations. Enrollment of patients in current and future clinical trials may be impacted by COVID-19. Although the Company did not have any significant supply chain delays or shortages as a result of the COVID-19 pandemic to date, it did experience delays in the delivery of its investigational product to certain investigative sites due to shortages of ancillary materials and the delay of governmental inspections. To date, the Company is on track to meet all of its previously announced clinical milestones. If the COVID-19 pandemic continues for an extended period of time or increases in severity, the Company could experience disruptions to its clinical development timelines. If the Company experiences delays in patient enrollment, it could incur increased clinical program expense if it is deemed necessary or advisable to improve patient recruitment by opening additional clinical sites. COVID-19 travel limitations and government-mandated work-from-home or shelter-in-place orders, may reduce the number of in-person meetings with prescribers and fewer patient visits with physicians, potentially resulting in fewer new prescriptions.

The Company established a COVID-19 response team which continually monitors the impact of COVID-19 on our operations. The COVID-19 response team manages the workplace protocols that governs the employees' use of the office. To mitigate the impact of COVID-19 on the business, the Company put in place the following safety measures for its employees, patients, healthcare professionals, and suppliers to limit exposure: the Company substantially restricted travel, supplied personal protective equipment to employees, limited access to its headquarters and asked most of their staff to work remotely. As of September 30, 2021, the majority of the Company's employees are still working remotely, which may negatively impact their ability to conduct research and development activities, engage in sales-related initiatives, or efficiently conduct day-to-day operations. In addition, the Company added bandwidth and VPN capacity to its infrastructure to facilitate remote work arrangements. With the Company's employees mostly working-from-home, this creates a heightened risk of cyber-attacks, which may make it more difficult for the Company to protect its confidential information. The Company will continue to monitor the impact of COVID-19 on its operations, including how it will impact its employees, clinical trials, development programs, supply chain, and other aspects of its operations, and report to its Board of Directors regularly on the progress of its response to the COVID-19 outbreak.

3. Fair Value Measurements

The Company provides disclosure of financial assets and financial liabilities that are carried at fair value based on the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements may be classified based on the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities using the following three levels:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Unobservable inputs that reflect the Company's estimates of the assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

The carrying amounts of cash, cash equivalents, accounts payable and accrued liabilities approximate fair value because of their short-term nature.

At September 30, 2021 and December 31, 2020 these financial instruments and respective fair values have been classified as follows (in thousands):

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance at September 30, 2021
Assets				
Money market funds	$ 101,103	$ —	$ —	$ 101,103
Certificates of Deposit	—	—	—	-
Total assets at fair value:	$ 101,103	$ —	$ —	$ 101,103

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance at December 31, 2020
Assets				
Money market funds	$ 190,180	$ —	$ —	$ 190,180
Certificates of Deposit	15,970	—	—	15,970
Total assets at fair value:	$ 206,150	$ —	$ —	$ 206,150

During the three and nine months ended September 30, 2021 and the year ended December 31, 2020, there were no changes in valuation methodology.

The Loan Payable (discussed in Note 8), which is classified as a Level 3 liability, has a variable interest rate and the carrying value approximates its fair value. As of September 30, 2021, the carrying value was $30.3 million.

4. Inventories

Inventories as of September 30, 2021 and December 31, 2020 consist of the following (in thousands):

	September 30, 2021	December 31, 2020
Raw materials	$ —	$ —
Work in process	1,341	—
Finished goods	34	—
Inventories	$ 1,375	$ —

The Company uses third party contract manufacturing organizations for the production of its raw materials, active pharmaceutical ingredients, and finished drug product which the Company owns. Costs incurred by the Company for manufacturing of initial commercial product of COSELA in preparation of commercial launch were expensed prior to FDA approval.

5. Property and Equipment

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

	September 30, 2021	December 31, 2020
Computer equipment	$ 327	$ 327
Laboratory equipment	334	334
Furniture and fixtures	866	866
Leasehold improvements	1,782	1,782
Accumulated depreciation	(1,182)	(827)
Property and equipment, net	$ 2,127	$ 2,482

Depreciation expense relating to property and equipment was $117 thousand and $355 thousand for the three and nine months ended September 30, 2021, respectively, and $145 thousand and $462 thousand for the three and nine months ended September 30, 2020, respectively.

6. Patent License Agreement

On November 23, 2016, the Company entered into a license agreement with the Board of Trustees of the University of Illinois (“the University”), which was amended on March 24, 2017. Pursuant to the license agreement, as amended, the University licensed patent rights to the Company, with rights of sublicense, to make, have made, use, import, sell and offer for sale products covered by certain patent rights owned by the University. The rights licensed to the Company are exclusive, worldwide, non-transferable rights, for all fields of use. Under the terms of the agreement the Company paid a one-time only, non-refundable license issue fee in the amount of $0.5 million which was charged to research and development expense in the fourth quarter of 2016.

The Company is also obligated to pay annual maintenance fees to the University. All annual minimum payments are fully creditable against any royalty payments made by the Company. Under the terms of the agreement, the Company must pay the University a royalty percentage on all net sales of products and a share of sublicensing revenues. In addition, the University is eligible to receive milestone payments of up to $2.6 million related to the initiation and execution of clinical trials and the first commercial sale of a product in another country. To date, the Company has made milestone payments totaling $0.6 million, all of which were made, prior to the current quarter. The Company will be responsible for any future patent prosecution costs that may arise.

The term of the license agreement will continue until the later of (i) the expiration of the last valid claim within the patent rights covering the product in such country, (ii) the expiration of market exclusivity in such country and (iii) the 10th anniversary of the first commercial sale in such country. The University may terminate the agreement in the event (i) the Company fails to pay any amount or make any report when required to be made and fails to cure such failure within thirty (30) days after receipt of notice from the University, (ii) is in breach of any provision of the agreement and fails to remedy within forty-five (45) days after receipt of notice, (iii) makes a report to the University under the agreement that is determined to be materially false, (iv) declares insolvency or

bankruptcy or (v) takes an action that causes patent rights or technical information to be subject to lien or encumbrance and fails to remedy any such breach within forty-five (45) days of receipt of notice from the University. The Company may terminate the agreement at any time on written notice to the University at least ninety (90) days prior to the termination date specified in the notice. Upon expiration or termination of the agreement, all rights revert to the University.

7. Accrued Expenses

Accrued expenses are comprised as follows (in thousands):

	September 30, 2021	December 31, 2020
Accrued external research	$ 2,205	$ 3,219
Accrued professional fees and other	7,337	3,920
Accrued external clinical study costs	8,992	5,683
Accrued compensation expense	3,479	3,664
Accrued expenses	$ 22,013	$ 16,486

8. Loan Payable

On May 29, 2020, the Company entered into a loan and security agreement (the "Loan Agreement") with Hercules Capital, Inc. ("Hercules"), under which Hercules has agreed to lend the Company up to $100.0 million, to be made available in a series of tranches, subject to certain terms and conditions. The first tranche totals $30.0 million, of which the Company received $20.0 million at closing. Upon initiation of the phase 3 trial of COSELA for metastatic colorectal cancer and receiving FDA approval for COSELA for small cell lung cancer ("the Performance Milestone"), the second tranche of $20.0 million became available to the Company for drawdown through December 15, 2021. The third tranche of $30.0 million will be available through December 31, 2022. The fourth tranche of $20.0 million will be available at Hercules' approval through December 31, 2022. On March 31, 2021, the Company entered into the First Amendment to Loan and Security Agreement (the "First Amendment") with Hercules whereby the Company drew the remaining $10.0 million of the first tranche and the interest rate and financial covenants were amended. Unless loan advances by the Company exceed $40.0 million, no financial covenants are required. As of September 30, 2021, no financial covenants apply as the Company had only drawn down on the first tranche.

Amounts borrowed under the original Loan Agreement will bear an interest rate equal to the greater of either (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 6.40%, and (ii) 9.65%. Based on original terms of the Loan Agreement, the Company will make interest only payments through June 1, 2022 and following the interest only period, the Company will repay the principal balance and interest of the advances in equal monthly installments through June 1, 2024. Based on the original terms of the Loan Agreement, upon satisfaction of the Performance Milestone, the interest only period was extended through January 1, 2023 and the maturity date was extended to June 1, 2025. Upon entering into the First Amendment on March 31, 2021, the interest rate was amended to be equal to the greater of either (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 6.20%, and (ii) 9.45%.

The Company may prepay advances under the Loan Agreement, in whole or in part, at any time subject to a prepayment charge equal to (a) 3.0% of the prepayment amount in the first year; (b) 2.0% of the prepayment amount in the second year; and (c) 1.0% of the prepayment amount in the third year.

Upon prepayment or repayment of all or any of the advances under the Loan Agreement, the Company will pay (in addition to the prepayment charge) an end of term charge of 6.95% of the aggregate funded amount. With respect to the first tranche, the end of term charge of $2.1 million will be payable upon any prepayment or repayment. To the extent that the Company is provided additional advances under the Loan Agreement, the 6.95% end of term charge will be applied to such additional amounts. These amounts will be accrued over the term of the loan using effective-interest method.

The Loan Agreement is secured by substantially all of the Company's assets, including intellectual property, subject to certain exemptions. The Company out-licensed lerociclib as permitted in the Loan Agreement and the Company may out-license rintodestrant upon approval of the licensing terms by Hercules.

The Company incurred financing expenses of $0.4 million related to the Loan Agreement which are recorded as debt issuance costs and as a direct reduction to long-term debt on the Company's unaudited condensed balance sheet. Upon issuance, the Company

treated $0.2 million of the upfront facility fee that related to the initial $20.0 million drawn as a debt discount and treating it in the same way as debt issuance costs. The remainder of the facility fee is related to future undrawn tranches and is accounted for as a deferred financing charge. Upon entering into the First Amendment, the Company incurred additional financing expenses of $0.1 million which were recorded as debt issuance costs. Also, in conjunction with the First Amendment, $0.1 million of the upfront facility fee previously recorded as a deferred financing charge was reclassified as a debt issuance cost since that amount related to the remainder of the first tranche which was drawn at the amendment date.

Upon issuance, the first tranche was recorded as a liability with an initial carrying value of $19.4 million, net of debt discount and debt issuance costs. Upon entering into the First Amendment, the carrying value increased by $9.8 million, net of debt discount and debt issuance costs. The carrying value is accreted to the repayment amount, which includes the outstanding principal plus the end of term charge, through interest expense using the effective-interest method over the term of the debt. During the nine months ended September 30, 2021, the Company recognized $2.6 million of interest expense related to the Loan Agreement, which is reflected in other income (expense), net on the unaudited condensed statements of operations.

As of September 30, 2021 the carrying value and repayment maturities due under the Loan Agreement, excluding interest, is as follows:

	Amount
Remainder of 2020	$ —
2021	—
2022	—
2023	11,127
2024	12,236
2025	6,637
Total principal outstanding	30,000
End of term charge	817
Unamortized debt issuance costs	(544)
Total	$ 30,273

9. Stockholders' Equity

Common Stock

The Company is authorized to issue 120.0 million shares of common stock. Holders of common stock are entitled to one vote per share. Holders of common stock are entitled to receive dividends, as, if and when declared by the Company's Board of Directors.

On June 15, 2018, the Company entered into a sales agreement for "at the market offerings" with Cowen and Company, LLC ("Cowen"), which allowed the Company to issue and sell shares of common stock pursuant to a shelf registration statement for total gross sales proceeds of up to $125.0 million from time to time through Cowen, acting as its agent. Between January 14, 2021 and February 9, 2021, the Company sold 3,513,027 shares of common stock pursuant to this agreement resulting in $86.4 million in net proceeds. As of February 9, 2021, the Company has used the entirety of the remaining availability under the 2018 sales agreement with Cowen.

On July 2, 2021, the Company entered into a new sales agreement for "at the market offerings" with Cowen, which allows the Company to issue and sell shares of common stock pursuant to a shelf registration statement for total gross sales proceeds of up to $150.0 million from time to time through Cowen, acting as its agent. The Company has not sold any shares of common stock under the 2021 sales agreement.

Preferred Stock

The Company is authorized to issue 5.0 million shares of undesignated preferred stock in one or more series. As of September 30, 2021, no shares of preferred stock were issued or outstanding.

Shares Reserved for Future Issuance

The Company has reserved authorized shares of common stock for future issuance at September 30, 2021 and December 31, 2020 as follows:

	September 30, 2021	December 31, 2020
Common stock options outstanding	6,683,154	6,644,780
RSUs outstanding	432,591	—
Options and RSUs available for grant under Equity Incentive Plans	1,812,608	932,051
	8,928,353	7,576,831

10. Stock-Based Compensation

2011 Equity Incentive Plan

In March 2011, the Company adopted the 2011 Equity Incentive Plan (the "2011 Plan"). The 2011 Plan provided for the direct award or sale of the Company's common stock and for the grant of stock options to employees, directors, officers, consultants and advisors of the Company. The 2011 Plan was subsequently amended in August 2012, October 2013, February 2015, December 2015, April 2016 and November 2016 to allow for the issuance of additional shares of common stock. In connection with the adoption of the 2017 Plan (as defined below), the 2011 Plan was terminated and no further awards will be made under the 2011 Plan.

2017 Equity Incentive Plan

In May 2017, the Company adopted the 2017 Equity Incentive Plan (the "2017 Plan"). The 2017 Plan provided for the direct award or sale of the Company's common stock and for the grant of up to 1,932,000 stock options to employees, directors, officers, consultants and advisors of the Company. The 2017 Plan provides for the grant of incentive stock options, non-statutory stock options or restricted stock. Effective January 1, 2021, and in accordance with the "evergreen" provision of the 2017 Plan, an additional 1,096,553 shares were made available for issuance.

Under both the 2011 Plan and the 2017 Plan, options to purchase the Company's common stock may be granted at a price no less than the fair market value of a share of common stock on the date of grant. The fair value shall be the closing sales price for a share as quoted on any established securities exchange for such grant date or the last preceding date for which such quotation exists. Vesting terms of options issued are determined by the Board of Directors or Compensation Committee of the Board. The Company's stock options vest based on terms in the stock option agreements. Stock options have a maximum term of ten years.

Beginning in January 2021, the Company began granting Restricted Stock Units ("RSUs") under the 2017 Plan. RSUs are granted at the fair market value of a share of common stock on the date of grant.

As of September 30, 2021, there were a total of 1,081,208 shares of common stock available for future issuance under the 2017 Plan

2021 Inducement Equity Incentive Plan

In February 2021, the Company adopted the 2021 Inducement Equity Incentive Plan (the "2021 Inducement Plan"). The 2021 Inducement Plan provides for the grant of up to 500,000 non-qualified options, stock grants, and stock-based awards to employees and directors of the Company. The 2021 Inducement Plan does not include an evergreen provision.

As of September 30, 2021, there were a total of 231,400 shares of common stock available for future issuance under the 2021 Inducement Plan.

2021 Sales Force Inducement Equity Incentive Plan

In September 2021, the Company adopted the 2021 Sales Force Inducement Equity Incentive Plan (the "2021 Sales Force Inducement Plan"). The 2021 Sales Force Inducement Plan provides for the grant of up to 500,000 non-qualified options, stock grants, and stock-based awards to sales force individuals and support staff that were not previously employees or directors of the Company. The 2021 Sales Force Inducement Plan does not include an evergreen provision.

As of September 30, 2021, there were a total of 500,000 shares of common stock available for future issuance under the 2021 Sales Force Inducement Plan.

Stock-Based Compensation

The Company recognizes compensation costs related to stock options granted to employees based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. The grant date fair value of the stock-based awards is generally recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. Share-based awards granted to non-employee directors as compensation for serving on the Company's Board of Directors are accounted for in the same manner as employee share-based compensation awards.

The Company calculates the fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including the expected volatility of the Company's common stock, the assumed dividend yield, the expected term of the Company's stock options and the fair value of the underlying common stock on the date of grant.

The Company also incurs stock-based compensation expense related to RSUs. The fair value of RSUs is determined by the closing market price of the Company's common stock on the date of grant and then recognized over the requisite service period of the award.

The table below summarizes the stock-based compensation expense recognized in the Company's statement of operations by classification (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Cost of goods sold	$ 68	$ —	$ 237	$ —
Research and development	1,142	1,733	3,775	5,367
Selling, general and administrative	4,318	3,189	13,102	8,649
Total stock-based compensation expense	$ 5,528	$ 4,922	$ 17,114	$ 14,016

Stock options— Black-Scholes inputs

The fair value of stock options was estimated using the following weighted-average assumptions for the three and nine months ended September 30, 2021 and September 30, 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Expected volatility	77.7-78.4%	79.0 - 80.2%	77.7-79.6%	74.8-80.2%
Weighted-average risk free rate	0.9-1.1%	0.3-0.4%	0.4-1.2%	0.3-1.7%
Dividend yield	—%	—%	—%	—%
Expected term (in years)	6.05	6.06	6.00	6.02

Stock Option Activity

The following table is a summary of the Stock option activity for the nine months ended September 30, 2021:

	Options outstanding	Weighted average exercise price	Weighted average Remaining contractual life (Years)	Weighted average Aggregate intrinsic value (in thousands)
Balance as of December 31, 2020	6,644,780	$ 16.91	7.3	$ 35,464
Granted	1,886,253	$ 18.43		
Cancelled	(952,848)	20.65		
Exercised	(895,031)	6.51		
Balance as of September 30, 2021	6,683,154	$ 18.20	7.4	$ 15,424
Exercisable at December 31, 2020	3,542,190	12.94	6.0	$ 31,686
Vested at December 31, 2020 and expected to vest	6,644,780	16.91	7.3	$ 35,464
Exercisable at September 30, 2021	3,594,284	16.46	6.1	$ 15,235
Vested at September 30, 2021 and expected to vest	6,683,154	18.20	7.4	$ 15,424

As of September 30, 2021, unrecognized compensation expense related to unvested stock options totaled $37.4 million, which the Company expects to be recognized over a weighted-average period of approximately 2.4 years.

Restricted Stock Units

The Company's restricted stock units ("RSUs") are considered nonvested share awards and require no payment from the employee. For each RSU, employees receive one common share at the end of the vesting period. Compensation cost is recorded based on the market price of the Company's common stock on the grant date and is recognized on a straight-line basis over the requisite service period.

The following table is a summary of the RSU activity for the nine months ended September 30, 2021:

	Number of RSUs	Weighted - Average Fair Value per Share
Balance as of December 31, 2020	—	$ —
Granted	507,906	18.20
Cancelled	(75,315)	18.07
Vested	—	
Balance as of September 30, 2021	432,591	$ 18.23

As of September 30, 2021, there was $6.1 million of total unrecognized compensation cost related to Company RSUs that are expected to vest. These costs are expected to be recognized over a weighted-average period of approximately 2.6 years.

11. License Revenue

Genor License Agreement

On June 15, 2020, the Company entered into an exclusive license agreement with Genor Biopharma Co. Inc. ("Genor") for the development and commercialization of lerociclib in the Asia-Pacific region, excluding Japan (the "Genor Territory"). Under the license agreement, the Company granted to Genor an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib, in the Genor Territory.

Under the license agreement, Genor agreed to pay the Company a non-refundable, upfront cash payment of $6.0 million with the potential to pay an additional $40.0 million upon reaching certain development and commercial milestones. In addition, Genor will

pay the Company tiered royalties ranging from high single to low double-digits based on annual net sales of lerociclib in the Genor Territory. In September 2020, the Company transferred to Genor the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize lerociclib in the Genor Territory, which resulted in the recognition of $6.0 million in revenue in accordance with ASC 606.

During the first quarter of 2021, the Company recognized $3.0 million of revenue related to a development milestone which occurred during the period. Payment was received in April 2021.

EQRx License Agreement

On July 22, 2020, the Company entered into an exclusive license agreement with EQRx, Inc. ("EQRx") for the development and commercialization of lerociclib in the U.S., Europe, Japan and all other global markets, excluding the Asia-Pacific region (except Japan) (the "EQRx Territory"). Under the license agreement, the Company granted to EQRx an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib in the EQRx Territory.

Under the license agreement, EQRx agreed to pay the Company a non-refundable, upfront cash payment of $20.0 million with the potential to pay an additional $290.0 million upon reaching certain development and commercial milestones. In addition, EQRx will pay the Company tiered royalties ranging from mid-single digits to mid-teens based on annual net sales of lerociclib in the EQRx Territory. In September 2020, the Company transferred to EQRx the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize lerociclib in the EQRx Territory which resulted in the recognition of $20.0 million in revenue in accordance with ASC 606. EQRx will be responsible for the development of the product in the EQRx Territory. The Company will continue until completion, as the clinical trial sponsor, its two primary clinical trials at EQRx's sole cost and expense. EQRx will reimburse the Company for all of its out-of-pocket costs incurred after the effective date of the license agreement in connection with these clinical trials. The Company will invoice EQRx within 30 days following the end of the quarter, and EQRx will pay within 30 days after its receipt of such invoice.

For the nine months ended September 30, 2021 the Company recognized revenue of $4.8 million related to the delivery of clinical drug supply and manufacturing services and $2.0 million for the reimbursement of costs associated with the two primary clinical trials for lerociclib. The amounts for clinical drug supply and manufacturing services have been invoiced and paid. The amounts for clinical trial reimbursements that occurred during the quarter are recognized as accounts receivable on the balance sheet as of September 30, 2021. No development and commercial milestones, as defined by the agreement, have been achieved through September 30, 2021.

Simcere License Agreement

On August 3, 2020, the Company entered into an exclusive license agreement with Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd ("Simcere") for the development and commercialization of trilaciclib in all indications in Greater China (mainland China, Hong Kong, Macau, and Taiwan) (the "Simcere Territory"). Under the license agreement, the Company granted to Simcere an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize trilaciclib in the Simcere Territory.

Under the license agreement, Simcere agreed to pay the Company a non-refundable, upfront cash payment of $14.0 million with the potential to pay an additional $156.0 million upon reaching certain development and commercial milestones. In addition, Simcere will pay the Company tiered low double-digit royalties on annual net sales of trilaciclib in the Simcere Territory. In accordance with ASC 606, the Company recognized the non-refundable, upfront cash payment of $14.0 million (less applicable withholding taxes of $1.4 million) in 2020 as the Company had transferred the license and related technology and know-how to Simcere.

Further, during the nine months ended September 30, 2021, the Company recognized $8.0 million (less applicable withholding taxes of $0.8 million) related to development milestones which were met during the period. As of September 30, 2021, cash was received for all development milestones.

12. Net Loss per Common Share

Basic net loss per common share is computed using the weighted average number of common shares outstanding during the period including nominal issuances of common stock warrants. Diluted net loss per common share is computed using the sum of the weighted average number of common shares outstanding during the period and, if dilutive, the weighted average number of potential shares of common stock, including the assumed exercise of stock options, stock warrants and unvested restricted common stock. For the three and nine months ended September 30, 2021 and 2020 the following potentially dilutive securities have been excluded from the computations of diluted weighted-average shares outstanding because the effect would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(unaudited)		(unaudited)	
Stock options issued and outstanding	6,892,488	6,648,285	7,162,589	6,525,810
Unvested RSUs	476,735	—	461,337	—
Total potential dilutive shares	7,369,223	6,648,285	7,623,926	6,525,810

Amounts in the table above reflect the common stock equivalents of the noted instrument.

13. Income Taxes

The Company's effective income tax rate was (0.8)% and (8.4)% for the three months ended September 30, 2021 and 2020 and (0.6%) and (1.3)% for the nine months ended September 30, 2021 and 2020, respectively. The Company continues to recognize losses in the United States and therefore, has recorded no tax benefit associated with these losses. The only income tax expense recognized related to the foreign withholding taxes incurred as a result of the Simcere licensing agreement. See Note 11 for further discussion on this transaction.

14. Related Party Transactions

The Company maintained a consulting agreement with a Seth A. Rudnick, M.D., a member of the Board of Directors, for scientific advisory services outside of his role on the Board of Directors that expired on June 30, 2021. Effective July 1, 2021, the Company renewed its agreement with the member of the Board of Directors for scientific, clinical and regulatory advisory services outside of his role on the Board of Directors through June 30, 2022. On October 13, 2021, Seth A. Rudnick, M.D., notified the Company of his decision to resign from the Board of Directors of the Company effectively immediately as of October 13, 2021.

The Company entered into a senior advisor agreement on September 29, 2020 with Mark A. Velleca, M.D., Ph.D., a member of the Board of Directors, with an effective date of January 1, 2021. Pursuant to the terms of the agreement, Dr. Velleca will receive $200,000 annually, paid in equal quarterly installments, for his services. The senior advisor agreement will expire on December 31, 2023.

15. Subsequent Event

On November 1, 2021, the Company entered into a second amendment to the existing loan and security agreement (the "Second Amendment") with Hercules Capital, Inc. ("Hercules"). As part of the amendment, the total commitment was increased to $150.0 million, of which $100.0 million from Tranche 1 was fully available at closing. At closing, the Company received $45.0 million, resulting in total proceeds of $75.0 million received to date under Tranche 1. The Second Amendment is filed as Exhibit 10.2 hereto and incorporated herein by reference.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related notes included elsewhere in this quarterly report. This discussion and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. As a result of many factors, including those factors set forth in the "Risk Factors" section of our 2020 Form 10-K, and in our subsequently filed Quarterly Reports on Form 10-Q, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a commercial-stage biopharmaceutical company focused on the development and commercialization of novel small molecule therapeutics for the treatment of patients with cancer. Our first approved product by the U.S. Food and Drug Administration ("FDA"), COSELA™ (trilaciclib), is the first and only therapy indicated to proactively help protect bone marrow from the damage of chemotherapy and is the first innovation in managing myeloprotection in decades. COSELA was developed from a technology platform that targets key cellular pathways including transient arrest of the cell cycle at G1, prior to the beginning of DNA replication. Our therapies are designed to improve outcomes for patients across multiple oncology indications.

We shall use "COSELA" when we are referring to our FDA approved drug and "trilaciclib" when we are referring to our development of COSELA for additional indications.

