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

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2021

OR

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

For the transition period from _____to _____.

OR

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

Date of event requiring this shell company report _____

Commission file number: 001-38452

MEREO BIOPHARMA GROUP PLC
(Exact name of Registrant as specified in its charter)

England and Wales
(Jurisdiction of incorporation or organization)

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4th Floor
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Tel: +44-333-023-7300
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London, W1G 0QF
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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol	Name of each exchange on which registered

American Depositary Shares, each representing five ordinary shares, nominal value of £0.003 per share	**MREO**	**The Nasdaq Stock Market LLC**
Ordinary Shares, nominal value of £0.003 per share		**The Nasdaq Stock Market LLC***

* Not for trading, but only in connection with the registration of American Depositary Shares representing such Ordinary Shares pursuant to the requirements of the U.S. Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

The number of outstanding shares as of December 31, 2021 was:

Title of each class	Number of Shares Outstanding at December 31, 2021
Ordinary shares, nominal value of £0.003 per share	584,908,239

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

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 or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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CERTAIN DEFINITIONS

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- "AATD" are to alpha-1 antitrypsin deficiency, a lack of alpha 1 anti-trypsin protein, a protein made by the liver that's released into the bloodstream to protect the body from neutrophil serine proteases damaging the lungs;
- "Acumapimod" are to an oral p38 MAP kinase inhibitor for potential treatment of AECOPD;
- "Alvelestat" are to an oral neutrophil elastase inhibitor for potential treatment of AATD;
- "ADSs" are to our American Depositary Shares, each of which represents five ordinary shares of Mereo BioPharma Group plc;
- "ADRs" are to the American Depositary Receipts that evidence our ADSs;
- "AECOPD" are to acute exacerbation of chronic obstructive pulmonary disease;
- "BLA" are to Biologics License Application;
- "CMA" are to Conditional Marketing Authorization;
- "CMO" are to contract manufacturing organization;
- "COPD" are to chronic obstructive pulmonary disease, the name for a group of lung conditions that cause breathing difficulties;
- "CRO" are to contract research organization;
- "EMA" are to European Medicines Agency;
- "Etigilimab" are to an anti-TIGIT therapeutic candidate designed to activate the immune system through multiple mechanisms and enable anti-tumor activity;
- "FDA" are to the United States Food and Drug Administration;
- "HH" are to hypogonadotropic hypogonadism, a condition in which the male testes or the female ovaries produce little or no sex hormones;
- "Leflutrozole" are to an oral aromatase inhibitor for potential treatment of male infertility associated with HH;
- "MAA" are to Marketing Authorization Application;
- "Mereo," the "Company," the "Group," "we," "our," "ours," "us" or similar terms are to Mereo BioPharma Group plc, together with its subsidiaries;
- the "Merger" are to the merger of Mereo MergerCo One Inc. and OncoMed Pharmaceuticals, Inc. ("OncoMed"), with OncoMed surviving as a wholly-owned subsidiary of Mereo US Holdings Inc., and as an indirect wholly-owned subsidiary of Mereo BioPharma Group plc, and in 2020 OncoMed was renamed as Mereo BioPharma 5, Inc. ("Mereo BioPharma 5");
- the "Merger Agreement" are to the Agreement and Plan of Merger and Reorganization, dated December 5, 2018, by and among Mereo BioPharma Group plc, Mereo US Holdings Inc., Mereo MergerCo One Inc. and OncoMed;
- "Navi" are to Navicixizumab;
- "NDA" are to New Drug Application;

- "NE" neutrophil elastase, a serine protease and a major constituent of lung elastoytic activity;
- "OI" are to osteogenesis imperfecta a rare genetic bone disorder characterized by fragile bones that break easily, also known as brittle bone disease;
- "OncXerna" are to OncXerna Therapeutics, Inc.
- "ordinary shares" are to our ordinary shares, each of £0.003 nominal value;
- "SEC" are to the United States Securities and Exchange Commission;
- "Setrusumab" are to a fully human monoclonal antibody for potential treatment of OI;
- "$," "USD," "US$" and "U.S. dollar" are to the United States dollar;
- "TIGIT" are to T-cell immunoreceptor with Ig and ITIM domains;
- "Ultragenyx" are to Ultragenyx Pharmaceutical, Inc.;

and

- "£," "GBP," "pound sterling," "pence" and "p" are to the British pound sterling (or units thereof).

PRESENTATION OF FINANCIAL INFORMATION

This annual report contains our audited consolidated financial statements as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 (our "audited consolidated financial statements"), prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Our financial information is presented in pound sterling. None of our financial statements were prepared in accordance with generally accepted accounting principles in the United States ("U.S.").

This annual report contains translations of certain pound sterling amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the pound sterling amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, such U.S. dollar amounts have been translated from pound sterling at an exchange rate of £0.7402 to US$1.00, the exchange rate for pound sterling on December 31, 2021.

USE OF TRADEMARKS, SERVICE MARKS AND TRADENAMES

"Mereo," the Mereo logo and other trademarks, trade names or service marks of Mereo appearing in this annual report are the property of Mereo. This Form 20-F also contains trade names, trademarks and service marks of others, which are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies.