Product Pipeline

Trilaciclib is a first-in-class therapy designed to help protect against chemotherapy-induced myelosuppression. Trilaciclib helps protect hematopoietic stem and progenitor cells ("HSPCs") in bone marrow by transiently inhibiting CDK4/6 leading to a temporary arrest of susceptible host cells during chemotherapy in extensive stage small cell lung cancer ("ES-SCLC") patients. This reduces the duration and severity of neutropenia and other myelosuppressive consequences of chemotherapy. In addition, trilaciclib activates and enhances the immune system response driving increased anti-tumor efficacy, which we continue to explore in clinical trials.

On February 12, 2021, COSELA was approved by the FDA to decrease the incidence of chemotherapy-induced myelosuppression in adult patients treated with a platinum/etoposide-containing regimen or topotecan-containing regimen for ES-SCLC. We are also exploring potential use of trilaciclib in a variety of tumors, including colorectal cancer ("CRC"), metastatic triple negative breast cancer ("mTNBC"), neoadjuvant breast cancer, and bladder cancer.

Changes to the NSCLC market drove the strategic decision to discontinue the Phase 2 trial of trilaciclib in 2L/3L NSCLC. The Company is shifting those resources to help support two new Phase 2 trials in the fourth quarter of 2021: a trial designed to further investigate trilaciclib's immune-based mechanism of action ("MOA") and a trial designed to evaluate the antitumor efficacy and myeloprotective benefit of trilaciclib administered prior to an antibody-drug conjugate ("ADC").

Rintodestrant is an oral selective estrogen receptor degrader ("SERD") for the treatment of ER+ breast cancer. We are in the process of evaluating partnering options for rintodestrant. In 2020, we out-licensed global rights to lerociclib, an internally discovered and differentiated oral CDK4/6 inhibitor designed to enable more effective combination treatment strategies across multiple oncology indications. We also have intellectual property focused on cyclin-dependent kinase targets.

G1 Therapeutics Product Pipeline

Candidate	Indication	Current Status	Development & Commercialization Rights (all indications)
trilaciclib	Extensive-stage small cell lung cancer (ES-SCLC)	COSELA (trilaciclib) Approved by FDA	G1 Therapeutics owns all global development and commercial rights across all indications, with the exception of Greater China (Simcere)
	Colorectal cancer (CRC)	Registrational trial ongoing	
	1L/2L metastatic Triple negative breast cancer (mTNBC)	Registrational trial ongoing	
	2L/3L Non-small cell lung cancer (NSCLC)	Phase 2 trial discontinued in 4Q2021 due to reassessment of market opportunity	
	1L Bladder cancer	Phase 2 trial ongoing	
	Neoadjuvant breast cancer (I-SPY 2 TRIAL™)	Phase 2 trial ongoing	
	Mechanism of Action trial in early stage TNBC	Phase 2 trial to initiate in 4Q2021	
	Antibody-drug conjugate (ADC) combination trial in mTNBC	Phase 2 trial to initiate in 4Q2021	
rintodestrant	ER+, HER2- breast cancer	Phase 1b complete; G1 evaluating partnering options	G1 – Global
lerociclib	Multiple	Clinical Stage; partnered	EQRx: Global and Japan (ex. Asia Pacific) Genor Biopharma: Asia Pacific (ex. Japan)

Trilaciclib helps protect HSPCs in bone marrow by transiently inhibiting CDK4/6 leading to a temporary arrest of susceptible host cells during chemotherapy in ES-SCLC patients. This reduces the duration and severity of neutropenia and other myelosuppressive consequences of chemotherapy. In addition, trilaciclib has demonstrated immune system response enhancement which we are exploring in clinical trials to show increased anti-tumor efficacy.

Trilaciclib, a transient IV CDK4/6 inhibitor, is a novel therapeutic approach which is given before chemotherapy that temporarily blocks progression through the cell cycle. This provides two benefits. First, it proactively helps protect HSPCs in bone marrow leading to preservation of neutrophils, erythrocytes, and platelets (called myeloprotection) which reduces the occurrences and severity of neutropenia and other myelosuppressive consequences of chemotherapy. This myeloprotection benefit has been conclusively proven in double-blind placebo-controlled clinical trials in extensive-stage small cell lung cancer. Second, trilaciclib activates and enhances the immune system response driving increased anti-tumor efficacy, which we are exploring in clinical trials. Our randomized clinical trials have demonstrated that trilaciclib can provide myeloprotection benefits and has the potential to improve survival as a result of its anti-tumor efficacy benefit.

Chemotherapy is an effective and important weapon against cancer. However, chemotherapy does not differentiate between healthy cells and cancer cells and kills both, including important stem cells in the bone marrow (namely, HSPCs) that produce white blood cells, red blood cells and platelets, and immune cells. This chemotherapy-induced bone marrow damage is known as myelosuppression. When white blood cells, red blood cells and platelets become depleted, chemotherapy patients are at increased risk of infection, experience anemia and fatigue, and are at increased risk of bleeding. Myelosuppression often requires the administration of rescue interventions such as growth factors and blood or platelet transfusions and may also result in chemotherapy dose delays and reductions. Immune cell damage may decrease the ability of the immune system to fight the cancer, as well as infection.

On February 12, 2021, COSELA™ was approved by the FDA to decrease the incidence of chemotherapy-induced myelosuppression in adult patients when administered prior to a platinum/etoposide-containing regimen or topotecan-containing regimen for extensive-stage small cell lung cancer ("ES-SCLC"). COSELA became commercially available through G1's specialty distributor network on March 2, 2021. COSELA is administered intravenously as a 30-minute infusion completed within four (4) hours prior to the start of chemotherapy and is the first and only FDA-approved therapy that helps proactively deliver multilineage myeloprotection to patients with ES-SCLC being treated with chemotherapy. The approval of COSELA is based on data from three (3) randomized, placebo-controlled trials that showed patients receiving COSELA prior to chemotherapy had clinically meaningful and statistically significant reduction in the duration and severity of neutropenia, reduction of red blood cell transfusions, as well as improvements in other myeloprotection measures, compared to patients receiving chemotherapy without COSELA. G1 announced on March 25, 2021 that COSELA had been included in two updated National Comprehensive Cancer Network® ("NCCN") Clinical Practice Guidelines in Oncology (NCCN Guidelines®): The Treatment Guidelines for Small Cell Lung Cancer and the Supportive Care Guidelines for Hematopoietic Growth Factors. These guidelines document evidence-based, consensus-driven management to ensure that all patients receive preventive, diagnostic, treatment, and supportive services that are most likely to lead to optimal outcomes. On October 1, 2021, the Company announced that that the permanent J-code for COSELA that was issued in July 2021 by the Centers for Medicare & Medicaid Services (CMS) is now effective for provider billing for all sites of care. All hospital outpatient departments, ambulatory surgery centers and physician offices in the United States have one consistent Healthcare Common Procedure Coding System (HCPCS) code to standardize the submission and payment of COSELA insurance claims across Medicare, Medicare Advantage, Medicaid and commercial plans. G1's new technology add-on payment (NTAP) for COSELA which provides additional payment to inpatient hospitals above the standard Medicare Severity Diagnosis-Related Group (MS-DRG) payment amount also became effective for provider billing on October 1, 2021.

In June 2020, we entered into a three-year co-promotion agreement for COSELA™ (trilaciclib) in the United States and Puerto Rico with Boehringer Ingelheim. The agreement is limited to support for SCLC. Under the terms of the agreement, we will book revenue in the United States and Puerto Rico and retain development and commercialization rights to trilaciclib. We will lead marketing, market access and medical engagement initiatives; Boehringer Ingelheim will lead sales force engagements.

In September 2021, G1 announced that it would hire and deploy up to a 15-person oncology sales force to supplement the Boehringer Ingelheim oncology commercial team. The expansion is expected to allow us to target top tier accounts in order to accelerate sales activities and help maximize the adoption of COSELA.

In August 2020, we entered into an exclusive license agreement with Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd ("Simcere") for development and commercialization rights for trilaciclib in all indications in Greater China (mainland China, Hong Kong, Macau and Taiwan). Under the terms of the agreement, we received an upfront payment of $14.0 million and will be eligible to receive up to $156.0 million in development and commercial milestone payments. Simcere will also pay us tiered low double-digit royalties on annual net sales of trilaciclib in Greater China. As part of the agreement, Simcere will participate in global clinical trials of trilaciclib and the companies will be responsible for all development and commercialization costs in their respective territories.

We are also executing on our tumor-agnostic strategy to evaluate the potential benefits of trilaciclib to patients with other tumors and to continuously develop new data with trilaciclib in a variety of chemotherapeutic settings and in combination with other agents to maximize the applicability of the drug to potential future treatment paradigms. We have four ongoing clinical trials: a pivotal trial in 1L colorectal cancer ("CRC"), a pivotal trial in mTNBC (including 1L and 2L patients), a Phase 2 trial in neoadjuvant breast cancer ("I-SPY 2"), and a Phase 2 1L bladder cancer trial with chemotherapy and a checkpoint inhibitor. These studies across treatment settings and tumor types will evaluate trilaciclib's dual benefits in both multi-lineage myeloprotection and anti-tumor efficacy. We also intend to initiate the following two new Phase 2 trials in the fourth quarter of 2021: (i) a trial designed to validate COSELA's immune-based mechanism of action (MOA); and (ii) a trial designed to evaluate the antitumor efficacy and myeloprotective benefit of COSELA administered prior to an antibody-drug conjugate ("ADC").

Pivotal 1L Colorectal Cancer ("CRC")

We are enrolling patients in PRESERVE 1, a randomized, placebo-controlled registrational trial of trilaciclib in CRC. CRC is a large indication commonly treated with 5-FU-based chemotherapy. We have extensive preclinical research demonstrating myeloprotection and potential efficacy in 5-FU-based regimens with trilaciclib. Our ongoing 1L CRC trial is with FOLFOXIRI, which is the most efficacious chemo regimen in this tumor but is also highly myelosuppressive. By reducing the toxicity of FOLFOXIRI, we believe we will significantly expand its use in CRC and potentially improve overall survival ("OS").

1L/2L Metastatic Triple-Negative Breast Cancer ("mTNBC")

In 2017, we initiated a randomized Phase 2 trial of trilaciclib in patients with first-/second-/third-line mTNBC receiving gemcitabine ("GC") and carboplatin. Enrollment was completed in the second quarter of 2018. At the 2018 SABCS, we presented preliminary trilaciclib data demonstrating improvement in progression-free survival ("PFS"). In September 2019, we presented updated data demonstrating significant improvement in OS (preliminary). Though the trial did not meet the primary myeloprotection endpoints,

patients receiving trilaciclib were able to receive approximately 50% more cycles of chemotherapy, without additional hematological toxicity. These data were presented at the 2019 ESMO Congress and were concurrently published in The Lancet Oncology. Updated safety and efficacy data from this trial were presented at the 2020 SABCS. Data included that compared to GC alone (Group 1), OS was improved in both trilaciclib arms (Groups 2 and 3) (Group 2: HR=0.31, p=0.0016; Group 3: HR=0.40, p=0.0004). Median OS was 12.6 months in Group 1, not reached for Group 2, and 17.8 months in Group 3. The median OS for Groups 2 and 3 combined was 19.8 months (HR=0.37, p<0.0001). OS findings in patients receiving trilaciclib were consistent with previously reported data from this trial. The median OS for GC alone (Group 1, 12.6 months) was consistent with the previous trial findings and historical data. Patients with both PD-L1-positive and PD-L1-negative tumors treated with trilaciclib and GC demonstrated improvement in OS compared to patients receiving GC alone, with the PD-L1-positive subset achieving statistically significant improvement. Further, data from T cell clonality analyses suggest that administering trilaciclib prior to chemotherapy enhanced immune system function. These compelling Phase 2 data supported the potential effectiveness of trilaciclib in mTNBC.

On April 28, 2021, G1 announced the initiation of PRESERVE 2, a pivotal Phase 3, randomized, double-blind, placebo-controlled study of trilaciclib in patients receiving first- or second-line gemcitabine and carboplatin chemotherapy for locally advanced unresectable or metastatic triple-negative breast cancer. PRESERVE 2 will evaluate the survival benefit of trilaciclib in 250 patients with locally advanced unresectable or metastatic TNBC. PRESERVE 2 will enroll two cohorts of patients. Cohort 1 (n=170) will evaluate patients receiving first-line therapy, regardless of PD-L1 status, who are PD-1/PD-L1 inhibitor-naïve. Cohort 2 (n=80) will evaluate PD-L1 positive patients receiving second-line therapy following prior PD-1/PD-L1 inhibitor therapy in the locally advanced unresectable/metastatic setting.

1L Bladder Cancer

On June 14, 2021 we announced the initiation of PRESERVE 3, a randomized, open-label Phase 2 study of trilaciclib administered with first-line platinum-based chemotherapy and the immune checkpoint inhibitor avelumab maintenance therapy in patients with untreated, locally advanced or metastatic urothelial carcinoma (mUC). Myeloprotection and anti-tumor efficacy endpoints are being assessed in this study. There is a strong rationale to evaluate trilaciclib in 1L bladder cancer: (1) bladder is a known immunogenic tumor proven to be responsive to chemotherapy; (2) the most common chemotherapy regimen used in 1L bladder is gemcitabine and platinum, which is similar to the chemotherapy regimen in our mTNBC study (gemcitabine and carboplatin) where we showed significant OS benefits; and (3) we have observed synergistic benefits combining trilaciclib with checkpoints. G1 announced in February 2021 that it had entered into a clinical trial collaboration with the alliance between Merck KGaA, Darmstadt, Germany and Pfizer whereby the alliance will contribute clinical supply of avelumab to this G1-sponsored and funded trial in mUC.

Phase 2 Neoadjuvant Breast Cancer (I-SPY 2)

Trilaciclib is included in a randomized, investigational treatment arm for the ongoing I-SPY 2 TRIAL™ for neoadjuvant treatment of locally advanced breast cancer. The trial, initiated in the second quarter of 2020 and run by the non-profit Quantum Leap Healthcare Collaborative, is designed to rapidly screen promising experimental treatments and identify those most effective in specific patient subgroups based on molecular characteristics (biomarker signatures). This trial will generate myeloprotection and anti-tumor efficacy data across the different subtypes of breast cancer.

Phase 2 Study of trilaciclib in Combination with an Antibody-Drug Conjugate (ADC)

TNBC is an area where trilaciclib, in our Phase 2 study, and ADCs have both shown clinically meaningful and substantial improvements in overall survival. The Company believes that trilaciclib and ADCs could act synergistically to improve patient outcomes with fewer myelosuppressive side effects. We intend to initiate a Phase 2 single arm study of trilaciclib administered prior to an ADC in patients with unresectable locally advanced or metastatic TNBC in the fourth quarter of 2021.

Phase 2 Study to Validate the Immune-Based Mechanism of Action (MOA) of Trilaciclib

We intend to initiate a Phase 2 study of trilaciclib and chemotherapy in patients with early-stage triple negative breast cancer (TNBC) to evaluate and validate the immune-based mechanism of action of COSELA as measured by the change in the ratio of CD8+ tumor-infiltrating lymphocytes (TILs) to regulatory T cell (Treg) in the tumor microenvironment. G1 expects to initiate this trial in the fourth quarter of 2021.

Rintodestrant

Rintodestrant is a clinical-stage oral SERD, for use as a monotherapy and in combination with CDK4/6 inhibitors, initially Ibrance® (palbociclib), for the treatment of ER+, HER2- breast cancer. Based on compelling preclinical efficacy and safety data, we filed an Investigational New Drug application ("IND") with the FDA in the fourth quarter of 2017. In 2018, we initiated a Phase 1/2a (dose escalation/dose expansion) clinical trial in ER+, HER2- breast cancer. Preliminary data from the Phase 1 portion of this trial were presented at the 2019 ESMO Congress, showing that rintodestrant was well tolerated and demonstrated evidence of anti-tumor activity in heavily pre-treated patients. The mature monotherapy data were presented at the 2020 SABCS conference, confirming the safety and efficacy results of the preliminary analysis. Based on these findings the Company advanced an 800 mg dose of rintodestrant into a 40-patient Phase 1b combination arm with palbociclib, a CDK4/6 inhibitor, which was provided under a non-exclusive clinical supply agreement that we signed with Pfizer in February 2020. Data from this arm were presented at the 2021 American Society of Clinical Oncology (ASCO) annual virtual meeting. Key study findings with a median duration of treatment of 6.2 months in the ongoing Phase 1 combination trial presented in the poster included that rintodestrant combined with palbociclib was very well tolerated, with no rintodestrant-related serious adverse events (SAEs) or dose-reductions reported. The clinical benefit rate (CBR) doubled from 30% to 60% when palbociclib was added to rintodestrant, suggesting the potential for favorable antitumor activity in patients with ER+/HER2- advanced breast cancer, including in patients with tumors harboring ESR1 variants. The CBR among patients with early relapse (first metastatic recurrence while on adjuvant endocrine therapy [ET] for at least 2 years' duration, or within 12 months of completing adjuvant ET) was 73%. The Company is in the process of evaluating partnering options for rintodestrant.

Lerociclib

Lerociclib is a differentiated oral CDK4/6 inhibitor being developed for use in combination with other targeted therapies in multiple oncology indications. In 2020, we entered into separate, exclusive agreements with EQRx, Inc. (rights for U.S., Europe, Japan and all markets outside Asia-Pacific) and Genor Biopharma Co. Inc. (rights for Asia-Pacific, excluding Japan) for the development and commercialization of lerociclib in all indications. Combined, these agreements provided $26.0 million in upfront payments, along with sales-based royalties and up to $330.0 million in potential milestone payments. EQRx, Inc. and Genor Biopharma Co. Inc. are responsible for all costs related to the development and commercialization of lerociclib in their respective territories.

Coronavirus (COVID-19) impact on operations

We have implemented business continuity plans to address the COVID-19 pandemic and minimize disruptions to ongoing operations. Enrollment of patients in current and future clinical trials may be impacted by COVID-19. Although we have not had any significant supply chain delays or shortages as a result of the COVID-19 pandemic to date, we have experienced delays in the delivery of our investigational product to certain investigative sites due to shortages of ancillary materials and the delay of governmental inspections. To date, we are on track to meet all of our previously announced clinical milestones. If the COVID-19 pandemic continues for an extended period of time or increases in severity, we could experience disruptions to our clinical development timelines. If we experience delays in patient enrollment, we could incur increased clinical program expense if it is deemed necessary or advisable to improve patient recruitment by opening additional clinical sites. COVID-19 travel limitations and government-mandated work-from-home or shelter-in-place orders, may reduce the number of in-person meetings with prescribers and fewer patient visits with physicians, potentially resulting in fewer new prescriptions.

We established a COVID-19 response team which continually monitors the impact of COVID-19 on our operations. The COVID-19 response team manages our workplace protocols that governs our employees' use of our office. To mitigate the impact of COVID-19 on our business, we put in place the following safety measures for our employees, patients, healthcare professionals, and suppliers to limit exposure: we substantially restricted travel, supplied personal protective equipment to employees, limited access to our headquarters and asked most of our staff to work remotely. As of September 30, 2021, the majority of our employees are still working remotely, which may negatively impact our ability to conduct research and development activities, engage in sales-related initiatives, or efficiently conduct day-to-day operations. In addition, we added bandwidth and VPN capacity to our infrastructure to facilitate remote work arrangements. With our employees mostly working-from-home, this creates a heightened risk of cyber-attacks, which may make it more difficult for us to protect our confidential information. We will continue to monitor the impact of COVID-19 on our operations, including how it will impact our employees, clinical trials, development programs, supply chain, and other aspects of our operations, and report to our Board of Directors regularly on the progress of our response to the COVID-19 outbreak.

Financial Overview

Since our inception in 2008, we have devoted substantially all of our resources to synthesizing, acquiring, testing and developing our product candidates, including conducting preclinical studies and clinical trials and providing general and administrative support for these operations as well as securing intellectual property protection for our product candidates. Currently, COSELA™ is our only product approved for sale. We began generating revenue for the net product sales from COSELA in March of 2021. We recorded $6.7 million of net product sales from COSELA and $19.0 million of license revenue for the nine months ended September 30, 2021, and $45.3 million of license revenue for the year ended December 31, 2020. To date, we have financed our operations primarily through the sale of equity securities, our loan agreement with Hercules Capital, Inc., and licensing arrangements. Under our licensing arrangements, we are eligible to receive certain development and sales-based milestones. Our ability to earn these milestones and the timing of achieving these milestones is primarily dependent upon the outcome of the licensee's activities and is uncertain at this time.

As of September 30, 2021, we had cash and cash equivalents of $212.1 million. Since inception we have incurred net losses. As of September 30, 2021 we had an accumulated deficit of $544.4 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs, our commercial launch preparations, and from general and administrative expenses associated with our operations. We expect to continue to incur significant expenses and increasing operating losses. We expect our research and development, commercial activities, and general and administrative expenses will continue to increase in connection with our ongoing and future activities as we:

- continue development of our product candidates, including initiating additional clinical trials;
- identify and develop new product candidates;
- seek marketing approvals for our product candidates that successfully complete clinical trials;
- grow our sales, marketing and distribution infrastructure to continue to commercialize COSELA and any future products or indications for which we may obtain marketing approval;
- achieve market acceptance of our product candidates in the medical community and with third-party payors;
- maintain, expand and protect our intellectual property portfolio;
- hire additional personnel;
- enter into collaboration arrangements, if any, for the development of our product candidates or in-license other products and technologies;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- continue to incur increased costs as a result of operating as a public company.

License agreement with the University of Illinois

In November 2016, and as amended in March 2017, we entered into a license agreement with the Board of Trustees of the University of Illinois, (“the University”). Pursuant to the license agreement, as amended, the University licensed patent rights to us, with rights to sublicense, to make, have made, use, import, sell and offer for sale SERDs, including rintodestrant, covered by certain patent rights owned by the University. The rights licensed to us are exclusive, worldwide, non-transferable rights, for all fields of use. Under the terms of the agreement, as amended, we paid a one-time only, non-refundable upfront fee of $0.5 million, and are required to pay the University low single-digit royalties on all net sales of products and a share of any sublicensing revenues. We are also obligated to pay annual maintenance fees, which are fully creditable against any royalty payments made by us. In addition, we may also be required to pay the University milestone payments of up to an aggregate of $2.6 million related to the initiation and execution of clinical trials and the first commercial sale of a product and the first commercial sale of a product in another country. To date, we have made milestone payments totaling $0.6 million, all of which were made, prior to the current quarter. We will also be responsible for any future patent prosecution costs that may arise.

Components of our Results of Operations

Revenue

On February 12, 2021, COSELA™ was approved by the FDA and we began generating revenue for the product sales of COSELA in March 2021. Prior to the approval of COSELA, our revenues were derived solely from our license agreements.

We entered into an exclusive license agreement with Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd (“Simcere”) in August 2020 and granted them the rights to develop and commercialize trilaciclib in Greater China (mainland China, Hong Kong, Macau, and Taiwan) (the “Simcere Territory”). We received an upfront payment of $14.0 million (less applicable withholding taxes of $1.4 million) in September 2020. Revenue was recognized once the transfer of the related technology and know-how was completed in the fourth quarter of 2020. We have the potential to receive $156.0 million upon reaching development and commercial milestones, and receive tiered low double-digit royalties on annual net sales of trilaciclib in the Simcere Territory. During the nine months ended September 30, 2021, three development milestones totaling $8.0 million (less applicable withholding taxes of $0.8 million) were received and recognized as revenue.

We entered into an exclusive license agreement with EQRx, Inc. (“EQRx”) in July 2020 and granted them the rights to develop and commercialize lerociclib in the U.S, Europe, Japan and all other global markets, excluding the Asia-Pacific region (except Japan) (the “EQRx Territory”). We received an upfront payment of $20.0 million in August 2020. This was recognized as revenue in September 2020 when we transferred the license and related technology and know-how. We have the potential to receive $290.0 million upon reaching development and commercial milestones, and receive tiered royalties ranging from mid-single digits to mid-teens based on annual net sales of lerociclib in the EQRx Territory.

We entered into an exclusive license agreement with Genor Biopharma Co. Inc. (“Genor”) in June 2020 and granted them the rights to develop and commercialize lerociclib in the Asia-Pacific Region, excluding Japan (the “Genor Territory”). We received an upfront payment of $6.0 million in July 2020. This was recognized as revenue in September 2020 when we transferred the license and related technology and know-how. We have the potential to receive $40.0 million upon reaching development and commercial milestones, and receive tiered royalties ranging from high single to low double-digits based on annual net sales of lerociclib in the Genor Territory. During the nine months ended September 30, 2021, one development milestone totaling $3.0 million was met and recognized as revenue, and payment was received in April 2021.

We entered into an exclusive license agreement with ARC Therapeutics, LLC (“ARC”) in May 2020. The Company granted ARC an exclusive, worldwide, royalty-bearing license of its CDK2 inhibitor compounds in exchange for an upfront payment and equity in ARC with a total value of approximately $2.1 million, which resulted in the recognition of related party revenue. The Company is entitled to receive additional milestone payments and sales-based royalties, and has right of first negotiation to re-acquire these assets.

Operating expenses

We classify our operating expenses into three categories: cost of goods sold, research and development and selling, general and administrative. Personnel costs, including salaries, benefits, bonuses, and stock-based compensation expense, comprise a significant component of research and development and general and administrative expense categories. We allocate expenses associated with personnel costs based on the nature of work associated with these resources. In addition, costs to sell and market COSELA are included within selling, general and administrative expense categories.

Cost of goods sold

Cost of goods sold includes direct and indirect costs related to the manufacturing and distribution of COSELA, including third-party manufacturing costs, packaging services, freight-in, third-party logistics costs associated with COSELA, and personnel costs. Cost of goods sold may also include period costs related to certain inventory manufacturing services and inventory adjustment charges.

Research and development expenses

The largest component of our total operating expenses since inception has been research and development activities, including the preclinical and clinical development of our product candidates.