This annual report contains additional trademarks, service marks, and trade names of others, which are the property of their respective owners. All trademarks, service marks, and trade names appearing in this annual report are, to Mereo's knowledge, the property of their respective owners. Mereo does not intend its use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of Mereo by, any other companies.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains statements that constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements in this annual report that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, financial condition, results of operations, liquidity, plans and objectives. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "believe," "could," "expect," "foresee," "should," "plan," "intend," "estimate," "would," "may," "outlook," and "potential," among others. The absence of these words, however, does not mean that the statements are not forward-looking. The statements we make regarding the following matters are forward-looking by their nature:

Forward-looking statements appear in a number of places in this annual report and include, but are not limited to, statements regarding intent, belief or current expectations. Forward-looking statements are based on the current beliefs and assumptions of the management of Mereo and on information currently available to such management. While the management of Mereo believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments will be as anticipated. Such statements are subject to risks and uncertainties, and actual results may differ materially from those expressed or implied in the forward-looking statements due to of various factors, including, but not limited to, those identified under the section "Item 3. Key Information—D. Risk Factors" in this annual report. These risks and uncertainties include factors relating to:

- the development of our product candidates, including statements regarding the expected initiation, timing, progress, and availability of data from our clinical trials;
- the potential attributes and benefits of our product candidates and their competitive position;
- our ability to partner or sell our non-core product candidates, acumapimod for the treatment of AECOPD and leflutrozole for the treatment of male infertility on attractive terms or at all;
- our ability to successfully commercialize, or enter into strategic relationships with third parties to commercialize, our product candidates, if approved;
- our estimates regarding expenses, future revenues, capital requirements, and our need for additional financing;
- our being subject to ongoing regulatory obligations if our products secure regulatory approval;
- our reliance on third parties to conduct our clinical trials and on third-party suppliers to supply or produce our product candidates;
- the patient market size of any diseases and market adoption of our products by physicians and patients;
- our ability to obtain and maintain adequate intellectual property rights and adequately protect and enforce such rights;
- the duration of our patent portfolio;
- the COVID-19 pandemic and the associated disruptions during and after the pandemic that could materially impact our business, including, delays to enrollment of patients in clinical trials for our product candidates, delays to clinical trial supplies, planned clinical developments and our ongoing or future clinical studies;
- the United Kingdom's withdrawal from the European Union could increase our cost of doing business or otherwise negatively impact our business, results of operations and financial condition;
- our ability to retain key personnel and recruit additional qualified personnel;
- our ability to manage growth; and
- our ability to successfully integrate and realize the benefits of our past or future strategic acquisitions or investments.

You should refer to the section titled "Item 3.D Risk Factors" for a discussion of important factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this annual report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this annual report.

SUMMARY RISK FACTORS

You should carefully consider the risks and uncertainties described below, together with the other information contained in this annual report, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on our business, prospects, results of operations and financial condition. The market price of our ADSs could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. The risks described below are those that we currently believe may materially affect us. We may face additional risks and uncertainties not currently known to us or that we currently deem to be immaterial.

- We have a limited operating history and have never generated any revenue from product sales.
- We will need additional funding to complete the development of our current product candidates; to license, acquire, and develop future product candidates; and to commercialize our product candidates, if approved. If we are unable to raise capital when needed, we could be forced to delay, reduce, or eliminate research and development programs, any future commercialization efforts or acquisitions of potential product candidates.
- We depend heavily on the success of etigilimab, alvelestat and setrusumab. We cannot give any assurance that any of these product candidates or therapeutic candidates will receive regulatory approval, which is necessary before they can be commercialized. If we are unable to commercialize etigilimab, alvelestat and setrusumab, whether on our own or through agreements with third parties, or experience significant delays in doing so, our ability to generate revenue and our financial condition will be adversely affected.
- The COVID-19 pandemic may continue to impact our business or any other similar pandemic may materially impact our business, including, delays to enrollment of patients in clinical trials for our product candidates, delays in engagement with or responses from regulatory authorities, delays to clinical trial supplies, planned clinical developments and our ongoing or future clinical studies.
- We depend on enrollment of patients in our clinical trials for our product candidates. If we are unable to enroll patients in our clinical trials, or enrollment is slower than anticipated, in particular for our product candidates with rare disease indications, our research and development efforts could be adversely affected.
- We may become exposed to costly and damaging liability claims, either when testing our product candidates in the clinic or at the commercial stage, and our product liability insurance may not cover all damages from such claims.
- Enacted and future healthcare legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may set.
- We operate in a highly competitive and rapidly changing industry, which may result in others acquiring, developing, or commercializing competing product candidates before or more successfully than we do.
- We intend to directly commercialize or co-commercialize our product candidates for rare diseases and to out-license or sell our other product candidates for further development and/or commercialization. If we are unable to develop our own sales, marketing, and distribution capabilities or enter into business arrangements, we may not be successful in commercializing our product candidates.
- The successful commercialization of our product candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels, and pricing policies. Failure to obtain or maintain coverage and adequate reimbursement for our product candidates, if approved, could limit our ability to market those product candidates and decrease our ability to generate revenue.
- Our existing and future product candidates may not gain market acceptance, in which case our ability to generate revenues from product sales will be compromised.