Research and development costs are expensed as incurred. Our research and development expense primarily consists of:

- salaries and personnel-related costs, including bonuses, benefits and any stock-based compensation, for our scientific personnel performing or managing out-sourced research and development activities;
- costs incurred under agreements with contract research organizations and investigative sites that conduct preclinical studies and clinical trials;
- costs related to manufacturing pharmaceutical active ingredients and drug products for preclinical studies and clinical trials;
- costs related to upfront and milestone payments under in-licensing agreements;
- fees paid to consultants and other third parties who support our product candidate development;
- other costs incurred in seeking regulatory approval of our product candidates; and
- allocated facility-related costs and overhead.

The successful development of our product candidates is highly uncertain. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. Accordingly, we expect research and development costs to increase significantly for the foreseeable future as programs progress. However, we do not believe that it is possible at this time to accurately project total program-specific expenses through commercialization. We are also unable to predict when, if ever, material net cash inflows will commence from our product candidates to offset these expenses. Our expenditures on current and future preclinical and clinical development

programs are subject to numerous uncertainties in timing and cost to completion. The duration, costs and timing of clinical trials and development of our product candidates will depend on a variety of factors, including:

- the scope, rate of progress, and expenses of our ongoing as well as any additional clinical trials and other research and development activities;
- future clinical trial results;
- achievement of milestones requiring payments under our in-licensing agreements;
- uncertainties in clinical trial enrollment rates or drop-out or discontinuation rates of patients;
- potential additional studies requested by regulatory agencies;
- significant and changing government regulation; and
- the timing and receipt of any regulatory approvals.

We track research and development expenses on a program-by-program basis only for clinical-stage product candidates. Preclinical research and development expenses and chemical manufacturing research and development expenses are not assigned or allocated to individual development programs. As of the third quarter of 2021, we had two clinical-stage product candidates, trilaciclib and rintodestrant.

Selling, general and administrative expenses

Selling, general and administrative expenses consist of personnel costs, allocated expenses and other expenses for outside professional services, including legal, audit and accounting services. Personnel costs consist of salaries, bonuses, benefits and stock-based compensation. Other general and administrative expenses include facility-related costs not otherwise allocated to research and development expense, professional fees, commercialization costs, expenses associated with obtaining and maintaining patents and costs of our information systems. We anticipate that our general and administrative expenses will continue to increase in the future as we increase our headcount to support our continued research and development and commercialization of COSELA™.

We expect to continue to incur additional selling, general and administrative expenses in the future in connection with the commercialization of COSELA, as we support continued research and development activities, and as we support our operations in a public company environment, including expenses related to compliance with the rules and regulations of the SEC and Nasdaq, additional insurance expenses, and expenses related to investor relations activities.

Total other income (expense), net

Total other income (expense), net consists of interest income earned on cash and cash equivalents and interest expenses incurred under our loan and security agreement with Hercules.

Income taxes

To date, we have not been required to pay U.S. federal or state income taxes because we have not generated taxable income. Income tax expense recognized in 2021 relates to the foreign withholding taxes incurred as a result of the milestone payments received from the Simcere license agreement during the year.

Results of Operations

Comparison of the three months ended September 30, 2021 and September 30, 2020

	Three Months Ended September 30,		Change
	2021	2020	$
	(in thousands)		
Revenues:			
Product sales, net	$ 3,576	$ —	$ 3,576
License revenue	1,282	26,599	(25,317)
Total revenues	4,858	26,599	(21,741)
Operating expenses:			
Cost of goods sold	591	—	591
Research and development	21,143	17,932	3,211
Selling, general and administrative	24,268	18,412	5,856
Total operating expenses	46,002	36,344	9,658
Loss from operations	(41,144)	(9,745)	(31,399)
Other income (expense):			
Interest income	7	50	(43)
Interest expense	(934)	(757)	(177)
Other income (expense)	(76)	(291)	215
Total other income (expense), net	(1,003)	(998)	(5)
Loss before income taxes	(42,147)	(10,743)	(31,404)
Income tax expense	321	931	(610)
Net loss	$ (42,468)	$ (11,674)	$ (30,794)

Product sales, net

Product sales, net was $3.6 million and $0 for the three months ended September 30, 2021 and 2020, respectively. The revenue for the three months ended September 30, 2021 related to the product sales of COSELA. We received FDA approval of COSELA on February 12, 2021 and the product has been commercially available beginning March 2, 2021.

License Revenue

License revenue was $1.3 million and $26.6 million for the three months ended September 30, 2021 and 2020, respectively. The decrease of $25 million, or -95%, was primarily due to revenue recognized from upfront license payments from Genor and EQRx license agreements and clinical trial reimbursements from EQRx during the three months ended September 30, 2020, offset by license revenue recognized during the three months ended September 30, 2021 related to the delivery of supply and manufacturing services to Simcere, EQRx and Genor, patent reimbursements under the license agreements by Simcere, EQRx and Genor, and clinical trial reimbursements from EQRx and Simcere.

Cost of goods sold

Cost of goods sold was $0.6 million and $0 for the three months ended September 30, 2021 and September 30, 2020, respectively, which includes our third-party logistics costs for the sales of COSELA, inventory overhead costs, and personnel costs.

Research and development

Research and development expenses were $21.1 million for the three months ended September 30, 2021 compared to $17.9 million for the three months ended September 30, 2020. The increase of $3.2 million, or 18%, was primarily due to an increase in clinical spend of $4.8 million, driven by the Company's new clinical trials, which is offset by a decrease of $1.5 million in expense recognized for the manufacturing of active pharmaceutical ingredients and drug product to support clinical trials, and a decrease of $0.1 million in preclinical and discovery costs. The following table summarizes our research and development expenses allocated to trilaciclib, rintodestrant, lerociclib and unallocated research and development expenses for the periods indicated:

	Three Months Ended September 30,	
	2021	2020
	(in thousands)	
Clinical Program Expenses—trilaciclib	$ 17,169	$ 10,647
Clinical Program Expenses—rintodestrant	675	1,737
Clinical Program Expenses—lerociclib	655	1,345
Chemical Manufacturing and Development	1,901	3,435
Discovery, Pre-Clinical and Other Expenses	743	768
Total Research and Development Expenses	$ 21,143	$ 17,932

Selling, general and administrative

Selling, general and administrative expenses were $24.3 million for the three months ended September 30, 2021 compared to $18.4 million for the three months ended September 30, 2020. The increase of $5.9 million, or 32%, was due to an increase of $2.7 million in commercialization activities, an increase of $2.4 million in personnel costs due to increased headcount, of which $1.1 million related to non-cash stock compensation expense, an increase of $0.5 million in medical affairs costs related to trilaciclib, and an increase of $0.3 million in information technology spend, professional services and other administrative costs.

Total other income (expense), net

Total other income (expense), net was $(1.0) million for the three months ended September 30, 2021 as compared to $(1.0) million for the three months ended September 30, 2020. During the three months ended September 30, 2021, interest expense on our loan payable increased and interest income decreased due to lower balance of money market funds as a result of cash used in operating activity and changes in interest rates. This was fully offset by a decrease in other expenses that were primarily driven by disposals of fixed assets during the three months ended September 30, 2020.

Income tax expense

Income tax expense was $0.3 million for the three months ended September 30, 2021 as compared to $0.9 million for the three months ended September 30, 2020. The decrease was related to the foreign withholding taxes incurred as a result of the development milestone payments received from the Simcere license agreement during the quarter.

Results of Operations

Comparison of the nine months ended September 30, 2021 and September 30, 2020

	Nine Months Ended September 30,		Change
	2021	2020	$
		(in thousands)	
Revenues:			
Product sales, net	$ 6,717	$ —	$ 6,717
License revenue	18,963	28,739	(9,776)
Total revenues	25,680	28,739	(3,059)
Operating expenses:			
Cost of goods sold	1,642	—	1,642
Research and development	56,435	56,897	(462)
Selling, general and administrative	72,474	44,230	28,244
Total operating expenses	130,551	101,127	29,424
Loss from operations	(104,871)	(72,388)	(32,483)
Other income (expense):			
Interest income	35	922	(887)
Interest expense	(2,609)	(1,022)	(1,587)
Other income (expense)	(208)	(488)	280
Total other income (expense), net	(2,782)	(588)	(2,194)
Loss before income taxes	(107,653)	(72,976)	(34,677)
Income tax expense	679	931	(252)
Net loss	$ (108,332)	$ (73,907)	$ (34,425)

Product sales, net

Product sales, net was $6.7 million and $0 for the nine months ended September 30, 2021 and September 30, 2020, respectively. The revenue for the nine months ended September 30, 2021, related to the product sales of COSELA. We received FDA approval of COSELA on February 12, 2021 and the product has been commercially available beginning March 2, 2021.

License Revenue

License revenue was $19.0 million and $28.7 million for the nine months ended September 30, 2021 and September 30, 2020, respectively. The decrease of $9.7 million, or -34%, was primarily due to $28.7 million in revenue recognized from upfront license payments from Genor, EQRx and ARC license agreements and clinical trial reimbursements from EQRx during the nine months ended September 30, 2020. The decrease was offset by $11.0 million in revenue recognized during the nine months ended September 30, 2021 related to development milestones related to the Simcere and Genor license agreements, $5.7 million in revenue for the delivery of clinical drug supply and manufacturing services to Simcere, EQRx and Genor, and $2.3 million in revenue for amounts to be reimbursed by EQRx and Simcere for the costs associated with clinical trials.

Cost of goods sold

Cost of goods sold was $1.6 million and $0 for the nine months ended September 30, 2021 and September 30, 2020, respectively, which include our third-party logistics costs for the sales of COSELA, inventory overhead costs, and personnel costs.

Research and development

Research and development expenses were $56.4 million for the nine months ended September 30, 2021 compared to $56.9 million for the nine months ended September 30, 2020. The decrease of $0.5 million, or -1%, was primarily due to a decrease of $12.5 million in costs for manufacturing of active pharmaceutical ingredients and drug product to support clinical trials, as well as a decrease of $0.9 million in external costs related to discovery, pre-clinical and other development costs. The decrease was offset by an increase of $12.9 million in spend for clinical trials driven by the Company's new clinical trials. The following table summarizes our research and development expenses allocated to trilaciclib, rintodestrant, lerociclib and unallocated research and development expenses for the periods indicated:

	Nine Months Ended September 30,	
	2021	2020
	(in thousands)	
Clinical Program Expenses—trilaciclib	$ 43,890	$ 25,763
Clinical Program Expenses—rintodestrant	2,571	5,482
Clinical Program Expenses—lerociclib	2,650	4,940
Chemical Manufacturing and Development	5,151	17,619
Discovery and Pre-clinical Expenses	2,173	3,093
Total Research and Development Expenses	$ 56,435	$ 56,897

Selling, general and administrative

Selling, general and administrative expenses were $72.5 million for the nine months ended September 30, 2021 compared to $44.2 million for the nine months ended September 30, 2020. The increase of $28.3 million, or 64%, was due to an increase of $15.1 million in commercialization activities, an increase of $10.4 million in personnel costs due to increased headcount, of which $4.5 million related to non-cash stock compensation expense, an increase of $2.0 million in information technology spend, an increase of $0.7 million in expenses related to medical affairs costs related to trilaciclib, and an increase of $0.1 million in professional services and other administrative costs.

Total other income (expense), net

Total other income (expense), net was $(2.8) million for the nine months ended September 30, 2021 as compared to $(0.6) million for the nine months ended September 30, 2020. The net decrease in total other income of $2.2 million, or 373%, was primarily driven by $1.6 million more in interest expense recognized during the current period due to our loan payable, and a decrease of $0.9 million in interest income due to a lower balance of money market funds as a result of cash used in operating activity and changes in interest rates. This was partially offset by a $0.3 million decrease in other expenses, primarily driven by disposals of fixed assets during the nine months ended September 30, 2020.

Income tax expense

Income tax expense was $0.7 million for the nine months ended September 30, 2021 as compared to $0.9 million for the nine months ended September 30, 2020. The decrease was related to the foreign withholding taxes incurred as a result of the development milestone payments received from the Simcere license agreement during the year.

Liquidity and Capital Resources

We have incurred cumulative losses and negative cash flows from operations since our inception in 2008. As of September 30, 2021, we had an accumulated deficit of $544.4 million. We anticipate that we will continue to incur losses.

As of September 30, 2021, we had cash and cash equivalents of $212.1 million. To date, we have funded our operations primarily through proceeds from our initial public offering, our follow-on stock offerings, our debt agreement with Hercules Capital, and proceeds from our license agreements. Under our licensing arrangements, we are eligible to receive certain development and sales-based milestones. Our ability to earn these milestones and the timing of achieving these milestones is primarily dependent upon the outcome of the licensee's activities and are uncertain at this time.

Shelf registration statement

On July 2, 2021, we filed an automatically effective shelf registration statement with the Securities and Exchange Commission. Each issuance under the shelf registration statement will require the filing of a prospectus supplement identifying the amount and terms of securities to be issued. The registration statement does not limit the amount of securities that may be issued thereunder. Our ability to issue securities is subject to market conditions and other factors. This registration statement will expire on July 2, 2024, three years after its date of effectiveness.

At-the-market offering

On June 15, 2018, we entered into a sales agreement for "at the market offerings" with Cowen and Company, LLC ("Cowen"), which allowed us to issue and sell shares of common stock pursuant to a shelf registration statement for total gross sales proceeds of up to $125.0 million from time to time through Cowen, acting as our agent. Between June 18, 2018 and August 2, 2018, we sold 752,008 shares of common stock pursuant to this agreement resulting in $36.1 million in net proceeds, realizing $12.1 million in the second quarter of 2018 and the remaining $24.0 million by August 2, 2018.

Between January 14, 2021 and February 9, 2021, we sold 3,513,027 shares of common stock pursuant to this agreement resulting in $86.4 million in net proceeds. As of February 9, 2021, we used the entirety of the remaining availability under the 2018 sales agreement with Cowen.

On July 2, 2021, we entered into a new sales agreement for "at the market offerings" with Cowen, which allows us to issue and sell shares of common stock pursuant to a shelf registration statement for total gross sales proceeds of up to $150.0 million from time to time through Cowen, acting as our agent. We have not sold any shares of common stock to date under the 2021 sales agreement.

Loan and Security Agreement with Hercules

On May 29, 2020, we entered into a loan and security agreement with Hercules Capital, Inc. ("Hercules") under which Hercules has agreed to lend us up to $100.0 million, to be made available in a series of tranches, subject to specified conditions. We borrowed $20.0 million at loan closing. The term of the loan is approximately 48 months, with an original maturity date of June 1, 2024. No principal payments are due during an interest-only period, commencing on the initial borrowing date and continuing through June 1, 2022. Per the terms of the loan agreement, upon reaching the performance milestone, the interest only period was to be extended through January 1, 2023 and we will now repay the principal balance and interest of the advances in equal monthly installments through the maturity date of June 1, 2025. On March 31, 2021, we entered into the First Amendment to Loan and Security Agreement with Hercules where we drew the remaining $10.0 million of the first tranche along with amending the interest rate and the financial covenants. On November 1, 2021 we entered into the Second Amendment to the Loan and Security Agreement with Hercules increasing the total commitment to $150.0 million.

Genor License Agreement

On June 15, 2020, we entered into an exclusive license agreement with Genor Biopharma Co. Inc. ("Genor") for the development and commercialization of lerociclib in the Asia-Pacific region, excluding Japan (the "Genor Territory"). Under the license agreement, we granted to Genor an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib, in the Genor Territory.

Under the license agreement, Genor agreed to pay us a non-refundable, upfront cash payment of $6.0 million with the potential to pay an additional $40.0 million upon reaching certain development and commercial milestones. In addition, Genor will pay us tiered royalties ranging from high single to low double-digits based on annual net sales of lerociclib in the Genor Territory. The upfront cash payment was received in July 2020. In September 2020, we transferred to Genor the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize lerociclib in the Genor Territory. Genor will be responsible for the development of the product in the Genor Territory and will be responsible, at its sole cost, for obtaining supply of lerociclib to meet its development, regulatory approval, and commercialization obligations under the agreement. In the first quarter of 2021, we recognized revenue related to a development milestone of $3.0 million, for which cash was received in April 2021.

EQRx License Agreement

On July 22, 2020, we entered into an exclusive license agreement with EQRx, Inc. ("EQRx") for the development and commercialization of lerociclib in the U.S., Europe, Japan and all other global markets, excluding the Asia-Pacific region (except Japan) (the "EQRx Territory"). Under the license agreement, we granted to EQRx an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize lerociclib in the EQRx Territory.

Under the license agreement, EQRx agreed to pay us a non-refundable, upfront cash payment of $20.0 million with the potential to pay an additional $290.0 million upon reaching certain development and commercial milestones. In addition, EQRx will pay us tiered royalties ranging from mid-single digits to mid-teens based on annual net sales of lerociclib in the EQRx Territory. The upfront cash payment was received in August 2020. In September 2020, we transferred to EQRx the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize lerociclib in the EQRx Territory. EQRx will be responsible for the development of the product in the EQRx Territory. We will continue until completion, as the clinical trial sponsor, its two primary clinical trials at EQRx's sole cost and expense. EQRx will reimburse us for all of its out-of-pocket costs incurred after the effective date of the license agreement in connection with these clinical trials. We will invoice EQRx within 30 days following the end of the quarter, and EQRx will pay within 30 days after its receipt of such invoice.

Simcere License Agreement

On August 3, 2020, we entered into an exclusive license agreement with Nanjing Simcere Dongyuan Pharmaceutical Co., Ltd ("Simcere") for the development and commercialization of trilaciclib in all indications in Greater China (mainland China, Hong Kong, Macau, and Taiwan) (the "Simcere Territory"). Under the license agreement, we granted to Simcere an exclusive, royalty-bearing, non-transferable license, with the right to grant sublicenses, to develop, obtain, hold and maintain regulatory approvals for, and commercialize trilaciclib in the Simcere Territory.

Under the license agreement, Simcere agreed to pay us a non-refundable, upfront cash payment of $14.0 million with the potential to pay an additional $156.0 million upon reaching certain development and commercial milestones. In addition, Simcere will pay us tiered low double-digit royalties on annual net sales of trilaciclib in the Simcere Territory. The upfront payment of $14.0 million (less applicable withholding taxes of $1.4 million) was received in September 2020. In return, we will furnish to Simcere the related technology and know-how that is necessary to develop, seek regulatory approval for, and commercialize trilaciclib in the Simcere Territory. Simcere will be responsible for all development and commercialization costs in its territory and may be able to participate in global clinical trials as agreed upon by the companies. In the first half of 2021, we received three development milestone payments totaling $8.0 million (less applicable withholding taxes of $0.8 million).

Cash flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,		Change
	2021	2020	$
	(in thousands)		
Net cash used in operating activities	$ (97,448)	$ (52,234)	$ (45,214)
Net cash provided by investing activities	—	152	(152)
Net cash provided by financing activities	102,106	21,216	80,890
Net change in cash, cash equivalents, and restricted cash	$ 4,658	$ (30,866)	$ 35,524

Net cash used in operating activities

During the nine months ended September 30, 2021, net cash used in operating activities was $97.4 million which consisted primarily of a net loss of $108.3 million and a decrease in net operating assets and liabilities of $7.7 million, partially offset by non-cash stock compensation expense of $17.1 million, $0.4 million of depreciation expense, $0.7 million in amortization of debt issuance costs, and $0.2 million of non-cash interest expense, and $0.2 million of net equity interest.

During the nine months ended September 30, 2020, net cash used in operating activities was $52.2 million, which consisted primarily of a net loss of $73.9 million, a decrease in net operating assets and liabilities of $6.7 million, and a decrease in non-cash equity interest of $0.9 million, partially offset by an increase in deferred revenue of $14.0 million, non-cash stock compensation expense of $14.0 million, $0.5 million of depreciation expense, $0.3 million from loss on disposal of fixed assets, $0.3 million in amortization of debt issuance costs, and $0.2 million of non-cash interest expense.

Net cash used in operating activities decreased by $45.2 million as compared to the nine months ended September 30, 2020 primarily due to an increase in net loss of $34.4 million and a decrease of $15.0 million in net operating assets and liabilities, offset by $3.1 million increase of stock-based compensation and $1.1 million increase of net equity interest.

Net cash used in investing activities

During the nine months ended September 30, 2021 there was no cash provided or used in investing activities.

During the nine months ended September 30, 2020, net cash provided by investing activities was $0.2 million, from the disposal of property and equipment.

Net cash provided by financing activities

During the nine months ended September 30, 2021, net cash provided by financing activities was $102.1 million, which consisted of $86.4 million in net proceeds from our ATM offering after deducting cash paid during the year for underwriting discounts and commissions and other expenses, $9.9 million in net proceeds from debt funding, and $5.8 million from proceeds from the exercise of stock options.

During the nine months ended September 30, 2020, net cash provided by financing activities was $21.2 million, which consisted of $19.4 million in net proceeds from debt funding and $1.8 million from the exercise of stock options.

Operating capital requirements and plan of operations

We cannot be certain that we will be able to successfully commercialize COSELA™ or that we will be able to establish and maintain distribution arrangements. Our failure or the failure of our distributors and sales force to successfully commercialize COSELATM could have a material adverse effect on our financial position or results of operations. We anticipate that we will continue to generate losses for the foreseeable future, and we expect the losses to increase as we continue the development of and seek regulatory approvals for our product candidates, and continue to commercialize COSELA™. We are subject to all of the risks inherent in the development of new products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We expect to incur additional costs associated with operating as a public company and we anticipate that we will need substantial additional funding in connection with our continuing operations.

We believe that our existing cash and cash equivalents will be sufficient to fund our projected cash needs for at least the next 12 months.

We have based our projections of operating capital requirements on assumptions that may prove to be incorrect and we may use all of our available capital resources sooner than we expect. Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the future revenue from the commercial sales of COSELA™
- the scope, progress, results and costs of nonclinical development, laboratory testing and clinical trials for our product candidates;
- the scope, prioritization and number of our research and development programs;
- the costs, timing and outcome of regulatory review of our product candidates;
- the extent to which we enter into non-exclusive, jointly funded clinical research collaboration arrangements, if any, for the development of our product candidates in combination with other companies' products;
- our ability to establish such collaborative co-development arrangements on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under our license agreements and any collaboration agreements into which we enter;
- the extent to which we are obligated to reimburse, or entitled to reimbursement of, clinical trial costs under future collaboration agreements, if any;
- the extent to which we acquire or in-license product candidates and technologies, such as rintodestrant, and the terms of such in-licenses;
- the costs of future commercialization activities, including product sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- revenue, if any, received from commercial sales of our product candidates; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims.

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

Contractual Obligations, Commitments and Contingencies

There have been no material changes to our contractual obligations during the current period from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K).

Off-Balance Sheet Arrangements

We did not have, during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined under applicable SEC rules.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The preparation of our financial statements requires us to make estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the dates of the balance sheet, and the reported amount of expenses incurred during the reporting period. In accordance with U.S. GAAP, we evaluate our estimates and judgments on an ongoing basis. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that our accounting policies are critical to the process of making significant judgments and estimates in the preparation of our financial statements and understanding and evaluating our reported financial results. We discussed our accounting policies and significant assumptions used in our estimates in Note 2 of our audited financial statements included in our 2020 Form 10-K. There have been no material changes during the nine months ended September 30, 2021 to our critical accounting policies, significant judgments and estimates disclosed in our 2020 Form 10-K.

Recent Accounting Pronouncements

Note 2 to our unaudited condensed financial statements included in Item 1 of this Quarterly Report on Form 10-Q does not include any recently issued accounting pronouncements that are applicable to our Company or impact our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities, which are affected by changes in the general level of U.S. interest rates. We had cash and cash equivalents of $212.1 million as of September 30, 2021, which consists of deposits in banks, including checking accounts, money market accounts and certificates of deposit. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant. Due to the short-term nature of our cash equivalents, a sudden change in interest rates would not be expected to have a material effect on our business, financial condition or results of operations.

We also have exposure to market risk on our loan agreement with Hercules Capital, Inc. Our loan agreement accrues interest from its date of issue at a variable interest rate equal to the greater of either (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 6.20%, and (ii) 9.45%. As of September 30, 2021, $30.3 million was outstanding under the loan agreement with Hercules.

We are not currently exposed to significant market risk related to changes in foreign currency exchange rates; however, our operations may be subject to fluctuations in foreign currency exchange rates in the future.

Inflation generally affects us by increasing our cost of labor. We do not believe that inflation had a material effect on our business financial condition or results of operations during the three and nine months ended September 30, 2021.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2021, our principal executive officer and our principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Change in Internal Controls

During the three and nine months ended September 30, 2021, in connection with the approval and commercial availability of COSELA, we designed and implemented new procedures and controls around our net product sales and inventory processes.

PART II—OTHER INFORMATION

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. In addition to the other information contained elsewhere in this report, you should carefully consider the risks and uncertainties described in our “Item 1A. Risk Factors” of our 2020 Form 10-K and the periodic report on Form 10-Q for the period ended March 31, 2021, which could materially affect our business, financial condition or future results before investing in our common stock. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect us. If any of these risks occur, our business, operating results and prospects could be materially harmed. In that event, the price of our common stock could decline, and you could lose part or all of your investment. There have been no material changes in the risk factors set forth in Part II, Item 1A of our 2020 annual report on Form 10-K and the periodic report on Form 10-Q for the period ended March 31, 2021.

Item 6. Exhibits.

Exhibit Number	Description
10.1*	G1 Therapeutics, Inc. 2021 Sales Force Inducement Equity Incentive Plan.
10.2*	Second Amendment to Loan and Security Agreement, by and between the Registrant and Hercules Capital, Inc., dated November 1, 2021.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

\+ Management contract or compensatory plan or arrangement.

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.

G1 THERAPEUTICS, INC.

Date: November 3, 2021

By: */s/ Jennifer K. Moses*
Jennifer K. Moses
Chief Financial Officer (Principal Financial and Accounting Officer)

G1 THERAPEUTICS, INC.