- We rely, and expect to continue to rely, on third parties, including independent investigators and CROs, to conduct our clinical trials. If these CROs do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates, or such approval or commercialization may be delayed, and our business could be substantially harmed.
- We currently rely on third-party CMOs for the production of clinical supply of our product candidates and intend to rely on CMOs for the production of commercial supply of our product candidates, if approved. Our dependence on CMOs may impair the development of our product candidates and may impair the commercialization of our product candidates, which would adversely impact our business and financial position.
- We rely on patents and other intellectual property rights to protect our product candidates, the obtainment, enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.
- We may become subject to third parties' claims alleging infringement of third-party patents and proprietary rights, or we may be involved in lawsuits to protect or enforce our patents and other proprietary rights, which could be costly and time consuming, delay or prevent the development and commercialization of our product candidates, or put our patents and other proprietary rights at risk.
- Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.
- Failure to establish and maintain effective internal controls could have a material adverse effect on our business and stock price.
- If our partners do not satisfy their obligations under our agreements with them, or if they terminate our licenses, partnerships or collaborations with them, we may not be able to develop or commercialize our licensed or partnered product candidates as planned.

PART ONE

Item 1. Identity of Directors, Senior Management And Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

3.A. [Reserved]

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons For the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

You should carefully consider the risks and uncertainties described below, together with the other information contained in this annual report, before making any investment decision. Any of the following risks and uncertainties could have a material adverse effect on our business, prospects, results of operations and financial condition. The market price of our ADSs could decline due to any of these risks and uncertainties, and you could lose all or part of your investment. The risks described below are those that we currently believe may materially affect us. We may face additional risks and uncertainties not currently known to us or that we currently deem to be immaterial.

Risks Related to Our Business and Industry

We have a limited operating history and have never generated any revenue from product sales.

We are a multi-asset, clinical-stage biopharmaceutical company with a limited operating history, and have incurred significant operating losses since our formation. For the year-ended December 31, 2021 we had a net profit of £12.7 million and we had net losses of £163.6 million and £34.8 million, in the years ended December 31, 2020 and 2019, respectively. As of December 31, 2021, we had an accumulated net loss of £297.0 million (£309.7 million as of December 31, 2020). Our losses have resulted principally from expenses incurred from the research and development of our product candidates and from general and administrative costs that we have incurred while building our business infrastructure. We expect to continue to incur significant operating losses for the foreseeable future as we expand our research and development efforts, and seek to obtain regulatory approval and potentially commercialize our product candidates. We anticipate that our expenses will increase substantially as we:

- conduct our Phase 1b/2 trial of etigilimab in a range of tumor types and potentially expand some of the initial cohorts in the study or add new cohorts and tumor types to the study;
- complete our Phase 2 clinical trial of alvelestat for the treatment of severe AATD and prepare for a potential Phase 3 clinical trial, and expand the investigator-sponsored study in Bronchiolitis Obliterans Syndrome (“BOS”) into Phase 2;
- undertake the activities required as part of our collaboration with Ultragenyx and eventual commercialization of setrusumab in Europe and the U.K.;
- undertake development of our product candidates in any additional disease indications;
- seek regulatory approvals for our product candidates;
- potentially establish a commercial infrastructure to commercialize or co-commercialize selected product candidates, if approved;
- work with CMOs to develop manufacturing processes and scale-up for Phase 3 studies and potential commercialization
- maintain, expand, and protect our intellectual property portfolio;
- secure, maintain, or obtain freedom to operate for our technologies and product candidates;
- add clinical, scientific, operational, financial, legal and management personnel, including personnel to support the development of our product candidates and potential future commercialization or co-commercialization efforts;
- expand our operations and potentially hire additional employees in the United Kingdom, United States and in Europe, territories where we anticipate direct commercialization or commercialization with a partner; and
- seek to acquire additional novel product candidates to treat rare diseases.

Our expenses may also increase substantially if we experience any delays or encounter any issues with any of the above, including, but not limited to, failed clinical trials, complex results, safety issues, or unforeseen regulatory challenges.

We have devoted substantially all of our financial resources and efforts to the acquisition and clinical development of our product candidates. We have not completed the clinical development of any product through approval and have never generated any revenue from product sales.

To become and remain profitable, we must succeed in developing and commercializing product candidates that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing clinical trials of our current or any future product candidates, obtaining regulatory approval for our product candidates that successfully complete clinical trials, establishing manufacturing supplies and marketing capabilities, and ultimately commercializing, if approved or entering into strategic relationships for our current and future product candidates. We are only in the preliminary stages of many of these activities. We may never succeed in these activities and, even if we do, we may never generate revenue that is significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with biopharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. We may be subject to different or contradictory regulatory requirements in different countries, and different regulatory authorities may not be aligned on the clinical trials necessary to support approval of our product candidates. If we are required by the FDA, the EMA, or other regulatory authorities to perform studies in addition to those we currently anticipate, or if there are any delays in completing our clinical trials or the development of our current product candidates, our expenses could increase and our ability to generate revenue could be further delayed. In addition, we may not be able to acquire new product candidates or may encounter unexpected difficulties or delays in such acquisitions, which would impair our business.