2021 SALES FORCE INDUCEMENT EQUITY INCENTIVE PLAN

1. DEFINITIONS.

Unless otherwise specified or unless the context otherwise requires, the following terms, as used in this G1 Therapeutics, Inc. 2021 Sales Force Inducement Equity Incentive Plan, have the following meanings:

Administrator means the Board of Directors, unless it has delegated power to act on its behalf to the Committee, in which case the term "Administrator" means the Committee.

Affiliate means a corporation which, for purposes of Section 424 of the Code, is a parent or subsidiary of the Company, direct or indirect.

Agreement means an agreement between the Company and a Participant pertaining to a Stock Right delivered pursuant to the Plan in such form as the Administrator shall approve.

Board of Directors means the Board of Directors of the Company.

Cause means, with respect to a Participant (a) dishonesty with respect to the Company or any Affiliate, (b) insubordination, substantial malfeasance or non-feasance of duty, (c) unauthorized disclosure of confidential information, (d) breach by a Participant of any provision of any employment, consulting, advisory, nondisclosure, non-competition or similar agreement between the Participant and the Company or any Affiliate, and (e) conduct substantially prejudicial to the business of the Company or any Affiliate; provided, however, that any provision in an agreement between a Participant and the Company or an Affiliate, which contains a conflicting definition of Cause for termination and which is in effect at the time of such termination, shall supersede this definition with respect to that Participant. The determination of the Administrator as to the existence of Cause will be conclusive on the Participant and the Company.

Code means the United States Internal Revenue Code of 1986, as amended including any successor statute, regulation and guidance thereto.

Committee means the committee of the Board of Directors, if any, to which the Board of Directors has delegated power to act under or pursuant to the provisions of the Plan, the composition of which shall at all times satisfy the provisions of Section 162(m) of the Code.

Common Stock means shares of the Company's common stock, $0.0001 par value per share.

Company means G1 Therapeutics, Inc., a Delaware corporation.

Director means any member of the Board of Directors.

Disability or Disabled means permanent and total disability as defined in Section 22(e)(3) of the Code.

Employee means any sales force individual or support staff that is an employee of the Company or of an Affiliate (including, without limitation, an employee who is also serving as an officer of the Company or of an Affiliate), designated by the Administrator to be eligible to be granted one or more Stock Rights under the Plan.

Exchange Act means the United States Securities Exchange Act of 1934, as amended.

Fair Market Value of a Share of Common Stock means:

(1) If the Common Stock is listed on a national securities exchange or traded in the over-the-counter market and sales prices are regularly reported for the Common Stock, the closing or, if not applicable, the last price of the Common Stock on the composite tape or other comparable reporting system for the trading day on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date;

(2) If the Common Stock is not traded on a national securities exchange but is traded on the over-the-counter market, if sales prices are not regularly reported for the Common Stock for the trading day referred to in clause (1), and if bid and asked prices for the Common Stock are regularly reported, the mean between the bid and the asked price for the Common Stock at the close of trading in the over-the-counter market for the trading day on which Common Stock was traded on the applicable date and if such applicable date is not a trading day, the last market trading day prior to such date; and

(3) If the Common Stock is neither listed on a national securities exchange nor traded in the over-the-counter market, such value as the Administrator, in good faith, shall determine in compliance with applicable laws.

Non-Qualified Option means an option which is not intended to qualify as an incentive stock option under Section 422 of the Code.

Option means a Non-Qualified Option granted under the Plan.

Participant means an Employee to whom one or more Stock Rights are granted under the Plan. As used herein, “Participant” shall include the Participant’s “Survivors” where the context requires.

Plan means this G1 Therapeutics, Inc. 2021 Sales Force Inducement Equity Incentive Plan.

Securities Act means the United States Securities Act of 1933, as amended.

Shares means shares of the Common Stock as to which Stock Rights have been or may be granted under the Plan or any shares of capital stock into which the Shares are changed or for which they are exchanged within the provisions of Paragraph 3 of the Plan. The Shares issued under the Plan may be authorized and unissued shares or shares held by the Company in its treasury, or both.

Stock-Based Award means a grant by the Company under the Plan of an equity award or an equity based award which is not an Option or a Stock Grant.

Stock Grant means a grant by the Company of Shares under the Plan.

Stock Right means a right to Shares or the value of Shares of the Company granted pursuant to the Plan, in the form of a Non-Qualified Option, a Stock Grant or a Stock-Based Award.

Survivor means a deceased Participant's legal representatives and/or any person or persons who acquired the Participant's rights to a Stock Right by will or by the laws of descent and distribution.

2. PURPOSES OF THE PLAN.

The Plan is intended to encourage ownership of Shares by Employees of the Company in order to attract and retain such people, to induce them to work for the benefit of the Company or of an Affiliate and to provide additional incentive for them to promote the success of the Company or of an Affiliate. The Company intends that the Plan be reserved for persons to whom the Company may issue securities without stockholder approval as an inducement pursuant to Listing Rule 5635(c)(4) of the corporate governance rules of the Nasdaq Stock Market. The Plan provides for the granting and awarding of Non-Qualified Options, Stock Grants and Stock-Based Awards.

3. SHARES SUBJECT TO THE PLAN.

(a) The number of Shares which may be issued from time to time pursuant to this Plan shall be Five Hundred Thousand (500,000) or the equivalent of such number of Shares after the Administrator, in its sole discretion, has interpreted the effect of any stock split, stock dividend, combination, recapitalization or similar transaction in accordance with Paragraph 24 of this Plan.

(b) If an Option ceases to be "outstanding," in whole or in part (other than by exercise), or if the Company shall reacquire (at not more than its original issuance price) any Shares issued pursuant to a Stock Grant or Stock-Based Award, or if any Stock Right expires or is forfeited, cancelled, or otherwise terminated or results in any Shares not being issued, the unissued or reacquired Shares which were subject to such Stock Right shall again be available for issuance from time to time pursuant to this Plan. Notwithstanding the foregoing, if a Stock Right is exercised, in whole or in part, by tender of Shares or if the Company or an Affiliate's tax withholding obligation is satisfied by withholding Shares, the number of Shares deemed to have been issued under the Plan for purposes of the limitation set forth in Paragraph 3(a) above shall be

the number of Shares that were subject to the Stock Right or portion thereof, and not the net number of Shares actually issued.

4. ADMINISTRATION OF THE PLAN.

The Administrator of the Plan will be the Board of Directors, except to the extent the Board of Directors delegates its authority to the Committee, in which case the Committee shall be the Administrator. Subject to the provisions of the Plan, the Administrator is authorized to:

(a) Interpret the provisions of the Plan and all Stock Rights and to make all rules and determinations which it deems necessary or advisable for the administration of the Plan;

(b) Determine which Employees shall be granted Stock Rights;

(c) Determine the number of Shares for which a Stock Right or Stock Rights shall be granted;

(d) Specify the terms and conditions upon which a Stock Right or Stock Rights may be granted;

(e) Amend any term or condition of any outstanding Stock Right, other than reducing the exercise price or purchase price or extending the expiration date of an Option, provided that (i) such term or condition as amended is not prohibited by the Plan; (ii) any such amendment shall not impair the rights of a Participant under any Stock Right previously granted without such Participant's consent or in the event of death of the Participant the Participant's Survivors; and (iii) any such amendment shall be made only after the Administrator determines whether such amendment would cause any adverse tax consequences to the Participant, including, but not limited to, pursuant to Section 409A of the Code;

(f) Buy out for a payment in cash or Shares, a Stock Right previously granted, awarded and/or cancel any such Stock Right and grant in substitution therefor other Stock Rights, covering the same or a different number of Shares and having an exercise price or purchase price per share which may be lower or higher than the exercise price or purchase price of the cancelled Stock Right, based on such terms and conditions as the Administrator shall establish and the Participant shall accept; and

(g) Adopt any sub-plans applicable to residents of any specified jurisdiction as it deems necessary or appropriate in order to comply with or take advantage of any tax or other laws applicable to the Company, any Affiliate or to Participants or to otherwise facilitate the administration of the Plan, which sub-plans may include additional restrictions or conditions applicable to Stock Rights or Shares issuable pursuant to a Stock Right;

provided, however, that all such interpretations, rules, determinations, terms and conditions shall be made and prescribed in the context of not causing any adverse tax consequences under Section 409A of the Code. Subject to the foregoing, the interpretation and construction by the Administrator of any provisions of the Plan or of any Stock Right granted under it shall be final, unless otherwise determined by the Board of Directors, if the Administrator is the Committee. In

addition, if the Administrator is the Committee, the Board of Directors may take any action under the Plan that would otherwise be the responsibility of the Committee.

To the extent permitted under applicable law, the Board of Directors or the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any portion of its responsibilities and powers to any other person selected by it. The Board of Directors or the Committee may revoke any such allocation or delegation at any time. Notwithstanding the foregoing, only the Board of Directors or the Committee shall be authorized to grant a Stock Right to any "officer" of the Company as defined by Rule 16a-1 under the Exchange Act.

5. ELIGIBILITY FOR PARTICIPATION.

The Administrator will, in its sole discretion, name the Participants in the Plan; provided, however, that each Participant must be an Employee at the time a Stock Right is granted and a person to whom the Company may issue securities without stockholder approval as an inducement pursuant to Listing Rule 5635(c)(4) of the corporate governance rules of the Nasdaq Stock Market. Notwithstanding the foregoing, the Administrator may authorize the grant of a Stock Right to a person not then an Employee; provided, however, that the actual grant of such Stock Right shall be conditioned upon such person becoming eligible to become a Participant at or prior to the time of the execution of the Agreement evidencing such Stock Right. Non-Qualified Options, Stock Grants and Stock-Based Awards may be granted to any Employee. The granting of any Stock Right to any individual shall neither entitle that individual to, nor disqualify him or her from, participation in any other grant of Stock Rights or any grant under any other benefit plan established by the Company or any Affiliate for Employees.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option shall be set forth in writing in an Option Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Administrator may provide that Options be granted subject to such terms and conditions, consistent with the terms and conditions specifically required under this Plan, as the Administrator may deem appropriate. The Option Agreements shall be subject to at least the following terms and conditions:

(a) Each Non-Qualified Option shall be subject to the terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards for any such Non-Qualified Option:

(i) Exercise Price: Each Option Agreement shall state the exercise price (per share) of the Shares covered by each Option, which exercise price shall be determined by the Administrator and shall be at least equal to the Fair Market Value per share of Common Stock on the date of grant of the Option.

(ii) Number of Shares: Each Option Agreement shall state the number of Shares to which it pertains.

(iii) Vesting: Each Option Agreement shall state the date or dates on which it first is exercisable and the date after which it may no longer be exercised,

and may provide that the Option rights accrue or become exercisable in installments over a period of months or years, or upon the occurrence of certain performance conditions or the attainment of stated goals or events.

(iv) Additional Conditions: Exercise of any Option may be conditioned upon the Participant's execution of a Share purchase agreement in a form satisfactory to the Administrator providing for certain protections for the Company and its other shareholders, including requirements that:

A. The Participant's or the Participant's Survivors' right to sell or transfer the Shares may be restricted; and

B. The Participant or the Participant's Survivors may be required to execute letters of investment intent and must also acknowledge that the Shares will bear legends noting any applicable restrictions.

(v) Term of Option: Each Option shall terminate not more than ten years from the date of the grant or at such earlier time as the Option Agreement may provide.

7. TERMS AND CONDITIONS OF STOCK GRANTS.

Each Stock Grant to a Participant shall state the principal terms in an Agreement duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company, subject to the following minimum standards:

(a) Each Agreement shall state the purchase price per share, if any, of the Shares covered by each Stock Grant, which purchase price shall be determined by the Administrator but shall not be less than the minimum consideration required by the Delaware General Corporation Law, if any, on the date of the grant of the Stock Grant;

(b) Each Agreement shall state the number of Shares to which the Stock Grant pertains; and

(c) Each Agreement shall include the terms of any right of the Company to restrict or reacquire the Shares subject to the Stock Grant.

8. TERMS AND CONDITIONS OF OTHER STOCK-BASED AWARDS.

The Administrator shall have the right to grant other Stock-Based Awards based upon the Common Stock having such terms and conditions as the Administrator may determine, including, without limitation, the grant of Shares based upon certain conditions, the grant of securities convertible into Shares and the grant of stock appreciation rights, phantom stock awards or stock units. The principal terms of each Stock-Based Award shall be set forth in an Agreement, duly executed by the Company and, to the extent required by law or requested by the Company, by the Participant. The Agreement shall be in a form approved by the Administrator and shall contain

terms and conditions which the Administrator determines to be appropriate and in the best interest of the Company. Each Agreement shall include the terms of any right of the Company including the right to terminate the Stock-Based Award without the issuance of Shares, the terms of any vesting conditions or events upon which Shares shall be issued. Under no circumstances may the Agreement covering stock appreciation rights (a) have an exercise price (per share) that is less than the Fair Market Value per share of Common Stock on the date of grant or (b) expire more than ten years following the date of grant.

The Company intends that the Plan and any Stock-Based Awards granted hereunder be exempt from the application of Section 409A of the Code or meet the requirements of paragraphs (2), (3) and (4) of subsection (a) of Section 409A of the Code, to the extent applicable, and be operated in accordance with Section 409A so that any compensation deferred under any Stock-Based Award (and applicable investment earnings) shall not be included in income under Section 409A of the Code. Any ambiguities in the Plan shall be construed to effect the intent as described in this Paragraph 8.

9. EXERCISE OF OPTIONS AND ISSUE OF SHARES.

An Option (or any part or installment thereof) shall be exercised by giving written notice to the Company or its designee (in a form acceptable to the Administrator, which may include electronic notice), together with provision for payment of the aggregate exercise price in accordance with this Paragraph for the Shares as to which the Option is being exercised, and upon compliance with any other condition(s) set forth in the Option Agreement. Such notice shall be signed by the person exercising the Option (which signature may be provided electronically in a form acceptable to the Administrator), shall state the number of Shares with respect to which the Option is being exercised and shall contain any representation required by the Plan or the Option Agreement. Payment of the exercise price for the Shares as to which such Option is being exercised shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) having a Fair Market Value equal as of the date of the exercise to the aggregate cash exercise price for the number of Shares as to which the Option is being exercised; or (c) at the discretion of the Administrator, by having the Company retain from the Shares otherwise issuable upon exercise of the Option, a number of Shares having a Fair Market Value equal as of the date of exercise to the aggregate exercise price for the number of Shares as to which the Option is being exercised; or (d) at the discretion of the Administrator, in accordance with a cashless exercise program established with a securities brokerage firm, and approved by the Administrator; or (e) at the discretion of the Administrator, by any combination of (a), (b), (c) and (d) above; or (f) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall then reasonably promptly deliver the Shares as to which such Option was exercised to the Participant (or to the Participant's Survivors, as the case may be). In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance. The Shares shall, upon delivery, be fully paid, non-assessable Shares.

10. PAYMENT IN CONNECTION WITH THE ISSUANCE OF STOCK GRANTS AND STOCK-BASED AWARDS AND ISSUE OF SHARES.

Any Stock Grant or Stock-Based Award requiring payment of a purchase price for the Shares as to which such Stock Grant or Stock-Based Award is being granted shall be made (a) in United States dollars in cash or by check; or (b) at the discretion of the Administrator, through delivery of shares of Common Stock held for at least six months (if required to avoid negative accounting treatment) and having a Fair Market Value equal as of the date of payment to the purchase price of the Stock Grant or Stock-Based Award; or (c) at the discretion of the Administrator, by any combination of (a) and (b) above; or (d) at the discretion of the Administrator, by payment of such other lawful consideration as the Administrator may determine.

The Company shall, when required by the applicable Agreement, reasonably promptly deliver the Shares as to which such Stock Grant or Stock-Based Award was made to the Participant (or to the Participant's Survivors, as the case may be), subject to any escrow provision set forth in the applicable Agreement. In determining what constitutes "reasonably promptly," it is expressly understood that the issuance and delivery of the Shares may be delayed by the Company in order to comply with any law or regulation (including, without limitation, state securities or "blue sky" laws) which requires the Company to take any action with respect to the Shares prior to their issuance.

11. RIGHTS AS A SHAREHOLDER.

No Participant to whom a Stock Right has been granted shall have rights as a shareholder with respect to any Shares covered by such Stock Right except after due exercise of an Option or issuance of Shares as set forth in any Agreement, tender of the aggregate exercise or purchase price, if any, for the Shares being purchased and registration of the Shares in the Company's share register in the name of the Participant.

12. ASSIGNABILITY AND TRANSFERABILITY OF STOCK RIGHTS.

By its terms, a Stock Right granted to a Participant shall not be transferable by the Participant other than (i) by will or by the laws of descent and distribution, or (ii) as approved by the Administrator in its discretion and set forth in the applicable Agreement provided that no Stock Right may be transferred by a Participant for value. The designation of a beneficiary of a Stock Right by a Participant, with the prior approval of the Administrator and in such form as the Administrator shall prescribe, shall not be deemed a transfer prohibited by this Paragraph. Except as provided above during the Participant's lifetime a Stock Right shall only be exercisable by or issued to such Participant (or his or her legal representative) and shall not be assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process. Any attempted transfer, assignment, pledge, hypothecation or other disposition of any Stock Right or of any rights granted thereunder contrary to the provisions of this Plan, or the levy of any attachment or similar process upon a Stock Right, shall be null and void.

13. EFFECT ON OPTIONS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE OR DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement, in the event of a termination of service with the Company or an Affiliate before the Participant has exercised an Option, the following rules apply:

(a) A Participant who ceases to be an Employee (for any reason other than termination for Cause, Disability, or death for which events there are special rules in Paragraphs 14, 15 and 16, respectively), may exercise any Option granted to him or her to the extent that the Option is exercisable on the date of such termination of service, but only within such term as the Administrator has designated in a Participant's Option Agreement.

(b) The provisions of this Paragraph, and not the provisions of Paragraph 15 or 16, shall apply to a Participant who subsequently becomes Disabled or dies after the termination of employment status; provided, however, in the case of a Participant's Disability or death within three months after the termination of employment status, the Participant or the Participant's Survivors may exercise the Option within one year after the date of the Participant's termination of service, but in no event after the date of expiration of the term of the Option.

(c) Notwithstanding anything herein to the contrary, if subsequent to a Participant's termination, but prior to the exercise of an Option, the Administrator determines that, either prior or subsequent to the Participant's termination, the Participant engaged in conduct which would constitute Cause, then such Participant shall forthwith cease to have any right to exercise any Option.

(d) A Participant to whom an Option has been granted under the Plan who is absent from the Company or an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment status with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

(e) Except as required by law or as set forth in a Participant's Option Agreement, Options granted under the Plan shall not be affected by any change of a Participant's status within or among the Company and any Affiliates, so long as the Participant continues to be an Employee.

14. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant's Option Agreement, the following rules apply if the Participant's service with the Company or an Affiliate is terminated for Cause prior to the time that all his or her outstanding Options have been exercised:

(a) All outstanding and unexercised Options as of the time the Participant is notified his or her service is terminated for Cause will immediately be forfeited.

(b) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service but prior to the exercise of an Option, that either prior or subsequent to the Participant's termination

the Participant engaged in conduct which would constitute Cause, then the right to exercise any Option is forfeited.

15. EFFECT ON OPTIONS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Option Agreement:

(a) A Participant who ceases to be an Employee by reason of Disability may exercise any Option granted to such Participant to the extent that the Option has become exercisable but has not been exercised on the date of the Participant's termination of service due to Disability;

(b) In the event rights to exercise the Option accrue periodically, a Disabled Participant may exercise any Option granted to such Participant to the extent of a pro rata portion through the date of the Participant's termination of service due to Disability of any additional vesting rights that would have accrued on the next vesting date had the Participant not become Disabled. The proration shall be based upon the number of days accrued in the current vesting period prior to the date of the Participant's termination of service due to Disability;

(c) A Disabled Participant may exercise the Option only within the period ending one year after the date of the Participant's termination of service due to Disability, notwithstanding that the Participant might have been able to exercise the Option as to some or all of the Shares on a later date if the Participant had not been terminated due to Disability and had continued to be an Employee, or, if earlier, within the originally prescribed term of the Option; and

(d) The Administrator shall make the determination both of whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

16. EFFECT ON OPTIONS OF DEATH WHILE AN EMPLOYEE.

Except as otherwise provided in a Participant's Option Agreement:

(a) In the event of the death of a Participant while the Participant is an Employee, such Option may be exercised by the Participant's Survivors to the extent that the Option has become exercisable but has not been exercised on the date of death;

(b) In the event rights to exercise the Option accrue periodically, a deceased Participant's Survivors may exercise any Option granted to such Participant to the extent of a pro rata portion through the date of death of any additional vesting rights that would have accrued on the next vesting date had the Participant not died. The proration shall be based upon the number of days accrued in the current vesting period prior to the Participant's date of death; and

(c) If the Participant's Survivors wish to exercise the Option, they must take all necessary steps to exercise the Option within one year after the date of death of such Participant, notwithstanding that the decedent might have been able to exercise the Option as to some or all of the Shares on a later date if he or she had not died and had continued to be an Employee or, if earlier, within the originally prescribed term of the Option.

17. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE.

In the event of a termination of service with the Company or an Affiliate for any reason before the Participant has accepted a Stock Grant or a Stock-Based Award and paid the purchase price, if required, such grant shall terminate.

For purposes of this Paragraph 17 and Paragraph 18 below, a Participant to whom a Stock Grant or a Stock-Based Award has been issued under the Plan who is absent from work with the Company or with an Affiliate because of temporary disability (any disability other than a Disability as defined in Paragraph 1 hereof), or who is on leave of absence for any purpose, shall not, during the period of any such absence, be deemed, by virtue of such absence alone, to have terminated such Participant's employment status with the Company or with an Affiliate, except as the Administrator may otherwise expressly provide.

In addition, for purposes of this Paragraph 17 and Paragraph 18 below, any change of employment or other service within or among the Company and any Affiliates shall not be treated as a termination of employment status so long as the Participant continues to be an Employee.

18. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE OTHER THAN FOR CAUSE, DEATH OR DISABILITY.

Except as otherwise provided in a Participant's Agreement, in the event of a termination of service for any reason, other than termination for Cause, death or Disability for which there are special rules in Paragraphs 19, 20 and 21 below, before all forfeiture provisions or Company rights of repurchase shall have lapsed, then the Company shall have the right to cancel or repurchase that

number of Shares subject to a Stock Grant or Stock-Based Award as to which the Company's forfeiture or repurchase rights have not lapsed.

19. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR CAUSE.

Except as otherwise provided in a Participant's Agreement, the following rules apply if the Participant's service with the Company or an Affiliate is terminated for Cause:

(a) All Shares subject to any Stock Grant or Stock-Based Award that remain subject to forfeiture provisions or as to which the Company shall have a repurchase right shall be immediately forfeited to the Company as of the time the Participant is notified his or her service is terminated for Cause.

(b) Cause is not limited to events which have occurred prior to a Participant's termination of service, nor is it necessary that the Administrator's finding of Cause occur prior to termination. If the Administrator determines, subsequent to a Participant's termination of service, that either prior or subsequent to the Participant's termination the Participant engaged in conduct which would constitute Cause, then all Shares subject to any Stock Grant or Stock-Based Award that remained subject to forfeiture provisions or as to which the Company had a repurchase right on the date of termination shall be immediately forfeited to the Company.

20. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF TERMINATION OF SERVICE FOR DISABILITY.

Except as otherwise provided in a Participant's Agreement, the following rules apply if a Participant ceases to be an Employee by reason of Disability: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of Disability, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of Disability as would have lapsed had the Participant not become Disabled. The proration shall be based upon the number of days accrued prior to the date of Disability.

The Administrator shall make the determination both as to whether Disability has occurred and the date of its occurrence (unless a procedure for such determination is set forth in another agreement between the Company and such Participant, in which case such procedure shall be used for such determination). If requested, the Participant shall be examined by a physician selected or approved by the Administrator, the cost of which examination shall be paid for by the Company.

21. EFFECT ON STOCK GRANTS AND STOCK-BASED AWARDS OF DEATH WHILE AN EMPLOYEE.

Except as otherwise provided in a Participant's Agreement, the following rules apply in the event of the death of a Participant while the Participant is an Employee: to the extent the forfeiture provisions or the Company's rights of repurchase have not lapsed on the date of death, they shall be exercisable; provided, however, that in the event such forfeiture provisions or rights of repurchase lapse periodically, such provisions or rights shall lapse to the extent of a pro rata

portion of the Shares subject to such Stock Grant or Stock-Based Award through the date of death as would have lapsed had the Participant not died. The proration shall be based upon the number of days accrued prior to the Participant's date of death.

22. PURCHASE FOR INVESTMENT.

Unless the offering and sale of the Shares shall have been effectively registered under the Securities Act, the Company shall be under no obligation to issue Shares under the Plan unless and until the following conditions have been fulfilled:

(a) The person who receives a Stock Right shall warrant to the Company, prior to the receipt of Shares, that such person is acquiring such Shares for his or her own account, for investment, and not with a view to, or for sale in connection with, the distribution of any such Shares, in which event the person acquiring such Shares shall be bound by the provisions of the following legend (or a legend in substantially similar form) which shall be endorsed upon the certificate evidencing the Shares issued pursuant to such exercise or such grant:

> "The shares represented by this certificate have been taken for investment and they may not be sold or otherwise transferred by any person, including a pledgee, unless (1) either (a) a Registration Statement with respect to such shares shall be effective under the Securities Act of 1933, as amended, or (b) the Company shall have received an opinion of counsel satisfactory to it that an exemption from registration under such Act is then available, and (2) there shall have been compliance with all applicable state securities laws."

(b) At the discretion of the Administrator, the Company shall have received an opinion of its counsel that the Shares may be issued in compliance with the Securities Act without registration thereunder.