Furthermore, adoption by the medical community of our product candidates, if approved, may be limited if third-party payors offer inadequate reimbursement coverage. Cost control initiatives may decrease coverage and payment levels for our product candidates, which in turn would negatively affect the price that we will be able to charge for such product candidates. We are unable to predict the coverage that will be provided by private or government payors for any product we have in development. Any denial of private or government payor coverage, inadequate reimbursement for our product candidates, or delay in receipt of reimbursement payments could harm our business and, even if we do generate product royalties or product sales, we may never achieve or sustain profitability. Our failure to sustain profitability would depress the market price of our ADSs and could impair our ability to raise capital, acquire new product candidates, expand our business, or continue our operations. A decline in the market price of our ADSs also could cause you to lose all or a part of your investment.

We will need additional funding to complete the development of our current product candidates; to license, acquire, and develop future product candidates; and to commercialize our product candidates, if approved. If we are unable to raise capital when needed, we could be forced to delay, reduce, or eliminate research and development programs, any future commercialization efforts or acquisitions of potential product candidates.

While we raised $183 million (£137.9 million) in private placements of ordinary shares and convertible loan notes in 2020 and in a public offering of ADSs in February 2021, we expect our expenses to increase substantially in connection with our ongoing activities, particularly as we continue to advance our rare disease and oncology portfolio. In addition, if we obtain marketing approval for product candidates where we retain commercial rights, we expect to incur significant commercialization expenses related to product sales, marketing, distribution and manufacturing. Furthermore, we expect to continue to incur additional costs associated with operating as a publicly traded company in the United States and maintaining a listing on Nasdaq. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

We believe that our existing cash and cash equivalents will be sufficient to enable us to fund our operating expenses and capital expenditure requirements into 2024 at which point we will require additional capital. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations and financial condition.

We have based our liquidity and capital resources estimates on assumptions that may prove to be wrong. As a result, we could use our capital resources sooner than we currently expect, or our operating plan may change as a result of many factors unknown to us. These factors, among others, may necessitate that we seek additional capital sooner than currently planned.

Our future capital requirements will depend on many factors, including:

- The costs, timing and results of our ongoing Phase 1b/2 study for etigilimab, and our ongoing clinical trials for alvelestat in AATD and in patients with BOS; and the costs for our activities related to our ongoing collaboration with Ultragenyx for setrusumab for the treatment of adults and children with OI and the costs for our preparation for eventual commercialization of setrusumab in Europe and the U.K.;
- the costs and timing of manufacturing clinical supplies of our product candidates;

- the costs, timing, and outcome of regulatory review of our product candidates, including post-marketing studies that could be required by regulatory authorities;
- the costs, timing, and outcome of potential future commercialization activities, including manufacturing, marketing, sales, life cycle management and distribution, for our product candidates that we commercialize directly;
- the timing and amount of revenue, if any, received from commercial sales of our product candidates;
- the costs and timing of preparing, filing, and prosecuting patent applications; maintaining and enforcing our intellectual property rights; and defending any intellectual property-related claims, including any claims by third parties that we are infringing, misappropriating or otherwise violating the third party's intellectual property rights;
- the sales price and availability of adequate third-party coverage and reimbursement for our product candidates;
- the effect of competitors and market developments;
- the performance of our collaborators and partners under the existing agreements on setrusumab and navicixizumab;
- the extent to which we are able to acquire new product candidates or enter into licensing or collaboration arrangements for our product candidates;
- milestone and deferred payments under our license and option agreement with AstraZeneca; and
- tax liabilities or other assessments and our ability to claim R&D tax credits or other reliefs.

Fundraising and business development efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect our business, the holdings or the rights of our shareholders, or the value of our ADSs.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay, or discontinue our research and development programs or any commercialization efforts; be unable to expand our operations or acquire product candidates; or be unable to otherwise capitalize on our business opportunities, as desired, which could harm our business.

Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

Since our formation, we have devoted substantially all of our resources to acquiring our product candidates and developing etigilimab, alvelestat, setrusumab, acumapimod and leflutrozole; building our intellectual property portfolio; developing our supply chain; planning our business; raising capital; and providing general and administrative support for these operations. Additionally, prior to our acquisition of etigilimab and navicixizumab in the Merger, Mereo BioPharma 5 (formerly OncoMed) had invested significant resources to developing both product candidates. We have not yet demonstrated our ability to successfully complete any Phase 3 or other pivotal clinical trials, obtain regulatory approval, arrange for third parties to manufacture commercial-scale product candidates, or conduct or partner with others to conduct sales and marketing activities necessary for successful product commercialization. Additionally, although we have acquired product candidates from two large pharmaceutical companies, we have not demonstrated the sustainability of our business model of acquiring and developing product candidates from, and becoming a partner of choice for, pharmaceutical and biotechnology companies, nor have we demonstrated our ability to obtain approvals for or to commercialize or co-commercialize these product candidates. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we had a longer operating history.

We may not be successful in our efforts to identify and acquire additional product candidates.