23. DISSOLUTION OR LIQUIDATION OF THE COMPANY.

Upon the dissolution or liquidation of the Company, all Options granted under this Plan which as of such date shall not have been exercised and all Stock Grants and Stock-Based Awards which have not been accepted, to the extent required under the applicable Agreement, will terminate and become null and void; provided, however, that if the rights of a Participant or a Participant's Survivors have not otherwise terminated and expired, the Participant or the Participant's Survivors will have the right immediately prior to such dissolution or liquidation to exercise or accept any Stock Right to the extent that the Stock Right is exercisable or subject to acceptance as of the date immediately prior to such dissolution or liquidation. Upon the dissolution or liquidation of the Company, any outstanding Stock-Based Awards shall immediately terminate unless otherwise determined by the Administrator or specifically provided in the applicable Agreement.

24. ADJUSTMENTS.

Upon the occurrence of any of the following events, a Participant's rights with respect to any Stock Right granted to him or her hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in a Participant's Agreement:

(a) Stock Dividends and Stock Splits. If (i) the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, or (ii) additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Common Stock, each Stock Right and the number of shares of Common Stock deliverable thereunder shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made including, in the exercise or purchase price per share, to reflect such events. The number of Shares subject to the limitations in Paragraphs 3(a) shall also be proportionately adjusted upon the occurrence of such events.

(b) Corporate Transactions. If the Company is to be consolidated with or acquired by another entity in a merger, consolidation, sale of all or substantially all of the Company's assets or the acquisition of all of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a single entity other than a transaction to merely change the state of incorporation (a "Corporate Transaction"), the Administrator or the board of directors of any entity assuming the obligations of the Company hereunder (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the Shares then subject to such Options either the consideration payable with respect to the outstanding shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity; or (ii) upon written notice to the Participants, provide that such Options must be exercised (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph), within a specified number of days of the date of such notice, at the end of which period such Options which have not been exercised shall terminate; or (iii) terminate such Options in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock into which such Option would have been exercisable (either (A) to the extent then exercisable or, (B) at the discretion of the Administrator, any such Options being made partially or fully exercisable for purposes of this Subparagraph) less the aggregate exercise price thereof. For purposes of determining the payments to be made pursuant to subsection (iii) above, in the case of a Corporate Transaction the consideration for which, in whole or in part, is other than cash, the consideration other than cash shall be valued at the fair value thereof as determined in good faith by the Board of Directors.

With respect to outstanding Stock Grants, the Administrator or the Successor Board, shall make appropriate provision for the continuation of such Stock Grants on the same terms and conditions by substituting on an equitable basis for the Shares then subject to such Stock Grants either the consideration payable with respect to the outstanding Shares of Common Stock in connection with the Corporate Transaction or securities of any successor or acquiring entity. In lieu of the foregoing, in connection with any Corporate Transaction, the Administrator may provide that, upon consummation of the Corporate Transaction, each outstanding Stock Grant shall

be terminated in exchange for payment of an amount equal to the consideration payable upon consummation of such Corporate Transaction to a holder of the number of shares of Common Stock comprising such Stock Grant (to the extent such Stock Grant is no longer subject to any forfeiture or repurchase rights then in effect or, at the discretion of the Administrator, all forfeiture and repurchase rights being waived upon such Corporate Transaction).

In taking any of the actions permitted under this Paragraph 24(b), the Administrator shall not be obligated by the Plan to treat all Stock Rights, all Stock Rights held by a Participant, or all Stock Rights of the same type, identically.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company other than a Corporate Transaction pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, a Participant upon exercising an Option or accepting a Stock Grant after the recapitalization or reorganization shall be entitled to receive for the price paid upon such exercise or acceptance if any, the number of replacement securities which would have been received if such Option had been exercised or Stock Grant accepted prior to such recapitalization or reorganization.

(d) Adjustments to Stock-Based Awards. Upon the happening of any of the events described in Subparagraphs (a), (b) or (c) above, any outstanding Stock-Based Award shall be appropriately adjusted to reflect the events described in such Subparagraphs. The Administrator or the Successor Board shall determine the specific adjustments to be made under this Paragraph 24, including, but not limited to the effect of any Corporate Transaction and, subject to Paragraph 4, its determination shall be conclusive.

(e) Modification of Options. Notwithstanding the foregoing, any adjustments made pursuant to Subparagraph (a), (b) or (c) above with respect to Options shall be made only after the Administrator determines whether such adjustments would cause any adverse tax consequences for the holders of Options, including, but not limited to, pursuant to Section 409A of the Code. If the Administrator determines that such adjustments made with respect to Options would constitute a modification or other adverse tax consequence, it may refrain from making such adjustments, unless the holder of an Option specifically agrees in writing that such adjustment be made and such writing indicates that the holder has full knowledge of the consequences of such “modification” on his or her income tax treatment with respect to the Option.

25. ISSUANCES OF SECURITIES.

Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Stock Rights. Except as expressly provided herein, no adjustments shall be made for dividends paid in cash or in property (including without limitation, securities) of the Company prior to any issuance of Shares pursuant to a Stock Right.

26. FRACTIONAL SHARES.

No fractional shares shall be issued under the Plan and the person exercising a Stock Right shall receive from the Company cash in lieu of such fractional shares equal to the Fair Market Value thereof.

27. WITHHOLDING.

In the event that any federal, state, or local income taxes, employment taxes, Federal Insurance Contributions Act ("F.I.C.A.") withholdings or other amounts are required by applicable law or governmental regulation to be withheld from the Participant's salary, wages or other remuneration in connection with the issuance of a Stock Right or Shares under the Plan or for any other reason required by law, the Company may withhold from the Participant's compensation, if any, or may require that the Participant advance in cash to the Company, or to any Affiliate of the Company which employs or employed the Participant, the statutory minimum amount of such withholdings unless a different withholding arrangement, including the use of shares of the Company's Common Stock or a promissory note, is authorized by the Administrator (and permitted by law). For purposes hereof, the fair market value of the shares withheld for purposes of payroll withholding shall be determined in the manner set forth under the definition of Fair Market Value provided in Paragraph 1 above, as of the most recent practicable date prior to the date of exercise. If the Fair Market Value of the shares withheld is less than the amount of payroll withholdings required, the Participant may be required to advance the difference in cash to the Company or the Affiliate employer. The Administrator in its discretion may condition the exercise of an Option for less than the then Fair Market Value on the Participant's payment of such additional withholding.

28. TERMINATION OF THE PLAN.

The Plan will terminate on September 9, 2031. The Plan may be terminated at an earlier date by vote of the shareholders or the Board of Directors of the Company; provided, however, that any such earlier termination shall not affect any Agreements executed prior to the effective date of such termination. Termination of the Plan shall not affect any Stock Rights theretofore granted.

29. AMENDMENT OF THE PLAN AND AGREEMENTS.

The Plan may be amended by the Administrator. Any modification or amendment of the Plan shall not, without the consent of a Participant, adversely affect his or her rights under a Stock Right previously granted to him or her. With the consent of the Participant affected, the Administrator may amend outstanding Agreements in a manner which may be adverse to the Participant but which is not inconsistent with the Plan. In the discretion of the Administrator, outstanding Agreements may be amended by the Administrator in a manner which is not adverse to the Participant. Nothing in this Paragraph 29 shall limit the Administrator's authority to take any action permitted pursuant to Paragraph 24.

30. EMPLOYMENT OR OTHER RELATIONSHIP.

Nothing in this Plan or any Agreement shall be deemed to prevent the Company or an Affiliate from terminating the employment status of a Participant, nor to prevent a Participant from terminating his or her own employment status or to give any Participant a right to be retained in employment or other service by the Company or any Affiliate for any period of time.

31. SECTION 409A.

If a Participant is a "specified employee" as defined in Section 409A of the Code (and as applied according to procedures of the Company and its Affiliates) as of his separation from service, to the extent any payment under this Plan or pursuant to the grant of a Stock-Based Award constitutes deferred compensation (after taking into account any applicable exemptions from Section 409A of the Code), and to the extent required by Section 409A of the Code, no payments due under this Plan or pursuant to a Stock-Based Award may be made until the earlier of: (i) the first day of the seventh month following the Participant's separation from service, or (ii) the Participant's date of death; provided, however, that any payments delayed during this six-month period shall be paid in the aggregate in a lump sum, without interest, on the first day of the seventh month following the Participant's separation from service.

The Administrator shall administer the Plan with a view toward ensuring that Stock Rights under the Plan that are subject to Section 409A of the Code comply with the requirements thereof and that Options under the Plan be exempt from the requirements of Section 409A of the Code, but neither the Administrator nor any member of the Board, nor the Company nor any of its Affiliates, nor any other person acting hereunder on behalf of the Company, the Administrator or the Board shall be liable to a Participant or any Survivor by reason of the acceleration of any income, or the imposition of any additional tax or penalty, with respect to a Stock Right, whether by reason of a failure to satisfy the requirements of Section 409A of the Code or otherwise.

32. INDEMNITY.

Neither the Board nor the Administrator, nor any members of either, nor any employees of the Company or any parent, subsidiary, or other Affiliate, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with their responsibilities with respect to this Plan, and the Company hereby agrees to indemnify the members of the Board, the members of the Committee, and the employees of the Company and its parent or subsidiaries in respect of any claim, loss, damage, or expense (including reasonable counsel fees) arising from any such act, omission, interpretation, construction or determination to the full extent permitted by law.

33. CLAWBACK.

Notwithstanding anything to the contrary contained in this Plan, the Company may recover from a Participant any compensation received from any Stock Right (whether or not settled) or cause a Participant to forfeit any Stock Right (whether or not vested) in the event that the Company's Clawback Policy then in effect is triggered.

34. GOVERNING LAW.

This Plan shall be construed and enforced in accordance with the law of the State of Delaware.

EXHIBIT 10.2

CERTAIN CONFIDENTIAL PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED AND REPLACED WITH "[* * *]". SUCH IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO THE COMPANY IF DISCLOSED.

SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of November 1, 2021 ("Second Amendment Effective Date"), is entered into by and among G1 THERAPEUTICS, INC., a Delaware corporation, and each of its Subsidiaries (hereinafter collectively referred to as the "Borrower"), the several banks and other financial institutions or entities from time to time parties to the Loan Agreement (as defined below) (collectively, referred to as the "Lenders") and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, "Agent").

A. Borrower, Lenders and Agent are parties to that certain Loan and Security Agreement, dated as of May 29, 2020 (the "Existing Loan Agreement"; and the Existing Loan Agreement, as amended by this Amendment and as further amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement").

B. Borrower, Lenders and Agent desire to modify the terms of the Existing Loan Agreement as set forth in this Amendment.

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Loan Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

(b) **Rules of Construction.** The rules of construction that appear in Section 1.3 of the Loan Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Loan Agreement.

(a) Upon satisfaction of the conditions set forth in Section 3 hereof, the Existing Loan Agreement is hereby amended as follows:

(i) Exhibit A attached hereto sets forth a clean copy of the Loan Agreement as amended hereby; and

(ii) In Exhibit B hereto, deletions of the text in the Existing Loan Agreement (including, to the extent included in such Exhibit B, each Schedule or Exhibit to the Existing Loan Agreement) are indicated by ~~struck-through text~~, and insertions of text are indicated by **bold, double-underlined text**.

(b) **References Within Existing Loan Agreement**. Each reference in the Existing Loan Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Existing Loan Agreement as amended by this Amendment.

SECTION 3 Conditions of Effectiveness. The effectiveness of Section 2 of this Amendment shall be subject to Agent's receipt of the following documents, in form and substance satisfactory to Agent, or, as applicable, the following conditions being met:

(a) this Amendment, executed by Agent, each Lender and Borrower;

(b) a duly executed certificate of an officer of Borrower certifying and attaching copies of (A) the certificate of incorporation, certified as of a recent date by the jurisdiction of organization of Borrower and as in effect as of the Second Amendment Effective Date; (B) the bylaws of Borrower, as in effect as of the Second Amendment Effective Date; (C) resolutions of Borrower's board of directors evidencing approval of this Amendment and the Advance to be made on the Second Amendment Effective Date, as such resolutions remain in full force and effect as

of the Second Amendment Effective Date; and (D) a schedule setting forth the name, title and specimen signature of officers or other authorized signers on behalf of Borrower;

(c) a certificate of good standing for Borrower from its jurisdiction of organization and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified could have a Material Adverse Effect;

(d) a perfection certificate, executed by Borrower, in form and substance reasonably satisfactory to Agent;

(e) a legal opinion of Borrower's counsel, in form and substance reasonably acceptable to Agent;

(f) on the Second Amendment Effective Date, after giving effect to the amendment of the Existing Loan Agreement contemplated hereby: (i) the representations and warranties contained in Section 4 shall be true and correct on and as of the Second Amendment Effective Date as though made on and as of such date; and (ii) there exists no Event of Default or event that with the passage of time would result in an Event of Default; and

(g) Borrower shall have paid (i) all invoiced costs and expenses then due in accordance with Section 5(e), (ii) the Tranche 1C Facility Charge and (iii) all other fees, costs and expenses, if any, due and payable as of the Second Amendment Effective Date under the Loan Agreement.

SECTION 4 Representations and Warranties. To induce Agent and Lenders to enter into this Amendment, Borrower hereby confirms, as of the date hereof, that (a) the representations and warranties made by it in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof provided, further, that to the extent such representations and warranties by their terms expressly relate only to a prior date such representations and warranties shall be true and correct as of such prior date; (b) there has not been and there does not exist a Material Adverse Effect; (c) that the information included in the Perfection Certificate delivered to Agent on the Second Amendment Effective Date is true and correct; (d) Agent has and shall continue to have valid, enforceable and perfected first-priority liens, subject only to Permitted Liens, on and security interests in the Collateral and all other collateral heretofore granted by Borrower to Agent, pursuant to the Loan Documents or otherwise granted to or held by Agent; (e) the agreements and obligations of Borrower contained in the Loan Documents and in this Amendment constitute the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by the application of general principles of equity; (f) the execution, delivery and performance of this Amendment by Borrower will not violate any law, rule, regulation, order, contractual obligation or organizational document of Borrower and will not result in, or require, the creation or imposition of any lien, claim or encumbrance of any kind on any of its properties or revenues; and (g) no Event of Default has occurred and is continuing.

SECTION 5 Miscellaneous.

(a) **Loan Documents Otherwise Not Affected; Reaffirmation; No Novation.**

(i) Except as expressly amended pursuant hereto or referenced herein, the Loan Agreement and the other Loan Documents shall remain unchanged and in full force and effect and are hereby ratified and confirmed in all respects. Each Lender's and Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(ii) Borrower hereby expressly (1) reaffirms, ratifies and confirms its Secured Obligations under the Existing Loan Agreement and the other Loan Documents, (2) reaffirms, ratifies and confirms the grant of security under Section 3.1 of the Existing Loan Agreement, (3) reaffirms that such grant of security in the Collateral secures all Secured Obligations under the Existing Loan Agreement, including without limitation any Term Loans funded on or after the date hereof, as of the date hereof, and with effect from (and including) the date hereof, such

grant of security in the Collateral: (x) remains in full force and effect notwithstanding the amendments expressly referenced herein; and (y) secures all Secured Obligations under the Existing Loan Agreement, as amended by this Amendment, and the other Loan Documents, and (4) agrees that the Existing Loan Agreement and each other Loan Document shall remain in full force and effect following any action contemplated in connection herewith.

(iii) This Amendment is not a novation and the terms and conditions of this Amendment shall be in addition to and supplemental to all terms and conditions set forth in the Loan Documents. Nothing in this Amendment is intended, or shall be construed, to constitute an accord and satisfaction of Borrower's Secured Obligations under or in connection with the Loan Agreement and any other Loan Document or to modify, affect or impair the perfection or continuity of Agent's security interest in, (on behalf of itself and the Lenders) security titles to or other liens on any Collateral for the Secured Obligations.

(b) **Conditions.** For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless Agent shall have received notice from such Lender prior to the date hereof specifying its objection thereto.

(c) **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby fully, absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent and Lenders, and its successors and assigns, and its present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, attorneys, employees, agents and other representatives (Agent, Lenders and all such other persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment for or on account of, or in relation to, or in any way in connection with the Loan Agreement, or any of the other Loan Documents or the transactions thereunder or related thereto. Borrower waives the provisions of California Civil Code section 1542, which states:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release. Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above. The provisions of this section shall survive payment in full of the Secured Obligations, full performance of all the terms of this Amendment and the other Loan Documents.

(d) **No Reliance.** Borrower hereby acknowledges and confirms to Agent and Lenders that Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(e) **Costs and Expenses.** Borrower agrees to pay to Agent on the date hereof the out-of-pocket costs and expenses of Agent and the Lenders, and the fees and disbursements of counsel to Agent and the Lenders in connection with the negotiation, preparation, execution and delivery of this Amendment and any other documents to be delivered in connection herewith on the date hereof.

(f) **Binding Effect.** This Amendment binds and is for the benefit of the successors and permitted assigns of each party.

(g) **Governing Law.** THIS AMENDMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA, EXCLUDING CONFLICT OF LAWS PRINCIPLES THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY OTHER JURISDICTION.

(h) **Complete Agreement; Amendments.** This Amendment and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements with respect to such subject matter. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Amendment and the Loan Documents merge into this Amendment and the Loan Documents.

(i) **Severability of Provisions.** Each provision of this Amendment is severable from every other provision in determining the enforceability of any provision.

(j) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Amendment. Delivery of an executed counterpart of a signature page of this Amendment by facsimile, portable document format (.pdf) or other electronic transmission will be as effective as delivery of a manually executed counterpart hereof.

(k) **Loan Documents.** This Amendment and the documents related hereto shall constitute Loan Documents.

(l) **Electronic Execution of Certain Other Documents.** The words “execution,” “execute”, “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Amendment and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the California Uniform Electronic Transactions Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

BORROWER:

G1 THERAPEUTICS, INC.

Signature: */s/ Jennifer Moses*

Print Name: Moses

Title: Chief Financial Officer

[SIGNATURES CONTINUE ON THE NEXT PAGE]

AGENT:

HERCULES CAPITAL, INC.

Signature: */s/ Seth Meyer*

Print Name: Seth Meyer

Title: Chief Financial Officer

LENDERS:

HERCULES CAPITAL, INC.

Signature: */s/ Seth Meyer*

Print Name: Seth Meyer

Title: Chief Financial Officer

HERCULES CAPITAL IV, L.P.

By: Hercules Technology SBIC Management, LLC, its General Partner
By: Hercules Capital, Inc., its Manager

Signature: */s/ Seth Meyer*

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES PRIVATE CREDIT FUND I L.P.

By: Hercules Private Global Venture Growth Fund GP I LLC, its general partner
By: Hercules Adviser LLC, its sole member

Signature: */s/ Seth Meyer*

Print Name: Seth Meyer

Title: Authorized Signatory

HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.

By: Hercules Private Global Venture Growth Fund GP I LLC, its general partner
By: Hercules Adviser LLC, its sole member

Signature: */s/ Seth Meyer*

Print Name: Seth Meyer

Title: Authorized Signatory

EXHIBIT A
To Second Amendment to Loan and Security Agreement

Conformed Version
Through First Amendment, dated as of March 31, 2021
and Second Amendment, dated as of November 1, 2021

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of May 29, 2020 and is entered into by and among G1 THERAPEUTICS, INC., a Delaware corporation, and each of its Subsidiaries (hereinafter collectively referred to as the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (collectively, referred to as the "Lenders") and HERCULES CAPITAL, INC., a Maryland corporation, in its capacity as administrative agent and collateral agent for itself and the Lenders (in such capacity, the "Agent").

RECITALS

A. Borrower has requested the Lenders make available to Borrower a loan in an aggregate principal amount of up to One Hundred Fifty Million and No/100 Dollars ($150,000,000) (the "Term Loan"); and

B. The Lenders are willing to make the Term Loan on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, Borrower, Agent and the Lenders agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Account Control Agreement(s)" means any agreement entered into by and among the Agent, Borrower and a third party bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or an account holding Investment Property and which perfects Agent's first priority security interest in the subject account or accounts.

"ACH Authorization" means the ACH Debit Authorization Agreement in substantially the form of Exhibit H, which account numbers shall be redacted for security purposes if and when filed publicly by the Borrower.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business, line of business or division or other unit of operation of a Person, (b) the acquisition of fifty percent (50%) or more of the Equity Interests of any Person, whether or not involving a merger, consolidation or similar transaction with such other Person, or otherwise causing any Person to become a Subsidiary of Borrower, or (c) the acquisition of, or the right to use, develop or sell (in each case, including through licensing (other than "off-the-shelf" licenses)), any product, product line or Intellectual Property of or from any other Person.

"Advance(s)" means a Term Loan Advance.

"Advance Date" means the funding date of any Advance.

"Advance Request" means a request for an Advance submitted by Borrower to Agent in substantially the form of Exhibit A, which account numbers shall be redacted for security purposes if and when filed publicly by the Borrower.

"Affiliate" means (a) any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question, (b) any Person directly or indirectly owning, controlling or holding with power to vote twenty percent (20%) or more of the outstanding voting securities of another Person, (c) any Person twenty percent (20%) or more of whose outstanding voting securities are directly or indirectly owned, controlled or held by another Person with power to vote such securities, or (d) any Person related by blood or marriage to any Person described in subsection (a), (b) or (c) of this paragraph. As used in the definition of "Affiliate," the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means this Loan and Security Agreement, as amended from time to time.

"Amortization Date" means December 1, 2024; provided however if Borrower remains in compliance with Section 7.20, then the earlier of (a) December 1, 2025 and (b) the first day of the fiscal quarter immediately following the occurrence of any default under Section 7.20.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to Borrower or any of its controlled Affiliates from time to time concerning or relating to bribery or corruption, including without limitation the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010 and other similar legislation in any other jurisdictions.

"Anti-Terrorism Laws" means any laws, rules, regulations or orders relating to terrorism or money laundering, including without limitation Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

"Blocked Person" means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"Borrower Products" means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

"Borrower's Books" means Borrower's or any of its Subsidiaries' books and records including ledgers, federal, state, local and foreign tax returns, records regarding Borrower's or its Subsidiaries' assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"Business Day" means any day other than Saturday, Sunday and any other day on which banking institutions in the State of California are closed for business.

"Cash" means all cash, cash equivalents and liquid funds.

"Change in Control" means any reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower in which the holders of Borrower's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower is the surviving entity.

"Closing Date" means the date of this Agreement.

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

"Common Stock" means the common stock, $0.0001 par value per share, of the Borrower.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any Indebtedness, capital lease, letter of credit or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement. For the avoidance of doubt, no Permitted Bond Hedge Transaction or Permitted Warrant Transaction will be considered a Contingent Obligation of Borrower.

"Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Copyrights" means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States of America, any State thereof, or of any other country.

"Cross-Default Reference Obligation" has the meaning assigned to such term in the definition of "Permitted Convertible Debt".

"Deposit Accounts" means any "deposit accounts," as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

"Domestic Subsidiary" means any Subsidiary organized under the laws of the United States of America, any State thereof, the District of Columbia, or any other jurisdiction within the United States of America.

"Due Diligence Fee" means $40,000, which fee has been paid to the Lenders prior to the Closing Date, and shall be deemed fully earned on such date regardless of the early termination of this Agreement.

"Equity Interests" means, with respect to any Person, the capital stock, partnership or limited liability company interest, or other equity securities or equity ownership interests of such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

"Excluded Accounts" means (A) Deposit Accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees holding an aggregate amount across all such accounts of not more than amounts needed for the then-next two (2) payroll cycles and (B) deposit securities, commodity or similar accounts with financial institutions inside of the United States, so long as no more than $100,000 in the aggregate is maintained in such accounts at any time.

"FDA" means the United States Food and Drug Administration or any successor thereto.

"First Amendment Effective Date" means March 31, 2021.

"Foreign Subsidiary" means any Subsidiary other than a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time.

"Indebtedness" means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade credit entered into in the ordinary course of business due within ninety (90) days), including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, (d) equity securities of any Person subject to repurchase or redemption other than at the sole option of such Person, (e) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature arising out of purchase and sale contracts, (f) non-contingent obligations to reimburse any bank or Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, and (g) all Contingent Obligations. For the avoidance of doubt, no (i) prepaid or deferred revenue arising in the ordinary course of business, (ii) endorsements of checks or drafts arising in the ordinary course of business and (iii) Permitted Warrant Transaction shall be considered Indebtedness of the Borrower.

"Initial Facility Charge" means Six Hundred Fifty Thousand Dollars ($650,000), which is payable to the Lenders in accordance with Section 4.1(f).

"Insolvency Proceeding" means any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

"Intellectual Property" means all of Borrower's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Intellectual Property Security Agreement" means the Intellectual Property Security Agreement dated as of the Closing Date between Borrower and Agent, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"Investment" means (a) any beneficial ownership (including stock, partnership, limited liability company interests, or other securities) of or in any Person, (b) any loan, advance or capital contribution to any Person or (c) any Acquisition.

"IRS" means the United States Internal Revenue Service.

"Joinder Agreements" means for each Subsidiary, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit F.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

"Loan" means the Advances made under this Agreement.

"Loan Documents" means this Agreement, the promissory notes (if any), the ACH Authorization, the Account Control Agreements, any Joinder Agreements, the Intellectual Property Security Agreement, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

"Market Capitalization" means, as of any date of determination, the product of (a) the number of outstanding shares of Common Stock publicly disclosed in the most recent filing of Borrower with the United States Securities Exchange Commission as outstanding as of such date of determination and (b) the closing price of Borrower's Common Stock (as quoted on Bloomberg L.P.'s page or any successor page thereto of Bloomberg L.P. or if such page is not available, any other commercially available source).

"Material Adverse Effect" means a material adverse effect upon: (i) the business, operations, properties, assets or financial condition of Borrower and its Subsidiaries taken as a whole; or (ii) the ability of Borrower to perform or pay the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Agent or the Lenders to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral or Agent's Liens on the Collateral or the priority of such Liens.