Part of our strategy involves identifying and acquiring novel product candidates that have received significant investment from large pharmaceutical and biotechnology companies and that have substantial pre-clinical, clinical, and manufacturing data packages. The process by which we identify product candidates may fail to yield product candidates for clinical development for a number of reasons, including those discussed in these risk factors and also:

- any product candidates we acquire that have generated positive clinical data for our target indication or in diseases other than our target indications may not prove to be effective in treating our target indications;
- potential product candidates may, with further studies, be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be product candidates that will receive marketing approval and achieve market acceptance;
- the regulatory pathway for a potential product may be too complex and difficult to navigate successfully or economically; and
- there may be competitive bids for potential product candidates which we do not seek to or are unable to match.

In addition, we may choose to focus our efforts and resources on a potential product that ultimately proves to be unsuccessful. Further, time and resources spent searching for, identifying, acquiring, and developing potential product candidates may distract our management's attention from our primary business or other development programs. If we are unable to identify and acquire additional suitable product candidates for clinical development, this would adversely impact our business strategy and our financial position and share price.

Raising additional capital may cause dilution to, or adversely affect the rights of, our security holders, restrict our operations; or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial product revenues, we may seek to finance our cash needs through securities offerings, debt financings, license and collaboration agreements, or other capital raising transactions. If we raise capital through securities offerings, your ownership interest will be diluted, and the terms of the securities we issue in such transactions may include liquidation or other preferences that adversely affect your rights as a holder of our ADSs. Debt financing, if available, could result in fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, to acquire, sell or license intellectual property rights, to make capital expenditures, to declare dividends, or other operating restrictions. For example, under the terms of our convertible loan notes we are required to seek consent for certain corporate transactions or to incur certain types of additional debt. If we raise additional funds through collaboration or licensing agreements, we may have to relinquish valuable rights to our technologies, future revenue streams, or product candidates or grant licenses on terms that may not be favorable to us. In addition, we could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable. Raising additional capital through any of these or other means could adversely affect our business and the holdings or rights of our security holders, and may cause the market price of our ADSs to decline.

We depend heavily on the success of etigilimab, alvelestat and setrusumab. We cannot give any assurance that any of these product candidates or therapeutic candidates will receive regulatory approval, which is necessary before they can be commercialized. If we are unable to commercialize etigilimab, alvelestat and setrusumab, whether on our own or through agreements with third parties, or experience significant delays in doing so, our ability to generate revenue and our financial condition will be adversely affected.

We do not currently generate any revenue from sales of any product candidates, and we may never be able to develop or commercialize a marketable product. We have invested substantially all of our efforts and financial resources in the acquisition and development of etigilimab, alvelestat and setrusumab, among other product candidates in our portfolio. Our ability to generate royalty and product revenues, which we do not expect will occur for at least the next several years, if ever, will depend heavily on the successful development and eventual commercialization of our current product candidates, if approved, which may never occur. Our current product candidates will require additional clinical development, management of clinical and manufacturing activities, regulatory approval in multiple jurisdictions, procurement of manufacturing supply, commercialization, substantial additional investment by us or our partners, and significant marketing efforts before we generate any revenue from product sales or royalties.

We are not permitted to market or promote any product candidates in the United States, United Kingdom, Europe, or other countries before we receive regulatory approval from the FDA, the EMA, or comparable U.K. or foreign regulatory authorities, and we may never receive such regulatory approval for our current product candidates. We have not submitted a BLA or a NDA to the FDA, an MAA or CMA to the EMA, or comparable applications to other regulatory authorities, and do not expect to be in a position to do so in the foreseeable future. The success of our current product candidates will depend on many factors, including the following:

- we may not be able to demonstrate that any of our current product candidates are safe and effective as a treatment for the targeted indications to the satisfaction of the applicable regulatory authorities;
- the applicable regulatory authorities may require additional clinical trials of our current product candidates, which would increase our costs and prolong development;
- the results of clinical trials of our current product candidates may not meet the level of statistical or clinical significance required by the applicable regulatory authorities for marketing approval;
- the applicable regulatory authorities may disagree with the number, design, size, conduct, or implementation of our planned and future clinical trials for our current product candidates;
- the CROs, that we retain to conduct clinical trials may take actions outside of our control that materially adversely impact clinical trials for our current product candidates;
- the applicable regulatory authorities may not find the data from clinical trials sufficient to demonstrate that the clinical and other benefits of our current product candidates outweigh their safety risks;
- the applicable regulatory authorities may disagree with our interpretation of data from our clinical trials or may require that we conduct additional trials;
- the applicable regulatory authorities may not accept data generated at our clinical trial sites;
- if we submit a BLA or NDA to the FDA, and it is reviewed by an advisory committee, the FDA may have difficulties scheduling an advisory committee meeting in a timely manner or the advisory committee may recommend against approval of our application or may recommend that the FDA require, as a condition of approval, additional pre-clinical studies or clinical trials, limitations on approved labeling, or distribution and use restrictions;
- the applicable regulatory authorities may require development of a risk evaluation and mitigation strategy (a “REMS”) as a condition of approval;
- the applicable regulatory authorities may identify deficiencies in the product and process CMC development activities defining our manufacturing processes or facilities of our third-party manufacturers;
- the applicable regulatory authorities may change their approval policies or adopt new regulations;
- through our clinical trials, we may discover factors that limit the commercial viability of our current product candidates or make the commercialization of any of our current product candidates unfeasible; and
- if approved, acceptance of our current product candidates by patients, the medical community, and third-party payors; our ability to compete with other therapies to treat certain oncology indications, and OI, AATD, or BOS; continued acceptable safety profiles following approval of our current product candidates; and our ability to qualify for, maintain, enforce, and defend our intellectual property rights and claims.