"Maximum Term Loan Amount" means One Hundred Fifty Million and No/100 Dollars ($150,000,000).

"New Drug Application" means a new drug application, submitted to the FDA under 21 U.S.C. § 355(b) for authorization to market a drug in the United States.

"Non-Core Intellectual Property" means any Intellectual Property not material to Borrower's business upon prior consultation with Agent, which for the avoidance of doubt shall not include Intellectual Property in respect of [* * *].

"Non-Disclosure Agreement" means that certain Non-Disclosure Agreement by and between Hercules Capital, Inc. and G1 Therapeutics, Inc. dated as of April 6, 2020.

"OFAC" is the U.S. Department of Treasury Office of Foreign Assets Control.

"OFAC Lists" are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"Patent License" means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

"Patents" means all letters patent of, or rights corresponding thereto, in the United States of America or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States of America or any other country.

"Permitted Acquisition" means any Acquisition, in each case located entirely within the United States of America, which is conducted in accordance with the following requirements:

(a) of a business or Person or product engaged in a line of business related to that of the Borrower or its Subsidiaries;

(b) if such Acquisition is structured as a stock acquisition, then the Person so acquired shall either (i) become a wholly-owned Subsidiary of Borrower or of a Subsidiary and the Borrower shall comply, or cause such Subsidiary to comply, with Section 7.13 hereof or (ii) such Person shall be merged with and into Borrower (with the Borrower being the surviving entity);

(c) if such Acquisition is structured as the acquisition or in-licensing of assets, such assets shall be acquired by Borrower, and shall be free and clear of Liens other than Permitted Liens;

(d) the Borrower shall have delivered to the Lenders not less than ten (10) (or such shorter period as the Lenders may accept) nor more than forty five (45) days prior to the date of such Acquisition, notice of such Acquisition together with pro forma projected financial information, copies of all material documents relating to such acquisition, and historical financial statements for such acquired entity, division or line of business, in each case in form and substance satisfactory to the Lenders and demonstrating compliance with the covenants set forth in Section 7.20 hereof on a pro forma basis as if the Acquisition occurred on the first day of the most recent measurement period;

(e) both immediately before and after such Acquisition no Default or Event of Default shall have occurred and be continuing; and

(f) the sum of the purchase price of such proposed new Acquisition, computed on the basis of total acquisition consideration paid or incurred, or to be paid or incurred, by Borrower with respect thereto, including the amount of Permitted Indebtedness assumed or to which such assets, businesses or business or ownership interest or shares, or any Person so acquired, is subject, shall not be greater than (i) $1,000,000 for any single acquisition or group of related acquisitions or (ii) $2,500,000 for all such acquisitions during the term of this Agreement.

"Permitted Bond Hedge Transaction" means any call or capped call option (or substantively equivalent derivative transaction) relating to Common Stock (or other securities or property following a merger event or other change of the Common Stock) purchased by Borrower in connection with the issuance of any Permitted Convertible Debt and as may be amended in accordance with its terms; *provided* that, the net purchase price of any such call option transaction less the amount received by Borrower in respect of any Permitted Warrant Transaction in connection with such issuance of Permitted Convertible Debt shall not exceed 15% of the gross proceeds to Borrower from such issuance of Permitted Convertible Debt; *provided further* that the terms, conditions and covenants of each such call option transaction are customary for agreements of such type, as determined in good faith by the board of directors of the Borrower or a committee thereof.

"Permitted Convertible Debt" means Indebtedness of the Borrower that is convertible into a fixed number (subject to customary anti-dilution adjustments, "make-whole" increases and other customary changes thereto) of shares of Common Stock (or other securities or property following a merger event or other change of the Common Stock), cash or any combination thereof (with the amount of such cash or such combination determined by reference to the market price of such Common Stock or such other securities); *provided* that such Indebtedness shall (a) not require any scheduled amortization or otherwise require payment of principal prior to, or have a scheduled maturity date earlier than, one hundred eighty (180) days after the Term Loan Maturity Date, (b) be unsecured, (c) not be guaranteed by any Subsidiary of Borrower, and (d) be on terms and conditions customary for Indebtedness of such type, as determined in good faith by the board of directors of the Borrower or a committee thereof; *provided further*, that any cross-default or cross-acceleration event of default (each howsoever defined) provision contained therein that relates to indebtedness or other payment obligations of Borrower (or any of its Subsidiaries) (such indebtedness or other payment obligations, a "Cross-Default Reference Obligation") contains a cure period of at least thirty (30) calendar days (after written notice to the issuer of such Indebtedness by the trustee or to such issuer and such trustee by holders of at least 25% in aggregate principal amount of such Indebtedness then outstanding) before a default, event of default, acceleration or other event or condition under such Cross-Default Reference Obligation results in an event of default under such cross-default or cross-acceleration provision.

"Permitted Indebtedness" means:

(i) Indebtedness of Borrower in favor of the Lenders or Agent arising under this Agreement or any other Loan Document;

(ii) Indebtedness existing on the Closing Date which is disclosed in Schedule 1A;

(iii) Indebtedness of up to $500,000 outstanding at any time secured by a Lien described in clause (vii) of the defined term "Permitted Liens," provided such Indebtedness does not exceed the cost of the Equipment financed with such Indebtedness;

(iv) Indebtedness to trade creditors incurred in the ordinary course of business, including such Indebtedness incurred in the ordinary course of business with corporate credit cards in an amount not to exceed $500,000 at any time outstanding;

(v) Indebtedness that also constitutes a Permitted Investment;

(vi) Subordinated Indebtedness;

(vii) reimbursement obligations in connection with letters of credit that are secured by Cash and issued on behalf of the Borrower or a Subsidiary thereof in an amount not to exceed $250,000 at any time outstanding;

(viii) other Indebtedness in an amount not to exceed $500,000 at any time outstanding; provided that if such Indebtedness is secured, such Liens must qualify as a Permitted Lien under clause (xv) of the definition thereof;

(ix) intercompany Indebtedness as long as each of the obligor and the obligee under such Indebtedness is either the Borrower or a Subsidiary that has executed a Joinder Agreement;

(x) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements in each case, incurred in the ordinary course of business;

(xi) Permitted Convertible Debt in an aggregate principal amount not to exceed $350,000,000 at any one time outstanding;

(xii) Indebtedness with respect to a Permitted Royalty Transaction that (a) if reasonably requested by Agent, is subordinated to the Secured Obligations pursuant to a subordination or intercreditor agreement on terms and conditions satisfactory to Agent and (b) shall specifically designate this Agreement and all Secured Obligations as "designated senior indebtedness" or similar term so that the subordination terms referred to in clause (a) of this clause specifically refer to such notes as being subordinated to the Secured Obligations pursuant to such subordination terms; and

(xiii) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified do not impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"Permitted Investment" means:

(i) Investments existing on the Closing Date which are disclosed in Schedule 1B;

(ii) (a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Services, (b) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (c) certificates of deposit issued by any bank with assets of at least $500,000,000 maturing no more than one year from the date of investment therein, (d) money market accounts and (e) Investments in cash equivalents made pursuant to Borrower's investment policy so long as such investment policy has been delivered to and approved by Agent;

(iii) repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of

such securities in an aggregate amount not to exceed $250,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases;

(iv) Investments accepted in connection with Permitted Transfers;

(v) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business;

(vi) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business, provided that this subparagraph (vi) shall not apply to Investments of Borrower in any Subsidiary;

(vii) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Borrower pursuant to employee stock purchase plans or other similar agreements approved by Borrower's board of directors;

(viii) Investments consisting of travel advances in the ordinary course of business;

(ix) Investments in newly-formed Subsidiaries, provided that each such Subsidiary enters into a Joinder Agreement promptly after its formation by Borrower and execute such other documents as shall be reasonably requested by Agent;

(x) Investments in Foreign Subsidiaries hereafter formed in an amount not to exceed $200,000 in any fiscal year;

(xi) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed $100,000 in the aggregate in any fiscal year;

(xii) Permitted Acquisitions;

(xiii) Borrower's entry into (including payments of premiums in connection therewith), and the performance of obligations under, any Permitted Bond Hedge Transactions and Permitted Warrant Transactions in accordance with their terms; and

(xiv) additional Investments that do not exceed $500,000 in the aggregate.

"Permitted Liens" means:

(i) Liens in favor of Agent or the Lenders;

(ii) Liens existing on the Closing Date which are disclosed in Schedule 1C;

(iii) Liens for taxes, fees, assessments or other governmental charges or levies, which are not yet due or remain payable without penalty or which are being contested in good faith

by appropriate proceedings diligently conducted; provided, that Borrower maintains adequate reserves therefor on Borrower's Books in accordance with GAAP;

(iv) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower's business and imposed without action of such parties, which remain payable without penalty or which are being contested in good faith by appropriate proceedings diligently conducted; provided, that Borrower maintains adequate reserves therefor on Borrower's Books in accordance with GAAP;

(v) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder;

(vi) the following deposits, to the extent made in the ordinary course of business: deposits under worker's compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than Liens arising under ERISA or environmental Liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds;

(vii) Liens on Equipment or software or other intellectual property constituting purchase money Liens and Liens in connection with capital leases securing Indebtedness permitted in clause (iii) of "Permitted Indebtedness";

(viii) Liens incurred in connection with Subordinated Indebtedness;

(ix) leasehold interests in leases or subleases and licenses granted in the ordinary course of business and not interfering in any material respect with the business of the licensor;

(x) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties that are promptly paid on or before the date they become due;

(xi) Liens on insurance proceeds securing the payment of financed insurance premiums that are promptly paid on or before the date they become due (provided that such Liens extend only to such insurance proceeds and not to any other property or assets);

(xii) statutory and common law rights of set-off and other similar rights as to deposits of cash and securities in favor of banks, other depository institutions and brokerage firms;

(xiii) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business so long as they do not materially impair the value or marketability of the related property;

(xiv) Liens on Cash securing obligations permitted under clause (vii) of the definition of Permitted Indebtedness in an aggregate amount not to exceed $500,000 at any time;

(xv) other Liens securing obligations in an amount not to exceed $500,000 at any time outstanding; provided that such Liens be limited to specific assets (other than Intellectual

Property) and not all assets or substantially all assets of Borrower; provided further that no such Liens shall encumber any Intellectual Property;

(xvi) Liens consisting of Permitted Out-Licenses;

(xvii) Liens solely on the royalty interests purchased pursuant to a Permitted Royalty Transaction and proceeds thereon; provided that no Liens shall be granted with respect to any Intellectual Property of Borrower or its Subsidiaries; and

(xviii) Liens incurred in connection with the extension, renewal or refinancing of the Indebtedness secured by Liens of the type described in clauses (i) through (xvi) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

"Permitted Out-Licenses" mean the following licenses entered into in the ordinary course of business and on an arms' length basis:

(i) non-exclusive licenses and non-exclusive arrangements for the use of Intellectual Property;

(ii) licenses that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory; and

(iii) licenses that could not result in a legal transfer of title of the licensed property that may be exclusive as to territory, but only:

(w) as to discreet geographical areas outside of the United States of America,

(x) with respect to [* * *],

(y) with respect to [* * *] with the consent of the Agent, or

(z) for Non-Core Intellectual Property.

"Permitted Royalty Transaction" means any [* * *] in the ordinary course of business and on terms (including, without limitation, that any security granted in connection with such Permitted Royalty Transaction is limited solely to the respective Intellectual Property being financed by such facility), in each case, satisfactory to Agent, as long as (i) [* * *], (ii) such transaction does not interfere with the security interest granted to Agent pursuant to this Agreement, (iii) such transaction does not result in a transfer of any Intellectual Property, (iv) such transaction does not result in a transfer of any Rights to Payment of any Intellectual Property, (v) the beneficiary is Borrower or a Subsidiary that has executed and delivered to Agent a Joinder Agreement pursuant to Section 7.13 and (vi) all fees and payments with respect to such transaction (including, without limitation, with respect to the underlying Intellectual Property and Rights to Payment) are payable to Borrower or such Subsidiary, as applicable, and made to an Account subject to an Account Control Agreement.

"Permitted Transfers" means:

(i) sales of Inventory in the ordinary course of business,

(ii) Permitted Out-Licenses,

(iii) dispositions of worn-out, obsolete or surplus Equipment at fair market value in the ordinary course of business,

(iv) Permitted Royalty Transactions, and

(v) other Transfers of assets having a fair market value of not more than $500,000 in the aggregate in any fiscal year.

"Permitted Warrant Transaction" means any call option, warrant or right to purchase (or substantively equivalent derivative transaction) relating to Common Stock (or other securities or property following a merger event or other change of the Common Stock) and/or cash (in an amount determined by reference to the price of such Common Stock) sold by Borrower substantially concurrently with any purchase by Borrower of a related Permitted Bond Hedge Transaction and as may be amended in accordance with its terms; provided that (x) that the terms, conditions and covenants of each such call option transaction are customary for agreements of such type, as determined in good faith by the board of directors of the Borrower or a committee thereof and (y) such call option transaction would be classified as an equity instrument in accordance with GAAP.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

"Qualified Cash" means the amount of Borrower's Cash held in accounts subject to an Account Control Agreement in favor of Agent.

"Qualified Cash A/P Amount" means the amount of Borrower's accounts payable under GAAP not paid after the 120th day following the invoice for such account payable.

"Receivables" means (i) all of Borrower's Accounts, Instruments, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

"Redemption Conditions" means, with respect to any payment of cash in respect of the principal amount of any Permitted Convertible Debt, satisfaction of each of the following events: (a) no Default or Event of Default shall exist or result therefrom, and (b) both immediately before and at all times after such redemption, Borrower's Qualified Cash shall be no less than the sum of 150% of the outstanding Secured Obligations *plus* the Qualified Cash A/P Amount.

"Register" has the meaning specified in Section 11.7.

"Required Lenders" means, at any time, the holders of more than 50% of the sum of the aggregate unpaid principal amount of the Term Loans then outstanding.

"Restricted License" means any material License or other agreement with respect to which Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such License or agreement or any other property (other than to the extent such assignment would be rendered invalid pursuant to Section 9-408 of the Code), or (b) for which a default under or termination of could interfere with the Agent's right to sell any Collateral.

"Rights to Payment" means all Accounts and General Intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, any Intellectual Property.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"SBA Funding Date" means each date on which a Lender which is an SBIC funds any portion of the Term Loan.

"Second Amendment Effective Date" means November 1, 2021.

"Secured Obligations" means Borrower's obligations under this Agreement and any Loan Document, including any obligation to pay any amount now owing or later arising.

"Subordinated Indebtedness" means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Agent in its reasonable discretion and subject to a "deep" subordination agreement (i.e., "deep" payment, lien and enforcement subordination) in form and substance satisfactory to Agent in its reasonable discretion.

"Subsequent Financing" means the closing of any Borrower financing which becomes effective after the Closing Date and is marketed to multiple investors.

"Subsidiary" means an entity, whether a corporation, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls 50% or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

"T6M Net Product Revenue" means Borrower's net product revenue (as determined in accordance with GAAP) solely from the sale of [* * *] (which shall not include any royalty, profit sharing, or milestone revenue (including pursuant to any Permitted Royalty Transaction)), measured on a trailing six-month basis as of the date of the most recently delivered monthly financial statement in accordance with Section 7.1(a).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any governmental authority, including any interest, additions to tax or penalties applicable thereto.

"Term Commitment" means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to the Borrower in a principal amount not to exceed the amount set forth under the heading "Term Commitment" opposite such Lender's name on Schedule 1.1.

"Term Loan Advance" means each Tranche 1 Advance, Tranche 2 Advance, Tranche 3 Advance, Tranche 4 Advance and any other Term Loan funds advanced under this Agreement.

"Term Loan Interest Rate" means for any day a per annum rate of interest equal to the greater of (i) (a) the prime rate as reported in The Wall Street Journal, plus (b) 5.90%, and (ii) 9.15%.

"Term Loan Maturity Date" means November 1, 2026.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademarks" means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States of America, any State thereof or any other country or any political subdivision thereof.

"Tranche 1C Facility Charge" means Six Hundred and Seventy-Five Thousand Dollars ($675,000), which is payable to the Lenders on the Second Amendment Effective Date in accordance with Section 4.2(e).

"Tranche 2 Draw Conditions" means (i) Borrower's achievement of T6M Net Product Revenue of at least $50,000,000 on or prior to June 30, 2023 and (ii) both before and after giving effect to any such Tranche 2 Advance no Default or Event of Default shall have occurred and be continuing.

"Tranche 2 Facility Charge" means Fifty Thousand Dollars ($50,000), which is payable to the Lenders in accordance with Section 4.2(e).

"Tranche 3 Draw Conditions" means (i) Borrower has publicly announced that: [* * *], and (ii) both before and after giving effect to any such Tranche 3 Advance, no Default or Event of Default shall have occurred and be continuing.

"Tranche 3 Facility Charge" means Thirty Seven Thousand Five Hundred Dollars ($37,500), which is payable to the Lenders in accordance with Section 4.2(e).

"Tranche 3 Term Commitment" means as to any Lender, the obligation of such Lender, if any, to make a Term Loan Advance to Borrower in a principal amount not to exceed the amount set forth under the heading "Tranche 3 Term Commitment" opposite such Lender's name on Schedule 1.1.

"Tranche 4 Facility Charge" means 0.75% of the amount of Tranche 4 Advances funded, which is payable to the Lenders in accordance with Section 4.2(e).

"UCC" means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent's Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term "UCC" shall mean the Uniform Commercial Code as in

effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

1.2 The following terms are defined in the Sections or subsections referenced opposite such terms:

Defined Term	Section
Agent	Preamble
Assignee	11.14
Borrower	Preamble
Claims	11.11
Collateral	3.1
Confidential Information	11.13
End of Term Charge	2.6
Event of Default	9
Financial Statements	7.1
Indemnified Person	6.3
Lenders	Preamble
Liabilities	6.3
Maximum Rate	2.3
Open Source License	5.10
Participant Register	11.8
Prepayment Charge	2.5
Publicity Materials	11.19
Register	11.7
SBA	7.16
SBIC	7.16
SBIC Act	7.16
Second Amendment Prepayment	2.2(a)(iii)
Tranche 1A Advance	2.2(a)(i)
Tranche 1B Advance	2.2(a)(ii)
Tranche 1C Advance	2.2(a)(iii)
Tranche 1D Advance	2.2(a)(iv)
Tranche 1 Advance	2.2(a)(iv)
Tranche 2 Advance	2.2(a)(v)
Tranche 3 Advance	2.2(a)(vi)
Tranche 4 Advance	2.2(a)(vii)

1.3 Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a "Section," "subsection," "Exhibit," "Annex," or "Schedule" shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically

provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

1.4 Notwithstanding anything to the contrary in this Agreement or any other Loan Document, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. For the avoidance of doubt, and without limitation of the foregoing, Permitted Convertible Debt shall at all times be valued at the full stated principal amount thereof and shall not include any reduction or appreciation in value of the shares deliverable upon conversion thereof.

SECTION 2. THE LOAN

2.1 [Reserved].

2.2 Term Loan.

(a) Advances.

(i) Subject to the terms of this Agreement, the Lenders will severally (and not jointly) make in an amount not to exceed its respective Term Commitment, and Borrower agrees to draw, a Term Loan Advance of Twenty Million Dollars ($20,000,000) on the Closing Date (the "Tranche 1A Advance"). Borrower acknowledges and agrees that the aggregate outstanding principal amount of the Tranche 1A Advance as of the Second Amendment Effective Date immediately prior to the drawing of the Tranche 1C Advance is $20,000,000.

(ii) Subject to the terms and conditions of this Agreement, the Lenders will severally (and not jointly) make in an amount not to exceed its respective Term Commitment, and Borrower agrees to draw, a Term Loan Advance of Ten Million Dollars ($10,000,000) on the First Amendment Effective Date (the "Tranche 1B Advance"). Borrower acknowledges and agrees that the aggregate outstanding principal amount of the Tranche 1B Advance as of the Second Amendment Effective Date immediately prior to the drawing of the Tranche 1C Advance is $10,000,000.

(iii) Subject to the terms and conditions of this Agreement, the Lenders will severally (and not jointly) make in an amount not to exceed its respective Term Commitment, and Borrower agrees to draw, a Term Loan Advance of Seventy Five Million Dollars ($75,000,000) on the Second Amendment Effective Date (the "Tranche

1C Advance"). Concurrently with the drawing of the Tranche 1C Advance, Borrower shall prepay the outstanding principal amount of the Tranche 1A Advance and the Tranche 1B Advance (which prepayment shall be netted from the funds disbursed by Agent to Borrower on the Second Amendment Effective Date) (the "Second Amendment Prepayment").

(iv) Subject to the terms and conditions of this Agreement, beginning on the Second Amendment Effective Date and continuing through September 15, 2022, Borrower may request and the Lenders shall severally (and not jointly) make one Term Loan Advance (the "Tranche 1D Advance" and, together with the Tranche 1A Advance, the Tranche 1B Advance and the Tranche 1C Advance, the "Tranche 1 Advances") in an in an aggregate principal amount of up to Twenty Five Million Dollars ($25,000,000) such that all outstanding Tranche 1 Advances do not exceed One Hundred Million Dollars ($100,000,000).

(v) Subject to the terms and conditions of this Agreement and satisfaction of the Tranche 2 Draw Conditions, beginning on the Second Amendment Effective Date and continuing through December 15, 2023, Borrower may request and the Lenders shall severally (and not jointly) make one Term Loan Advance in an aggregate principal amount of Twenty Million Dollars ($20,000,000) (the "Tranche 2 Advance").

(vi) Subject to the terms and conditions of this Agreement and satisfaction of the Tranche 3 Draw Conditions, beginning on the Second Amendment Effective Date and continuing through December 15, 2023, Borrower may request and the Lenders shall severally (and not jointly) make one Term Loan Advance in an aggregate principal amount of Fifteen Million Dollars ($15,000,000) (the "Tranche 3 Advance").

(vii) Subject to the terms and conditions of this Agreement, and conditioned on approval by the Lenders' investment committee in its sole discretion, on or before June 30, 2024, Borrower may request additional Term Loan Advances in an aggregate principal amount up to Fifteen Million Dollars ($15,000,000) in minimum increments of $5,000,000 (each, a "Tranche 4 Advance").

(viii) The aggregate outstanding Term Loan Advances may be up to the Maximum Term Loan Amount.

(b) Advance Request. To obtain a Term Loan Advance, Borrower shall complete, sign and deliver an Advance Request (at least five (5) Business Days before the Advance Date) to Agent. The Lenders shall fund the Term Loan Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Term Loan Advance is satisfied as of the requested Advance Date.

(c) Interest. The principal balance of each Term Loan Advance shall bear interest thereon from such Advance Date at the Term Loan Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days elapsed. The Term Loan Interest Rate will float and change on the day the prime rate as reported in the Wall Street Journal changes from time to time.

(d) Payment. Borrower will pay interest on each Term Loan Advance on the first (1st) Business Day of each month, beginning the month after the Advance Date. Borrower shall repay the aggregate Term Loan principal balance that is outstanding on the day immediately

preceding the Amortization Date, in equal monthly installments of principal and interest (mortgage style) beginning on the Amortization Date and continuing on the first Business Day of each month thereafter until the Secured Obligations (other than inchoate indemnity obligations) are repaid. The entire Term Loan principal balance and all accrued but unpaid interest hereunder, shall be due and payable on the Term Loan Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. If a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day. The Lenders will initiate debit entries to the Borrower's account as authorized on the ACH Authorization (i) on each payment date of all periodic obligations payable to the Lenders under each Term Loan Advance and (ii) reasonable and invoiced out-of-pocket legal fees and costs incurred by Agent or the Lenders in connection with Section 11.12 of this Agreement; provided that, with respect to clause (i) above, in the event that the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry to Borrower's account for a certain amount of the periodic obligations due on a specific payment date, Borrower shall pay to the Lenders such amount of periodic obligations in full in immediately available funds on such payment date; provided, further, that, with respect to clause (i) above, if the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry as described above later than the date that is three (3) Business Days prior to such payment date, Borrower shall pay to the Lenders such amount of periodic obligations in full in immediately available funds on the date that is three (3) Business Days after the date on which the Lenders or Agent notifies Borrower of such; provided, further, that, with respect to clause (ii) above, in the event that the Lenders or Agent informs Borrower that the Lenders will not initiate a debit entry to Borrower's account for certain amount of such out-of-pocket legal fees and costs incurred by Agent or the Lenders, Borrower shall pay to the Lenders such amount in full in immediately available funds within three (3) Business Days.

(e) [Reserved].

2.3 Maximum Interest. Notwithstanding any provision in this Agreement or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to the Lenders an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of the Secured Obligations consisting of the outstanding principal; second, after all principal is repaid, to the payment of the Lenders' accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.4 Default Interest. In the event any payment is not paid on the scheduled payment date (or within three (3) Business Days of the scheduled payment date, provided that such late payment is due solely to an administrative or operational error of Agent or the Lenders or Borrower's bank if Borrower had the funds to make the payment when due), an amount equal to four percent (4%) of the past due amount shall be payable on demand; provided that no such amount shall be payable if such nonpayment is due to Lenders' failure to initiate debit entries pursuant to the ACH Authorization. Upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the rate set forth in Section

2.2(c) plus four percent (4%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.2(c) or Section 2.4, as applicable.