If we do not successfully manage one or more of these factors in a timely manner or at all, we could experience significant delays or may not be able to successfully commercialize our current product candidates.

We cannot be certain that our current product candidates will be successful in clinical trials or receive regulatory approval. Further, our current product candidates may not receive regulatory approval even if they are successful in clinical trials. If we do not receive regulatory approvals for our current product candidates, we may not be able to continue our operations. Even if we successfully obtain regulatory approvals to manufacture and market our current product candidates, our revenues will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval and have commercial rights. If the markets for patient subsets that we are targeting are not as significant as we estimate, we may not generate significant revenues from sales of such product candidates, if approved.

We plan to seek regulatory approval to commercialize, or co-commercialize, our current rare disease product candidates in the United States, United Kingdom and the European Union ("EU"), and potentially in additional countries. While the scope of regulatory approval is similar in many countries, to obtain separate regulatory approval in multiple countries requires us to comply with the numerous and varying regulatory requirements of such countries regarding safety and efficacy and governing, among other things, clinical trials and commercial sales, pricing and distribution, and we cannot predict success in these jurisdictions.

Exchange rate fluctuations may materially affect our results of operations and financial condition.

Owing to the international scope of our operations, fluctuations in exchange rates, particularly between the pound sterling and the U.S. dollar, the Euro, or the Swiss Franc, may adversely affect us. Further, potential future revenue may be derived from multiple jurisdictions and in multiple currencies. As a result, our business and the price of our ADSs may be affected by fluctuations in foreign exchange rates not only between the pound sterling and the U.S. dollar, but also the currencies of other countries, which may have a significant impact on our results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place.

The COVID-19 pandemic has and may continue to materially impact our business including planned clinical developments and our ongoing clinical studies.

Our business could be adversely affected by health epidemics in regions where we and/or our partners conducted clinical trials have concentrations of clinical trial sites or other business operations, and could cause significant disruption in the operations of third-parties upon whom we rely. To date, the COVID-19 pandemic and its related variants have resulted in delays in our ability to enroll and treat patients and obtain data from ongoing clinical trials and delayed our ability to recruit additional patients to our clinical trials and to screen new patients for eligibility for our clinical trials, particularly in our Phase 2 clinical trial of alvelestat for the treatment of severe AATD.

The continued effects of the COVID-19 pandemic may also cause us to experience disruptions that would significantly impact our business including:

- A delay or interruption in our ability to enroll and treat patients and to obtain data from ongoing clinical trials;
- A delay in our timelines for the initiation of new clinical trials;
- A delay in our ability to further recruit patients to our clinical trials and to screen patients for eligibility for our clinical trials;
- Interruption to key clinical trial activities including monitoring of clinical sites, patient visits, inability to follow patients after they have received treatment and patient assessments and patients dropping out from trials early reduce the numbers impacting efficacy analysis;

- A delay in availability of additional drug product for etigilimab, alvelestat or setrusumab due to lack of manufacturing capacity and/or raw materials at our third-party CMOs;
- A delay in our ability to close and negotiate third-party partnerships or collaborations or to progress third-party collaborations already in place;
- Limitations on employee resources as a result of increased sickness, requirement for employees to care for family members or requirement for employees to self-isolate themselves;
- Interruptions and delays in our development programs as a result of the government required "stay-at-home" guidelines;
- Delay in responses from regulatory authorities in relation to approvals, amendments or other regulatory engagements required for our ongoing development activities;
- Supply chain interruptions; or
- Diversion of CMO activities and raw materials to COVID-19 products, including restrictions imposed by various governments, causing delays to clinical trial supplies.

The COVID-19 pandemic continues to evolve and the extent to which it may impact our future business is highly uncertain and difficult to predict. The ultimate impact of the pandemic, or any other health epidemic, is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, our research programs, healthcare systems or the global economy as a whole. However, these effects could have a material adverse effect on our business, financial condition and results of operations. To the extent the COVID-19 pandemic materially adversely affects our business and financial results, it may also have the effect of significantly heightening many of the other risks described in this Risk Factors section.

The U.K.'s withdrawal from the EU, commonly referred to as Brexit, could increase our cost of doing business or otherwise negatively impact our business, results of operations and financial condition.