2.5 Prepayment.

(a) At its option, Borrower may prepay all or a portion of the outstanding Advances by paying the entire principal balance (or such portion thereof), all accrued and unpaid interest thereon, together with a prepayment charge equal to the following percentage of the Advance amount being prepaid: with respect to each Advance (other than the Advances being prepaid in connection with the Second Amendment Prepayment), if such Advance amounts are prepaid in any of the first twelve (12) months following the Second Amendment Effective Date, 3.00%; after twelve (12) months but prior to twenty-four (24) months following the Second Amendment Effective Date, 2.00%; and after twenty-four (24) months following the Second Amendment Effective Date, 1.00% (each, a "Prepayment Charge"). If at any time Borrower elects to make a prepayment, and at such time, there are outstanding Advances under multiple Tranches, the Prepayment Charge shall be determined by applying the amount of such prepayment in the following order: first, to the outstanding principal amount (and accrued but unpaid interest thereon) of Advances outstanding under the Tranche with the latest initial funding date; second, to the outstanding principal amount (and accrued but unpaid interest thereon) of Advances outstanding under the Tranche with the next latest initial funding date and so on until the entire principal balance of all Advances made hereunder (and all accrued but unpaid interest thereon) is paid in full. Borrower agrees that the Prepayment Charge is a reasonable calculation of the Lenders' lost profits in view of the difficulties and impracticality of determining actual damages resulting from an early repayment of the Advances. Borrower shall prepay the outstanding amount of all principal and accrued interest through the prepayment date and the Prepayment Charge upon the occurrence of a Change in Control or any other prepayment hereunder. Notwithstanding the foregoing, Agent and the Lenders agree to waive the Prepayment Charge if Agent and the Lenders (in their sole and absolute discretion) agree in writing to refinance the Advances prior to the Term Loan Maturity Date.

(b) [Reserved].

(c) Any amounts paid under this Section shall be applied by Agent to the then unpaid amount of any Secured Obligations (including principal and interest) in such order and priority as Agent may choose in its sole discretion. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

2.6 End of Term Charge.

(a) On any date that Borrower partially prepays the outstanding Secured Obligations pursuant to Section 2.5(a), Borrower shall pay the Lenders a charge of 6.75% of such Term Loan Advances being prepaid.

(b) On the earliest to occur of (i) June 1, 2025, (ii) the date that Borrower prepays the outstanding Secured Obligations (other than any inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) in full pursuant to Section 2.5(a), or (iii) the date that the Secured Obligations become due and payable in full, Borrower shall pay the Agent, on behalf of the Lenders, a charge of Two Million Eighty-Five Thousand Dollars ($2,085,000).

(c) On the earliest to occur of (i) the Term Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations (other than any inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) in full pursuant to Section 2.5(a), or (iii) the date that the Secured Obligations become due and payable in full, Borrower shall pay the Lenders a charge of (x) 6.75% of the aggregate amount of all Term Loan Advances funded *minus* (y) the aggregate amount of payments made pursuant to Section 2.6(a) (collectively with any charges made pursuant to Section 2.6(a) and (b), the "End of Term Charge").

(d) Notwithstanding the required payment date of any such End of Term Charge, the applicable pro rata portion of the End of Term Charge shall be deemed earned by the Lenders as of each date a Term Loan Advance is made. For the avoidance of doubt, if a payment hereunder becomes due and payable on a day that is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

2.7 Pro Rata Treatment. Each payment (including prepayment) on account of any fee and any reduction of the Term Loans shall be made pro rata according to the Term Commitments of the relevant Lender.

2.8 Taxes; Increased Costs. The Borrower, the Agent and the Lenders each hereby agree to the terms and conditions set forth on Addendum 1 attached hereto.

2.9 Treatment of Prepayment Charge and End of Term Charge. Borrower agrees that any Prepayment Charge and any End of Term Charge payable shall be presumed to be the liquidated damages sustained by each Lender as the result of the early termination, and Borrower agrees that it is reasonable under the circumstances currently existing and existing as of the Closing Date and the Second Amendment Effective Date. The Prepayment Charge and the End of Term Charge shall also be payable in the event the Secured Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure, or by any other means. Borrower expressly waives (to the fullest extent it may lawfully do so) the provisions of any present or future statute or law that prohibits or may prohibit the collection of the foregoing Prepayment Charge and End of Term Charge in connection with any such acceleration. Borrower agrees (to the fullest extent that each may lawfully do so): (a) each of the Prepayment Charge and the End of Term Charge is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (b) each of the Prepayment Charge and the End of Term Charge shall be payable notwithstanding the then prevailing market rates at the time payment is made; (c) there has been a course of conduct between the Lenders and Borrower giving specific consideration in this transaction for such agreement to pay the Prepayment Charge and the End of Term Charge as a charge (and not interest) in the event of prepayment or acceleration; (d) Borrower shall be estopped from claiming differently than as agreed to in this paragraph. Borrower expressly acknowledges that its agreement to pay each of the Prepayment Charge and the End of Term Charge to the Lenders as herein described was on the Closing Date and the Second Amendment Effective Date and continues to be a material inducement to the Lenders to provide the Term Loans.

SECTION 3. SECURITY INTEREST

3.1 As security for the prompt and complete payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Agent a security interest in all of Borrower's right, title, and interest in, to and under all of Borrower's personal property and other assets including without limitation the following (except as set forth herein)

whether now owned or hereafter acquired (collectively, the "Collateral"): (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles; (e) Inventory; (f) Investment Property; (g) Deposit Accounts; (h) Cash; (i) Documents, (j) Goods; and all other tangible and intangible personal property of Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located, and any of Borrower's property in the possession or under the control of Agent; and, to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2 Notwithstanding the broad grant of the security interest set forth in Section 3.1, above, the Collateral shall not include (a) any "intent to use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, provided, that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use of an intent-to-use trademark application pursuant to 15 U.S.C. Section 1060(a) (or any successor provision) such intent-to-use application shall constitute Collateral, (b) nonassignable licenses or contracts, which by their terms require the consent of the licensor thereof or another party (but only to the extent such prohibition on transfer is enforceable under applicable law, including, without limitation, Sections 9406, 9407 and 9408 of the UCC) and (c) any Excluded Account.

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligations of the Lenders to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Agent the following:

(a) executed copies of the Loan Documents and all other documents and instruments reasonably required to create and perfect the Liens of Agent with respect to all Collateral, in all cases in form and substance reasonably acceptable to Agent;

(b) a legal opinion of Borrower's counsel in form and substance reasonably acceptable to Agent;

(c) certified copy of resolutions of Borrower's board of directors evidencing approval of the Loan and other transactions evidenced by the Loan Documents;

(d) certified copies of the Certificate of Incorporation and the Bylaws, as amended through the Closing Date, of Borrower;

(e) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified could have a Material Adverse Effect;

(f) payment of the Initial Facility Charge and reimbursement of Agent's and the Lenders' current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance;

(g) all certificates of insurance and copies of each insurance policy required hereunder; and

(h) such other documents as Agent may reasonably request.

4.2 All Advances. On each Advance Date:

(a) Agent shall have received (i) an Advance Request for the relevant Advance as required by Section 2.2(b), duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Agent may reasonably request; provided that, if Agent and the Lenders make any Advance, then the requirement set forth in clause (ii) shall be deemed to have been satisfied to Agent's knowledge with respect to such Advance.

(b) The representations and warranties set forth in this Agreement shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Borrower shall be in material compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance, no Default or Event of Default shall have occurred and be continuing.

(d) [Reserved].

(e) With respect to the Tranche 1C Advance, the Tranche 2 Advance, the Tranche 3 Advance and any Tranche 4 Advance, the Borrower shall have paid the Tranche 1C Facility Charge, the Tranche 2 Facility Charge, the Tranche 3 Facility Charge or the Tranche 4 Facility Charge, as applicable.

(f) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraphs (b) and (c) of this Section 4.2 and as to the matters set forth in the Advance Request.

4.3 No Default. As of the Closing Date and each Advance Date, no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants that:

5.1 Corporate Status. Borrower is a corporation duly organized, legally existing and in good standing under the laws of its state of incorporation, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, Tax identification number, organizational identification number and other information are correctly set forth in Exhibit B, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Agent after the Closing Date.

5.2 Collateral. Borrower owns, or has good and valid title to, the Collateral, free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Agent a Lien in the Collateral as security for the Secured Obligations.

5.3 Consents. Borrower's execution, delivery and performance of this Agreement and all other Loan Documents (i) have been duly authorized by all necessary corporate action of Borrower, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate any provisions of Borrower's Certificate of Incorporation, bylaws, or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) except as described on Schedule 5.3, do not violate any contract or agreement or require the consent or approval of any other Person which has not already been obtained except for consents and approvals the failure of which to obtain would not be reasonably expected to have a Material Adverse Effect. The individual or individuals executing the Loan Documents are duly authorized to do so.

5.4 Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing. Borrower is not aware of any event likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5 Actions Before Governmental Authorities. There are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending or, to the knowledge of Borrower, threatened in writing against or affecting Borrower or its property, that is reasonably expected to result in a Material Adverse Effect.

5.6 Laws. Neither Borrower nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing Indebtedness, or any other agreement to which it is a party or by which it is bound, which default is reasonably expected to result in a Material Adverse Effect.

Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary to continue their respective businesses as currently conducted.

None of Borrower, any of its Subsidiaries, or to their knowledge, any of Borrower's or its Subsidiaries' respective controlled Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades

or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower, any of their controlled Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law. None of the funds to be provided under this Agreement will be used, directly or indirectly, (a) for any activities in violation of any applicable anti-money laundering, economic sanctions and anti-bribery laws and regulations laws and regulations or (b) for any payment to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Agent in connection with any Loan Document or included therein or delivered pursuant thereto contained, or, when taken as a whole, contains or will contain any material misstatement of fact or, when taken together with all other such information or documents, omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not materially misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by Borrower to Agent, whether prior to or after the Closing Date, shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections provided to Borrower's board of directors.

5.8 Tax Matters. Except as described on Schedule 5.8, (a) Borrower and its Subsidiaries have filed all federal and state income Tax returns and other material Tax returns that they are required to file, (b) Borrower and its Subsidiaries have duly paid all federal and state income Taxes and other material Taxes or installments thereof that they are required to pay, except Taxes being contested in good faith by appropriate proceedings and for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP, and (c) to the best of Borrower's knowledge, no proposed or pending Tax assessments, deficiencies, audits or other proceedings with respect to Borrower or any Subsidiary have had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.9 Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property material to Borrower's business. Except as described on Schedule 5.9, (i) each of the material Copyrights, Trademarks and Patents is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (iii) except as set forth in the most recently delivered Compliance Certificate in accordance with Section 7.1(d), no claim has been made to Borrower that any material part of the Intellectual Property violates the rights of any third party. Exhibit C is a true, correct and complete list of each of Borrower's Patents, registered Trademarks, registered Copyrights, and material agreements under which Borrower licenses Intellectual Property from third parties (other than shrink-wrap software licenses), together with application or registration numbers, as applicable, owned by Borrower or any Subsidiary, in each case as of the Closing Date. Borrower is not in breach of, nor has Borrower failed to perform any obligations under, any of the foregoing contracts, licenses or agreements and, to Borrower's knowledge, no third party to any such contract, license or agreement is in breach thereof or has failed to perform any obligations

thereunder, in each case, to the extent such breach is reasonably expected to have a Material Adverse Effect.

5.10 Intellectual Property. Except as described on Schedule 5.10, Borrower has all material rights with respect to Intellectual Property necessary or material in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower. Without limiting the generality of the foregoing, and in the case of Licenses, except for restrictions that are unenforceable under Division 9 of the UCC, Borrower has the right, to the extent required to operate Borrower's business, to freely transfer, license or assign Intellectual Property necessary or material in the operation or conduct of Borrower's business as currently conducted and proposed to be conducted by Borrower, without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party, and Borrower owns or has the right to use, pursuant to valid licenses, all software development tools, library functions, compilers and all other third-party software and other items that are material to Borrower's business and used in the design, development, promotion, sale, license, manufacture, import, export, use or distribution of Borrower Products except customary covenants in inbound license agreements and equipment leases where Borrower is the licensee or lessee. Except as has been disclosed in the Perfection Certificate or pursuant to Section 7.1(d), Borrower is not a party to, nor is it bound by, any Restricted License.

No material software or other materials used by Borrower or any of its Subsidiaries (or used in any Borrower Products or any Subsidiaries' products) are subject to an open-source or similar license (including but not limited to the General Public License, Lesser General Public License, Mozilla Public License, or Affero License) (collectively, "Open Source Licenses") in a manner that would cause such software or other materials to have to be (i) distributed to third parties at no charge or a minimal charge (royalty-free basis); (ii) licensed to third parties to modify, make derivative works based on, decompile, disassemble, or reverse engineer; or (iii) used in a manner that does could require disclosure or distribution in source code form.

5.11 Borrower Products. Except as described on Schedule 5.11 or in the most recently delivered Compliance Certificate in accordance with Section 7.1(d), no Intellectual Property owned by Borrower or Borrower Product is subject to any actual or, to the knowledge of Borrower, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof. There is no decree, order, judgment, agreement, stipulation, arbitral award or other provision entered into in connection with any litigation or proceeding that obligates Borrower to grant licenses or ownership interest in any future Intellectual Property related to the operation or conduct of the business of Borrower or Borrower Products. Except as described in the most recently delivered Compliance Certificate in accordance with Section 7.1(d), Borrower has not received any written notice or claim, or, to the knowledge of Borrower, oral notice or claim, challenging or questioning Borrower's ownership in any Intellectual Property (or written notice of any claim challenging or questioning the ownership in any licensed Intellectual Property of the owner thereof) or suggesting that any third party has any claim of legal or beneficial ownership with respect thereto nor, to Borrower's knowledge, is there a reasonable basis for any such claim. Neither Borrower's use of its Intellectual Property nor the production and sale of Borrower Products infringes the Intellectual Property or other rights of others in any material respect.

5.12 Financial Accounts. Exhibit D, as may be updated by the Borrower in a written notice provided to Agent after the Closing Date, is a true, correct and complete list of (a) all banks

and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.13 Employee Loans. Other than Permitted Investments, Borrower has no outstanding loans to any employee, officer or director of the Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of the Borrower by a third party.

5.14 Capitalization and Subsidiaries. Borrower's capitalization as of the Closing Date is set forth on Schedule 5.14 annexed hereto. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments. Attached as Schedule 5.14, as may be updated by Borrower in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower shall maintain a minimum of $2,000,000 of commercial general liability insurance for each occurrence. Borrower has and agrees to maintain a minimum of $2,000,000 of directors' and officers' insurance for each occurrence and $5,000,000 in the aggregate. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. If Borrower fails to obtain the insurance called for by this Section 6.1 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Agent may obtain such insurance or make such payment, and all amounts so paid by Agent are immediately due and payable, bearing interest at the then highest rate applicable to the Secured Obligations, and secured by the Collateral. Agent will make reasonable efforts to provide Borrower with notice of Agent obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Agent are deemed an agreement to make similar payments in the future or Agent's waiver of any Event of Default.

6.2 Certificates. Borrower shall deliver to Agent certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Agent (shown as "Hercules Capital, Inc., as Agent") is an additional insured for commercial general liability, a lenders loss payable for all risk property damage insurance, subject to the insurer's approval, and a lenders loss payable for property insurance and additional insured for liability insurance for any future property or liability insurance that Borrower may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Agent of cancellation (other than cancellation for non-payment of premiums, for which ten (10) days' advance written notice shall be sufficient). Any failure of Agent to scrutinize such insurance certificates for compliance

is not a waiver of any of Agent's rights, all of which are reserved. Borrower shall provide Agent with copies of each insurance policy evidencing Borrower's compliance with its insurance obligations in Sections 6.1 and 6.2, and upon entering or amending any insurance policy required hereunder, Borrower shall provide Agent with copies of such policies and shall deliver to Agent updated insurance certificates with respect to such policies concurrently with the monthly financial statements delivered pursuant to Section 7.1(a).

6.3 Indemnity. Borrower agrees to indemnify and hold Agent, the Lenders and their officers, directors, employees, agents, in-house attorneys, representatives and shareholders (each, an "Indemnified Person") harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable and invoiced attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal) (collectively, "Liabilities"), that may be instituted or asserted against or incurred by such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases Liabilities to the extent resulting solely from any Indemnified Person's gross negligence or willful misconduct. This Section 6.3 shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim. In no event shall any Indemnified Person be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). This Section 6.3 shall survive the repayment of indebtedness under, and otherwise shall survive the expiration or other termination of, this Agreement.

SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Agent the financial statements and reports listed hereinafter (the "Financial Statements"):

(a) within thirty (30) days after the end of each month (provided that in the case of each month ended March 31, June 30, September 30, and December 31, within forty-five (45) days), unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) within forty-five (45) days after the end of each fiscal quarter, unaudited interim and year-to-date financial statements as of the end of such fiscal quarter (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that could reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or

Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year end adjustments;

(c) within ninety (90) days after the end of each fiscal year, unqualified audited financial statements as of the end of such fiscal year (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Agent, accompanied by any management report from such accountants;

(d) within thirty (30) days after the end of each month (or forty five (45) days after the end of any fiscal month that is also the end of a fiscal quarter), a Compliance Certificate in the form of Exhibit E, which shall include a report showing (x) the T6M Net Product Revenue measured as of the last day of such month, (y) a list of new applications for Intellectual Property or notice of the acquisition thereof and (z) notice of entrance into any Restricted License;

(e) within thirty (30) days after the end of each month (or forty five (45) days after the end of any fiscal month that is also the end of a fiscal quarter), a report showing agings of accounts receivable and accounts payable;

(f) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its common stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange;

(g) [reserved];

(h) as soon as available and promptly following their approval by Borrower's board of directors, but no later than ninety (90) days after the end of each fiscal year after the Closing Date, financial and business projections prepared in good faith by Borrower's management and certified in writing by the Chief Executive Officer or Chief Financial Officer of Borrower and in form and substance reasonably acceptable to Agent, as well as budgets, operating plans and other financial information reasonably requested by Agent; and

(i) immediate notice if Borrower or any Subsidiary has knowledge that Borrower, or any Subsidiary or any director or officer of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering.

Borrower shall not (without the consent of Agent, such consent not to be unreasonably withheld or delayed), make any change in its (a) accounting policies or reporting practices, except as required by GAAP or (b) fiscal years or fiscal quarters. The fiscal year of Borrower shall end on December 31.

The executed Compliance Certificate, and all Financial Statements required to be delivered pursuant to clauses (a), (b), (c) and (d) shall be sent via e-mail to [* * *] with a copy to [* * *]; provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be faxed to Agent at: [* * *], attention Account Manager: G1 Therapeutics, Inc.

Notwithstanding the foregoing, documents required to be delivered under Sections 7.1(a), (b), (c) or (f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower emails a link thereto to Agent; provided that Borrower shall directly provide Agent all Financial Statements required to be delivered pursuant to Section 7.1(b) and (c) hereunder.

7.2 Management Rights. Borrower shall permit any representative that Agent or the Lenders authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours; provided, however, that so long as no Event of Default has occurred and is continuing, such examinations shall be limited to no more often than twice per fiscal year. In addition, any such representative shall have the right to meet with management and officers of Borrower to discuss such books of account and records at reasonable time and upon reasonable notice during normal business hours. In addition, Agent or the Lenders shall be entitled at reasonable times and intervals reasonably acceptable to Borrower to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower, which consultations shall not unreasonably interfere with Borrower's business operations; provided that the management and officers of Borrower are not obligated to accept such advice. The parties intend that the rights granted Agent and the Lenders shall constitute "management rights" within the meaning of 29 C.F.R. Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Agent or the Lenders with respect to any business issues shall not be deemed to give Agent or the Lenders, nor be deemed an exercise by Agent or the Lenders of, control over Borrower's management or policies.

7.3 Further Assurances. Borrower shall from time to time execute, deliver and file, alone or with Agent, any financing statements, security agreements, collateral assignments, notices, control agreements, promissory notes or other documents to perfect, give the highest priority to Agent's Lien on the Collateral or otherwise evidence Agent's rights herein. Borrower shall from time to time procure any instruments or documents as may be reasonably requested by Agent, and take all further action that may be necessary, or that Agent may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Agent to execute and deliver on behalf of Borrower and to file such financing statements (including an indication that the financing statement covers "all assets or all personal property" of Borrower in accordance with Section 9-504 of the UCC), collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Agent's name or in the name of Agent as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Agent's Lien thereon against all Persons claiming any interest adverse to Borrower or Agent other than Permitted Liens.

7.4 Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except for (a) the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion, (b) purchase money Indebtedness pursuant to its then applicable payment schedule, (c) prepayment by any Subsidiary of inter-company Indebtedness, (d) any refinancing of Indebtedness with Permitted Indebtedness or (e) as otherwise permitted hereunder or approved in writing by Agent.

Notwithstanding anything to the contrary in the foregoing, the issuance of, performance of obligations under (including any payments of interest), and conversion, exercise, repurchase,

redemption (including, for the avoidance of doubt, a required repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of the Common Stock), settlement or early termination or cancellation of (whether in whole or in part and including by netting or set-off) (in each case, whether in cash, Common Stock or, following a merger event or other change of the Common Stock, other securities or property), or the satisfaction of any condition that would permit or require any of the foregoing, any Permitted Convertible Debt shall not constitute a prepayment of Indebtedness by Borrower for the purposes of this Section 7.4; provided that principal payments in cash (other than cash in lieu of fractional shares) shall only be allowed if the Redemption Conditions are satisfied in respect of such payment and at all times after such payment; provided further that, to the extent both (a) the aggregate amount of cash payable upon conversion or payment of any Permitted Convertible Debt (excluding any required payment of interest with respect to such Permitted Convertible Debt and excluding any payment of cash in lieu of a fractional share due upon conversion thereof) exceeds the aggregate principal amount thereof and (b) such conversion or payment does not trigger or correspond to an exercise or early unwind or settlement of a corresponding portion of the Permitted Bond Hedge Transactions relating to such Permitted Convertible Debt (including, for the avoidance of doubt, the case where there is no Permitted Bond Hedge Transaction relating to such Permitted Convertible Debt), the payment of such excess cash shall not be permitted by the preceding sentence.

Notwithstanding the foregoing, Borrower may repurchase, exchange or induce the conversion of Permitted Convertible Debt by delivery of shares of Common Stock and/or a different series of Permitted Convertible Debt and/or by payment of cash (in an amount that does not exceed the proceeds received by Borrower from the substantially concurrent issuance of shares of Common Stock and/or Permitted Convertible Debt plus the net cash proceeds, if any, received by Borrower pursuant to the related exercise or early unwind or termination of the related Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, pursuant to the immediately following proviso); provided that, substantially concurrently with, or a commercially reasonable period of time before or after, the related settlement date for the Permitted Convertible Debt that is so repurchased, exchanged or converted, Borrower shall exercise or unwind or terminate early (whether in cash, shares or any combination thereof) the portion of the Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, corresponding to such Permitted Convertible Debt that are so repurchased, exchanged or converted.

7.5 Collateral. Borrower shall at all times keep the Collateral and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Agent prompt written notice of any legal process affecting all or any portion the Collateral in excess of $500,000 in the aggregate, such other property and assets, or any Liens thereon, provided however, that the Collateral and such other property and assets may be subject to Permitted Liens. Borrower shall not agree with any Person other than Agent or the Lenders not to encumber its property other than (i) as is otherwise permitted in the definitions of "Permitted Transfers" and "Permitted Liens" and (ii) restrictions by reason of customary provisions restricting assignment, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements as the case may be). Borrower shall not enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Borrower to create, incur, assume or suffer to exist any Lien upon any of its property (including Intellectual Property), whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any

purchase money Liens or capital lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby) and (c) customary restrictions on the assignment of leases, licenses and other agreements. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and assets free and clear from any legal process or Liens whatsoever (except for Permitted Liens, provided however, that there shall be no Liens whatsoever on Intellectual Property), and shall give Agent prompt written notice of any legal process affecting such Subsidiary's assets.

7.6 Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries to do so, other than Permitted Investments.

Notwithstanding the foregoing, and for the avoidance of doubt, this Section 7.6 shall not prohibit the conversion by holders of (including any payment upon conversion, whether in cash, common stock or a combination thereof), or required payment of any principal or premium on (including, for the avoidance of doubt, in respect of a required repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of the Common Stock) or required payment of any interest with respect to, any Permitted Convertible Debt in each case, in accordance with the terms of the indenture governing such Permitted Convertible Debt; provided that principal payments in cash (other than cash in lieu of fractional shares) shall only be allowed if the Redemption Conditions are satisfied in respect of such payment and at all times after such payment; provided further that, to the extent both (a) the aggregate amount of cash payable upon conversion or payment of any Permitted Convertible Debt (excluding any required payment of interest with respect to such Permitted Convertible Debt and excluding any payment of cash in lieu of a fractional share due upon conversion thereof) exceeds the aggregate principal amount thereof and (b) such conversion or payment does not trigger or correspond to an exercise or early unwind or settlement of a corresponding portion of the Permitted Bond Hedge Transactions relating to such Permitted Convertible Debt (including, for the avoidance of doubt, the case where there is no Permitted Bond Hedge Transaction relating to such Permitted Convertible Debt), the payment of such excess cash shall not be permitted by the preceding sentence.

Notwithstanding the foregoing, Borrower may repurchase, exchange or induce the conversion of Permitted Convertible Debt by delivery of shares of Common Stock and/or a different series of Permitted Convertible Debt and/or by payment of cash (in an amount that does not exceed the proceeds received by Borrower from the substantially concurrent issuance of shares of Common Stock and/or Permitted Convertible Debt plus the net cash proceeds, if any, received by Borrower pursuant to the related exercise or early unwind or termination of the related Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, pursuant to the immediately following proviso); provided that, substantially concurrently with, or a commercially reasonable period of time before or after, the related settlement date for the Permitted Convertible Debt that is so repurchased, exchanged or converted, Borrower shall exercise or unwind or terminate early (whether in cash, shares or any combination thereof) the portion of the Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, corresponding to such Permitted Convertible Debt that are so repurchased, exchanged or converted.

7.7 Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other Equity Interest other than pursuant to employee, director or consultant repurchase plans or other similar agreements, provided, however, in each

case the repurchase or redemption price does not exceed the original consideration paid for such stock or Equity Interest, or (b) declare or pay any cash dividend or make any other cash distribution on any class of stock or other Equity Interest, except that a Subsidiary may pay dividends or make other distributions to Borrower or any Subsidiary of Borrower, or (c) lend money to any employees, officers or directors or guarantee the payment of any such loans granted by a third party in excess of $100,000 in the aggregate or (d) waive, release or forgive any Indebtedness owed by any employees, officers or directors in excess of $100,000 in the aggregate.