Brexit could increase our cost of doing business or otherwise negatively impact our business, results of operations and financial condition. Brexit continues to create uncertainty concerning the future relationship between the U.K. and the EU, following the U.K. withdrawal from the EU in January 2020. Our principal office is located in the U.K. and together with our partners we conduct clinical trials in the EU. Since a significant portion of the regulatory framework in the U.K. is derived from EU laws, Brexit materially impacts the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates in the U.K. or the EU. In this regard, in December 2020, the EU and U.K. reached an agreement in principle on the framework for their future relationship, the EU-U.K. Trade and Cooperation Agreement, or TCA. Among the changes that have had a direct impact are that Great Britain (England, Scotland and Wales) will be treated as a "third country," a country that is not a member of the EU and whose citizens do not enjoy the EU right to free movement. Northern Ireland continues to follow many aspects of the EU regulatory rules, particularly in relation to trade in goods. As part of the TCA, the EU and the U.K. will recognize GMP inspections carried out by the other party and the acceptance of official GMP documents issued by the other party. The TCA also encourages, although it does not oblige, the parties to consult one another on proposals to introduce significant changes to technical regulations or inspection procedures.

Such a withdrawal from the EU is unprecedented, and it is unclear how the U.K.'s access to the European single market for goods, capital, services and labor within the EU, or single market, and the wider commercial, legal and regulatory environment, will impact our current and future operations, including activities conducted by third parties and contract manufacturers on our behalf. In addition to the foregoing, our U.K. operations support our current and future operations and clinical activities in other countries in the EU and EEA and these operations and clinical activities could be disrupted by the ongoing effects of Brexit.

Since the regulatory framework in the U.K. covering quality, safety and efficacy of pharmaceutical products, clinical trials, marketing authorization, commercial sales and distribution of pharmaceutical products is derived from EU directives and regulations, Brexit could materially impact the future regulatory regime with respect to the commercialization of our products in the U.K. Any delay in commercializing our products in the U.K. and/or the EU could restrict our ability to generate revenue. The uncertainty around the U.K.'s future relationship with the EU continues to cause economic uncertainty which could adversely affect our business, financial condition and results of operations and could adversely affect the market price of our ADSs.

Following the licensing agreement for navicixizumab and the completion of a strategic partnership for setrusumab, and if we out-license or sell our non-core product candidates or out-license any of our core or rare disease product candidates for any territories, we could be exposed to future liabilities.

In January 2021, we completed a strategic partnership for setrusumab and completed the out-license of navicixizumab in January 2020. We plan to partner or sell or out-license our non-core product candidates acumapimod for the treatment of AECOPD and leflutrozole for the treatment of male infertility associated with HH, recognizing the need for a larger sales infrastructure and greater resources to take these product candidates to market.

We may be exposed to future liabilities and/or obligations with respect to any such out-licensing or sale arrangements or partnerships. We may be required to set aside provisions for warranty claims or contingent liabilities in respect of such sales or out-licensing arrangements. We may be required to pay damages (including, but not limited to, litigation costs) to a purchaser or licensee to the extent that any representations or warranties that we had given to that purchaser or licensee prove to be inaccurate or to the extent that we have breached any of our covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any incorrect representations and warranties could give rise to a right by the purchaser or licensee to unwind the contract in addition to receiving damages. Furthermore, we may become involved in disputes or litigation in connection with such product candidates. Certain obligations and liabilities associated with our prior management of the development of any disposed product candidate can also continue to exist notwithstanding any sale, such as liabilities arising from the infringement of intellectual property rights of others.

As a result of the above, the total amount of costs and expenses that may be incurred with respect to liabilities associated with an out-license or sale may exceed our expectations, and we may experience other unanticipated adverse effects, all of which could adversely affect our business, financial condition, results of operations, and prospects.

Our business is subject to economic, political, regulatory and other risks associated with international operations and business disruptions could seriously harm our financial condition and increase costs.

Our business is subject to risks associated with conducting business internationally. We source research and development, manufacturing, consulting, and other services from companies based throughout the United States, the EU, and Switzerland, and we conduct our clinical trials in the United States, Canada, certain European countries, and other countries. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular non-U.K. economies and markets;

- differing regulatory requirements for drug approvals in non-U.K. countries;
- differing jurisdictions could present different issues for securing, maintaining, or obtaining freedom to operate for our intellectual property in such jurisdictions;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with non-U.K. laws and regulations;
- changes in non-U.K. regulations and customs, tariffs, and trade barriers;
- changes in non-U.K. currency exchange rates of the pound sterling and currency controls;
- changes in a specific country's or region's political or economic environment, including the implications of the United Kingdom's withdrawal from the EU;
- trade protection measures, import or export licensing requirements or other restrictive actions by U.K. or non-U.K. governments;
- differing reimbursement regimes and price controls in certain non-U.K. markets;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling outside of the United Kingdom;
- workforce uncertainty in countries where labor unrest is more common than in the United Kingdom;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- business interruptions resulting from geo-political actions, including war and terrorism, health epidemics and other widespread outbreaks of contagious disease, or natural disasters, including earthquakes, typhoons, hurricanes, floods and fires; and
- business interruptions resulting from the pandemic or any other health epidemics.