Notwithstanding the foregoing, and for the avoidance of doubt, this Section 7.7 shall not prohibit the issuance of, performance of, obligations under (including any payments of interest), and conversion, exercise, repurchase, redemption by holders of (including any payment upon conversion, whether in cash, common stock or a combination thereof), or required payment of any principal or premium on (including, for the avoidance of doubt, in respect of a required repurchase in connection with the redemption of Permitted Convertible Debt upon satisfaction of a condition related to the stock price of the Common Stock) or required payment of any interest with respect to, any Permitted Convertible Debt in each case, in accordance with the terms of the indenture governing such Permitted Convertible Debt; provided that principal payments in cash (other than cash in lieu of fractional shares) shall only be allowed if the Redemption Conditions are satisfied in respect of such payment and at all times after such payment; provided further that, to the extent both (a) the aggregate amount of cash payable upon conversion or payment of any Permitted Convertible Debt (excluding any required payment of interest with respect to such Permitted Convertible Debt and excluding any payment of cash in lieu of a fractional share due upon conversion thereof) exceeds the aggregate principal amount thereof and (b) such conversion or payment does not trigger or correspond to an exercise or early unwind or settlement of a corresponding portion of the Permitted Bond Hedge Transactions relating to such Permitted Convertible Debt (including, for the avoidance of doubt, the case where there is no Permitted Bond Hedge Transaction relating to such Permitted Convertible Debt), the payment of such excess cash shall not be permitted by the preceding sentence.

Notwithstanding the foregoing, Borrower may repurchase, exchange or induce the conversion of Permitted Convertible Debt by delivery of shares of Common Stock and/or a different series of Permitted Convertible Debt and/or by payment of cash (in an amount that does not exceed the proceeds received by Borrower from the substantially concurrent issuance of shares of Common Stock and/or Permitted Convertible Debt plus the net cash proceeds, if any, received by Borrower pursuant to the related exercise or early unwind or termination of the related Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, pursuant to the immediately following proviso); provided that, substantially concurrently with, or a commercially reasonable period of time before or after, the related settlement date for the Permitted Convertible Debt that is so repurchased, exchanged or converted, Borrower shall exercise or unwind or terminate early (whether in cash, shares or any combination thereof) the portion of the Permitted Bond Hedge Transactions and Permitted Warrant Transactions, if any, corresponding to such Permitted Convertible Debt that are so repurchased, exchanged or converted.

7.8 Transfers. Except for Permitted Transfers, Borrower shall not, and shall not allow any Subsidiary to, voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of its assets.

7.9 Mergers and Consolidations. Borrower shall not merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of (a) a Subsidiary (or the target of any Permitted Acquisition)

which is not a Borrower into another Subsidiary or into Borrower or (b) a Borrower into another Borrower).

7.10 Taxes. Borrower shall, and shall cause each of its Subsidiaries to, pay when due all material Taxes of any nature whatsoever now or hereafter imposed or assessed against Borrower or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall, and shall cause each of its Subsidiaries to, accurately file on or before the due date therefor (taking into account proper extensions) all federal and state income Tax returns and other material Tax returns required to be filed. Notwithstanding the foregoing, Borrower and its Subsidiaries may contest, in good faith and by appropriate proceedings diligently conducted, Taxes for which Borrower and its Subsidiaries maintain adequate reserves in accordance with GAAP.

7.11 Corporate Changes. Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' (or such shorter period as Agent may agree) prior written notice to Agent. Neither Borrower nor any Subsidiary shall suffer a Change in Control. Neither Borrower nor any Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Agent; and (ii) such relocation shall be within the continental United States of America. Neither Borrower nor any Subsidiary shall relocate any item of Collateral (other than (w) Permitted Transfers, (x) sales of Inventory in the ordinary course of business, (y) relocations of Equipment having an aggregate value of up to $150,000 in any fiscal year, and (z) relocations of Collateral from a location described on Exhibit B to another location described on Exhibit B) unless (i) it has provided prompt written notice to Agent, (ii) such relocation is within the continental United States of America and, (iii) if such relocation is to a third party bailee, it has used commercially reasonable efforts to deliver a bailee agreement in form and substance reasonably acceptable to Agent.

7.12 Deposit Accounts. Neither Borrower nor any Subsidiary shall maintain any Deposit Accounts, or accounts holding Investment Property, except with respect to which Agent has an Account Control Agreement; provided that no Account Control Agreement shall be required for any Excluded Account.

7.13 Borrower shall notify Agent of each Subsidiary formed subsequent to the Closing Date and, within 20 days of formation, shall cause any such Subsidiary to execute and deliver to Agent a Joinder Agreement.

7.14 [RESERVED]

7.15 Notification of Event of Default. Borrower shall notify Agent immediately of the occurrence of any Event of Default.

7.16 One or more affiliates of Agent have received a license from the U.S. Small Business Administration ("SBA") to extend loans as a small business investment company ("SBIC") pursuant to the Small Business Investment Act of 1958, as amended, and the associated regulations (collectively, the "SBIC Act"). Portions of the Loan to Borrower may be by a Lender that is a SBIC. Addendum 2 to this Agreement outlines various responsibilities of Agent, each Lender and Borrower associated with a loan made by a SBIC, and such Addendum 2 is hereby incorporated in this Agreement.

7.17 Use of Proceeds. Borrower agrees that the proceeds of the Loans shall be used solely to pay related fees and expenses in connection with this Agreement and for working capital and general corporate purposes. The proceeds of the Loans will not be used in violation of Anti-Corruption Laws or applicable Sanctions.

7.18 [RESERVED]

7.19 Compliance with Laws.

Borrower shall maintain, and shall cause its Subsidiaries to maintain, compliance in all material respects with all applicable laws, rules or regulations (including any law, rule or regulation with respect to the making or brokering of loans or financial accommodations), and shall, or cause its Subsidiaries to, obtain and maintain all required material governmental authorizations, approvals, licenses, franchises, permits or registrations reasonably necessary in connection with the conduct of Borrower's business.

Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any officer, director or agent to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Borrower, its Subsidiaries and their respective officers and employees and to the knowledge of Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects.

None of Borrower, any of its Subsidiaries or any of their respective directors, officers or employees, or to the knowledge of Borrower, any agent for Borrower or its Subsidiaries that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions.

7.20 Financial Covenants.

(a) Redemption Conditions. If Borrower makes a cash payment in respect of Permitted Convertible Debt subject to satisfaction of the Redemption Conditions, Borrower shall, at all times thereafter, maintain Qualified Cash in the amount required by the defined term "Redemption Conditions".

(b) Minimum Revenue Covenant. Commencing on the earlier of (i) August 15, 2022 and (ii) the date on which Borrower delivers its financial statements for the month ended June 30,

2022 pursuant to Section 7.1(a), tested on a monthly basis from and after such date, Borrower's T6M Net Product Revenue shall be no less than the amount set forth on Schedule 7.20(b). The requirements in this Section 7.20(b) shall be waived at any time that (x) both (1) Borrower's Market Capitalization exceeds $750,000,000 and (2) Borrower maintains Qualified Cash equal to at least 50% of the Secured Obligations outstanding or (y) Borrower maintains Qualified Cash equal to at least 100% of the Secured Obligations outstanding (for the avoidance of doubt, this waiver provision is a daily condition and, if it is not satisfied at any point in time, compliance with this Minimum Revenue Covenant would need to be demonstrated as of the most recent financial reporting period).

7.21 Intellectual Property. The Borrower shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property; (ii) promptly advise Agent in writing of material infringements of its Intellectual Property; and (iii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Agent's written consent. If a Borrower decides to register any Copyrights or mask works in the United States Copyright Office, such Borrower shall: (x) provide Agent with at least fifteen (15) days prior written notice of such Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Agent may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Agent in the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Borrower shall, together with the delivery of the Compliance Certificate referred to in Section 7.01(d), provide to Agent (x) copies of all applications that it files for Patents or for the registration of Trademarks, or (y) evidence that it has acquired any registered Trademarks, in each case, together with evidence of the recording of the intellectual property security agreement required for Agent to perfect and maintain a first priority perfected security interest in such property. Borrower shall, together with the delivery of the Compliance Certificate referred to in Section 7.01(d), provide written notice to Agent of entering into or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such steps as Agent requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (1) any Restricted License to be deemed "Collateral" and for Agent to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (2) Agent to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Agent's rights and remedies under this Agreement and the other Loan Documents.

7.22 Transactions with Affiliates. Except as set forth on Schedule 7.22, Borrower shall not and shall not permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction of any kind involving payments or consideration in excess of $10,000 with any Affiliate of Borrower or such Subsidiary on terms that are less favorable to Borrower or such Subsidiary, as the case may be, than those that might be obtained in an arm's length transaction from a Person who is not an Affiliate of Borrower or such Subsidiary.

7.23 Post-Closing Obligations. Notwithstanding any provision herein or in any other Loan Document to the contrary, to the extent not actually delivered on or prior to the Closing Date, Borrower shall:

(a) deliver to Agent (or its designated agent), within fifteen (15) days of the Closing Date (or such later date as Agent may determine in its sole discretion), executed Account Control Agreements (i) among Borrower, Agent and DST Asset Manager Solutions, Inc. and (ii) among Borrower, Agent and Truist Bank (it being understood and agreed that the proceeds of the Loans shall not be transferred into any bank account that is not subject to an Account Control Agreement during such period); and

(b) use commercially reasonable efforts to deliver to Agent (or its designated agent), within thirty (30) days of the Closing Date (or such later date as Agent may determine in its sole discretion), an executed bailee waiver, in form and substance satisfactory to Agent in its sole discretion, for 5900 Martin Luther King Jr. Highway, Greenville, NC, Pitt County, 27834.

SECTION 8. RIGHT TO INVEST

8.1 The Lenders or their assignees or nominees shall have the right, in their discretion, to participate in any Subsequent Financing in an amount of up to Five Million and No/100 Dollars ($5,000,000) on the same timing, terms, conditions and pricing afforded to others participating in any such Subsequent Financing.

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an Event of Default:

9.1 Payments. Borrower fails to pay any amount due under this Agreement or any of the other Loan Documents on the due date; provided, however, that an Event of Default shall not occur on account of a failure to pay due solely to an administrative or operational error of Agent or the Lenders or Borrower's bank if Borrower had the funds to make the payment when due and makes the payment within three (3) Business Days following Borrower's knowledge of such failure to pay; or

9.2 Covenants. Borrower breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, or any of the other Loan Documents or any other agreement among Borrower, Agent and the Lenders, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.20, 7.21, 7.22, and 7.23), any other Loan Document, or any other agreement among Borrower, Agent and the Lenders, such default continues for more than fifteen (15) days after the earlier of the date on which (i) Agent or the Lenders has given notice of such default to Borrower and (ii) Borrower has actual knowledge of such default or (b) with respect to a default under any of Sections 6, 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.15, 7.16, 7.17, 7.19, 7.20, 7.21, 7.22, and 7.23 the occurrence of such default; or

9.3 Material Adverse Effect. A circumstance has occurred that could reasonably be expected to have a Material Adverse Effect or a "change of control", "fundamental change", "make-whole fundamental change" or any comparable term under and as defined in any indenture governing any Permitted Convertible Debt has occurred; or

9.4 Representations. Any representation or warranty made by Borrower in any Loan Document shall have been false or misleading in any material respect when made or when deemed made; or

9.5 Insolvency. Borrower (A) (i) shall make an assignment for the benefit of creditors; or (ii) shall be unable to pay its debts as they become due, or be unable to pay or perform under the Loan Documents, or shall become insolvent; or (iii) shall file a voluntary petition in bankruptcy; or (iv) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (v) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33 1/3% or more) of the assets or property of Borrower; or (vi) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees; or (vii) Borrower or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (i) through (vi); or (B) either (i) thirty (30) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (iii) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or (v) thirty (30) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

9.6 Attachments; Judgments. Any portion of Borrower's assets is attached or seized, or a levy is filed against any such assets, or a judgment or judgments is/are entered for the payment of money (not covered by independent third party insurance as to which liability has not been rejected by such insurance carrier), individually or in the aggregate, of at least $250,000, or Borrower is enjoined or in any way prevented by court order from conducting any part of its business; or

9.7 Other Obligations. The occurrence of any default under any agreement or obligation of Borrower involving any Indebtedness in excess of $250,000, or any other material agreement or obligation or any early payment is required or unwinding or termination occurs with respect to any Permitted Bond Hedge Transaction or Permitted Warrant Transaction, or any condition giving rise to the foregoing is met, in each case, with respect to which Borrower or its Affiliate is the "affected party" or "defaulting party" under the terms of such Permitted Bond Hedge Transaction or Permitted Warrant Transaction, if a Material Adverse Effect could reasonably be expected to result from such default, early payment, unwinding or termination.

9.8 Stop Trade. At any time, an SEC stop trade order or NASDAQ market trading suspension of Borrower's Common Stock shall be in effect for five (5) consecutive days or five (5) days during a period of ten (10) consecutive days, excluding in all cases a suspension of all trading on a public market, provided that Borrower shall not have been able to cure such trading suspension within thirty (30) days of the notice thereof or list the Common Stock on another public market within sixty (60) days of such notice.

SECTION 10. REMEDIES

10.1 General. Upon the occurrence and during the continuance of any one or more Events of Default, Agent may, and at the direction of the Required Lenders shall, accelerate and

demand payment of all or any part of the Secured Obligations together with a Prepayment Charge and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.5, all of the Secured Obligations (including, without limitation, the Prepayment Charge and the End of Term Charge) shall automatically be accelerated and made due and payable, in each case without any further notice or act). Borrower hereby irrevocably appoints Agent as its lawful attorney-in-fact to: exercisable during the existence of an Event of Default, (i) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (ii) demand, collect, sue, and give releases to any account debtor for monies due, settle and adjust disputes and claims about the accounts directly with account debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Agent's or Borrower's name, as Agent may elect); (iii) make, settle, and adjust all claims under Borrower's insurance policies; (iv) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (v) transfer the Collateral into the name of Agent or a third party as the UCC permits; (vi) receive, open and dispose of mail addressed to Borrower; (vii) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; and (viii) notify all account debtors to pay Agent directly. Borrower hereby appoints Agent as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until all Secured Obligations have been satisfied in full and the Loan Documents have been terminated. Agent's foregoing appointment as Borrower's attorney in fact, and all of Agent's rights and powers, coupled with an interest, are irrevocable until all Secured Obligations have been fully repaid and performed and the Loan Documents have been terminated. Agent may, and at the direction of the Required Lenders shall, exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Agent's rights and remedies shall be cumulative and not exclusive.

10.2 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Agent may, and at the direction of the Required Lenders shall, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Agent may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Upon the occurrence and during the continuance of any Event of Default, Agent may require Borrower to assemble the Collateral and make it available to Agent at a place designated by Agent that is reasonably convenient to Agent and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Agent in the following order of priorities:

First, to Agent and the Lenders in an amount sufficient to pay in full Agent's and the Lenders' reasonable costs and professionals' and advisors' fees and expenses as described in Section 11.12;

Second, to the Lenders in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Agent may choose in its sole discretion; and

Finally, after the full and final payment in Cash of all of the Secured Obligations (other than inchoate obligations), to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Agent shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3 No Waiver. Agent shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Agent to marshal any Collateral.

10.4 Cumulative Remedies. The rights, powers and remedies of Agent hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Agent.

SECTION 11. MISCELLANEOUS

11.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by electronic mail or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States of America mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Agent:

HERCULES CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer and [* * *]
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
email: [* * *]
Telephone: [* * *]

(b) If to the Lenders:

HERCULES CAPITAL, INC.
HERCULES CAPITAL IV, L.P.
HERCULES PRIVATE CREDIT FUND I L.P.
HERCULES PRIVATE GLOBAL VENTURE GROWTH FUND I L.P.
Legal Department
Attention: Chief Legal Officer and [* * *]
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
email: [* * *]
Telephone: [* * *]

(c) If to Borrower:

G1 THERAPEUTICS, INC.
700 Park Offices Drive, Suite 200
Research Triangle Part, NC 27709
Attention: [* * *]
email: [* * *]
Telephone: [* * *]

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

Ropes & Gray LLP
800 Boylston Street
Boston, MA 02199
Attention: [* * *]
email: [* * *]
Telephone: [* * *]

or to such other address as each party may designate for itself by like notice.

11.3 Entire Agreement; Amendments.

(a) This Agreement and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, non-disclosure or confidentiality agreements, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Agent's revised proposal letter dated May 2, 2020 and the Non-Disclosure Agreement).

(b) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.3(b). The Required Lenders and Borrower party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Agent and the Borrower party to the relevant Loan Document may, from time to time, (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (ii) waive, on such terms and conditions as the Required Lenders or the Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (A) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Loan, reduce the stated rate of any interest or fee payable hereunder) or extend the scheduled date of any payment thereof, in each case without the written consent of each Lender directly affected thereby; (B) eliminate or reduce the voting rights of any Lender under this Section 11.3(b) without the written consent of such Lender; (C) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the

Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release a Borrower from its obligations under the Loan Documents, in each case without the written consent of all Lenders; or (D) amend, modify or waive any provision of Section 11.18 or Addendum 3 without the written consent of the Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each Lender and shall be binding upon Borrower, the Lenders, the Agent and all future holders of the Loans.

11.4 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5 No Waiver. The powers conferred upon Agent and the Lenders by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Agent or the Lenders to exercise any such powers. No omission or delay by Agent or the Lenders at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Agent or the Lenders is entitled, nor shall it in any way affect the right of Agent or the Lenders to enforce such provisions thereafter.

11.6 Survival. All agreements, representations and warranties contained in this Agreement and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Agent and the Lenders and shall survive the execution and delivery of this Agreement. Sections 6.3, 11.14, 11.15 and 11.17 shall survive the termination of this Agreement, and Section 11.13 shall survive until the later of (i) two years after Borrower's latest delivery to Agent of material non-public information and (ii) the termination of this Agreement.

11.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement or any of the other Loan Documents without Agent's express prior written consent, and any such attempted assignment shall be void and of no effect. Agent and the Lenders may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Agent's and the Lenders' successors and assigns; provided that as long as no Event of Default has occurred and is continuing, neither Agent nor any Lender may assign, transfer or endorse its rights hereunder or under the Loan Documents to any party that is a direct competitor of Borrower (as identified by Borrower from time to time to Agent), it being acknowledged that in all cases, any transfer to an Affiliate of any Lender or Agent shall be allowed. Notwithstanding the foregoing, (x) in connection with any assignment by a Lender as a result of a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Agent and the Lenders may assign, transfer or indorse its rights hereunder and under the other Loan Documents to any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Agent and the Lenders may assign, transfer or indorse its rights hereunder and under the other Loan Documents to any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall

release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such assignee as Agent reasonably shall require. The Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices in the United States a register for the recordation of the names and addresses of the Lender(s), and the Term Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Agent and the Lender(s) shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice. The parties intend that any interest in or with respect to the Loans under this Agreement be treated as being issued and maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2), and 881(c)(2) of the Code and any regulations thereunder (and any successor provisions), including without limitation under United States Treasury Regulations Section 5f.103-1(c) and Proposed Regulations Section 1.163-5 (and any successor provisions), and the provisions of this Agreement shall be construed in a manner that gives effect to such intent.

11.8 Participations. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans, its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under the Code and United States Treasury Regulations, including without limitation under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register. Borrower agrees that each participant shall be entitled to the benefits of the provisions in Addendum 1 attached hereto (subject to the requirements and limitations therein, including the requirements under Section 7 of Addendum 1 attached hereto (it being understood that the documentation required under Section 7 of Addendum 1 attached hereto shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 11.7; provided that such participant shall not be entitled to receive any greater payment under Addendum 1 attached hereto, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

11.9 Governing Law. This Agreement and the other Loan Documents have been negotiated and delivered to Agent and the Lenders in the State of California, and shall have been accepted by Agent and the Lenders in the State of California. Payment to Agent and the Lenders by Borrower of the Secured Obligations is due in the State of California. This Agreement and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the

laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.10 Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.11 is not applicable) arising in or under or related to this Agreement or any of the other Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.11 Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert Person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF BORROWER, AGENT AND THE LENDERS SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, “CLAIMS”) ASSERTED BY BORROWER AGAINST AGENT, THE LENDERS OR THEIR RESPECTIVE ASSIGNEE OR BY AGENT, THE LENDERS OR THEIR RESPECTIVE ASSIGNEE AGAINST BORROWER. This waiver extends to all such Claims, including Claims that involve Persons other than Agent, Borrower and the Lenders; Claims that arise out of or are in any way connected to the relationship among Borrower, Agent and the Lenders; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 11.11(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.10, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

11.12 Professional Fees. Borrower promises to pay Agent’s and the Lenders’ reasonable and invoiced fees and expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys’ fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable attorneys’ and other

professionals' fees and expenses incurred by Agent and the Lenders after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, audit, field exam, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Agent or the Lenders in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

11.13 Confidentiality. Agent and the Lenders acknowledge that the information provided to Agent and the Lenders by Borrower is confidential and proprietary information of Borrower (the "Confidential Information"). Accordingly, Agent and the Lenders agree that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Agent's security interest in the Collateral shall not be disclosed to any other Person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Agent and the Lenders may disclose any such information: (a) to its Affiliates and its partners, investors, lenders, directors, officers, employees, agents, advisors, counsel, accountants, counsel, representative and other professional advisors if Agent or the Lenders in their sole discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public or to the extent such information becomes publicly available other than as a result of a breach of this Section or becomes available to Agent or any Lender, or any of their respective Affiliates on a non-confidential basis from a source other than the Borrower; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Agent or the Lenders and any rating agency; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Agent's or the Lenders' counsel; (e) to comply with any legal requirement or law applicable to Agent or the Lenders or demanded by any governmental authority; (f) to the extent reasonably necessary in connection with the exercise of, or preparing to exercise, or the enforcement of, or preparing to enforce, any right or remedy under any Loan Document (including Agent's sale, lease, or other disposition of Collateral after default), or any action or proceeding relating to any Loan Document; (g) to any participant or assignee of Agent or the Lenders or any prospective participant or assignee, provided, that such participant or assignee or prospective participant or assignee is subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (h) otherwise to the extent consisting of general portfolio information that does not identify Borrower; or (i) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its Affiliates or any guarantor under this Agreement or the other Loan Documents. Agent's and the Lenders' obligations under this Section 11.13 shall supersede all of their respective obligations under the Non-Disclosure Agreement.

11.14 Assignment of Rights. Borrower acknowledges and understands that Agent or the Lenders may, subject to Section 11.7, sell and assign all or part of its interest hereunder and under the Loan Documents to any Person or entity (an "Assignee"). After such assignment the term "Agent" or "Lender" as used in the Loan Documents shall mean and include such Assignee, and

such Assignee shall be vested with all rights, powers and remedies of Agent and the Lenders hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Agent and the Lenders shall retain all rights, powers and remedies hereby given. No such assignment by Agent or the Lenders shall relieve Borrower of any of its obligations hereunder. Each Lender agrees that in the event of any transfer by it of the promissory note(s) (if any), it will endorse thereon a notation as to the portion of the principal of the promissory note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.15 Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Agent or the Lenders. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Agent, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Agent, the Lenders or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Agent or the Lenders in Cash.

11.16 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.17 No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any Person other than Agent, the Lenders and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely among Agent, the Lenders and the Borrower.

11.18 Agency. Agent and each Lender hereby agree to the terms and conditions set forth on Addendum 3 attached hereto. Borrower acknowledges and agrees to the terms and conditions set forth on Addendum 3 attached hereto.

11.19 Publicity. None of the parties hereto nor any of its respective member businesses and Affiliates shall, without the other parties' prior written consent (which shall not be unreasonably withheld or delayed), publicize or use (a) the other party's name (including a brief description of the relationship among the parties hereto), logo or hyperlink to such other parties' web site, separately or together, in written and oral presentations, advertising, promotional and marketing materials, client lists, public relations materials or on its web site (together, the "Publicity Materials"); (b) the names of officers of such other parties in the Publicity Materials; and (c) such other parties' name, trademarks, servicemarks in any news or press release concerning such party; provided however, notwithstanding anything to the contrary herein, no such consent shall be required (i) to the extent necessary to comply with the requests of any

regulators, legal requirements or laws applicable to such party, pursuant to any listing agreement with any national securities exchange (so long as such party provides prior notice to the other party hereto to the extent reasonably practicable) and (ii) to comply with Section 11.13.

11.20 [RESERVED]

11.21 Electronic Execution of Certain Other Documents. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including without limitation assignments, assumptions, amendments, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, Borrower, Agent and the Lenders have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

G1 THERAPEUTICS, INC.

Signature: _____

Print Name: _____

Title: _____

Accepted in Palo Alto, California:

AGENT:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: _____

Title: _____

LENDERS:

HERCULES CAPITAL, INC.

Signature: _____

Print Name: _____

Title: _____

All exhibits and schedules referred in the Loan and Security Agreement have been omitted. Copies of any omitted exhibit or schedule will be provided upon request.

EXHIBIT B
To Second Amendment to Loan and Security Agreement

Deleted – Duplicate of Exhibit A.

Exhibit 31.1

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

I, John E. Bailey, Jr, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of G1 Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2021

By: /s/ John E. Bailey, Jr.
John E. Bailey, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Jennifer K. Moses, certify that:

1. I have reviewed this Quarterly Report on 10-Q of G1 Therapeutics, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 3, 2021

By: /s/ Jennifer K. Moses
Jennifer K. Moses
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of G1 Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

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

Date: November 3, 2021

By: /s/ John E. Bailey, Jr.
John E. Bailey, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of G1 Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

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

In connection with the Quarterly Report of G1 Therapeutics, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of her knowledge:

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

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

Date: November 3, 2021

By: /s/ Jennifer K. Moses
Jennifer K. Moses
Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of G1 Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.