For example, the COVID-19 pandemic has resulted in delays in our ability to enroll and treat patients, obtaining data from ongoing clinical trials, our ability to recruit additional patients to our clinical trials and to screen new patients for eligibility for our clinical trials. Additionally, continued supply chains disruptions may impact our development activities. Moreover, in February 2022, tensions between the United States and Russia escalated when Russia invaded Ukraine. In response, The North Atlantic Treaty Organization, or NATO, has deployed additional military forces to Eastern Europe and the United States, United Kingdom and the European Union, among others, have announced certain sanctions against Russia. The invasion of Ukraine and the retaliatory measures that have been taken, or could be taken in the future, by the United States, NATO, and other countries have created global security concerns that could result in a regional conflict and otherwise have a lasting impact on regional and global economies, any or all of which could disrupt our supply chain, adversely affect our ability to conduct ongoing and future clinical trials of our product candidates, and adversely affect our ability to commercialize our products (subject to regulatory approval) in this region.

Our future growth and ability to compete depends on retaining our key personnel and recruiting additional qualified personnel.

Our success depends upon the continued contributions of our key management, including all of our senior management team, and scientific and technical personnel, many of whom have been instrumental for us and have substantial experience with rare diseases and the biopharmaceutical and pharmaceutical industries. The loss of key managers and senior physicians or scientists could delay our acquisition and development activities. In addition, the competition for qualified personnel in the biopharmaceutical and pharmaceutical fields is intense, and our future success depends upon our ability to attract, retain and motivate highly skilled scientific, technical, and managerial employees. We face competition for personnel from other companies and organizations. If our recruitment and retention efforts are unsuccessful in the future, it may be difficult for us to achieve our development objectives, raise additional capital, and implement our business strategy.

We aim to expand our development, regulatory, and sales and marketing capabilities, and as a result, we may encounter difficulties in managing our planned growth, which could disrupt our operations.

To manage our planned future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities or acquire new facilities, and continue to retain, recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such planned growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

Changes in our tax rates, unavailability of certain tax credits or reliefs, or exposure to additional tax liabilities or assessments could adversely affect our results of operations and financial condition.

As a U.K. resident trading entity, we are subject to U.K. corporate taxation. Due to the nature of our business, we have generated operating losses since formation. As at December 31, 2021, 2020 and 2019, we had cumulative carry-forward tax losses of £122.6 million, £136.9 million and £70.2 million, respectively. The availability to carry forward and offset these tax loss carry-forwards against future operating profits is subject to certain restrictions.

As a company that carries out extensive research and development ("R&D") activities, we benefit from the U.K. HM Revenue and Customs ("HMRC") small and medium sized enterprises research and development relief, or SME R&D Relief, which provides relief against U.K. Corporation Tax and enables us to surrender some of our trading losses that arise from our research and development activities for a cash rebate of up to 33.35% of eligible R&D expenditure. Certain subcontracted qualifying research expenditures are eligible for a cash rebate of up to 21.67%. We may not be able to continue to claim payable R&D tax credits in the future because we may no longer qualify as a small or medium-sized company. In the event we generate revenues in the future, we may benefit from the U.K. "patent box" regime that allows profits attributable to revenues from patents or patented product candidates to be taxed at an effective rate of 10%. This relief applies to profits earned from April 1, 2013. When taken in combination with the enhanced relief available on our R&D expenditures, we expect a long-term lower rate of corporation tax to apply to us. If, however, there are unexpected adverse changes to the U.K. R&D tax credit regime or the "patent box" regime, or for any reason we are unable to qualify for such advantageous tax legislation, or we are unable to use net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments, our business, results of operations, and financial condition may be adversely affected.

New rules were introduced, effective for accounting periods starting after April 1, 2021, whereby the amount of SME payable R&D tax credit that a business can receive in any one year will be capped at £20,000 plus three times the company's total Pay As You Earn (PAYE) and National Insurance contributions (NIC) liability. Exemptions to the cap have been introduced which are available to companies that meet certain conditions. We are currently reviewing the impact these changes could have on our tax credit for the year ending December 31, 2022, which would be payable in 2023. If tax authorities challenge our determinations and/or audit prior periods there could be adverse tax consequences to us that could adversely affect our results of operations and financial condition.

Risks Related to Development, Clinical Testing, Manufacturing and Regulatory Approval

Prior to our acquisition of etigilimab, alvelestat, setrusumab, acumapimod, leflutrozole and navicixizumab, we were not involved in the development of these product candidates and, as a result, we are dependent on Novartis, AstraZeneca and Mereo BioPharma 5 (formerly OncoMed) having accurately reported the results and correctly collected and interpreted the data from all clinical trials conducted prior to our acquisition.

We were not involved in the development of our current product candidates prior to our acquisition of such product candidates from Novartis, AstraZeneca and Mereo BioPharma 5. For all of our current product candidates, we have had no involvement with or control over their manufacturing or pre-clinical and clinical development prior to our acquisition of them. We are dependent on Novartis, AstraZeneca and Mereo BioPharma 5 having conducted their research and development in accordance with the applicable protocols and legal, regulatory, and scientific standards; having accurately reported the results of all clinical trials conducted prior to our acquisition; and having correctly collected and interpreted the data from these trials. To the extent Novartis, AstraZeneca or Mereo BioPharma 5 has not done this, the clinical development, regulatory approval, or commercialization of our product candidates may be adversely affected.

Interim "top-line" and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim "top-line" or preliminary data from our clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary or "top-line" data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects.

Our product candidates may have serious adverse, undesirable, or unacceptable side effects which may delay or prevent marketing approval or lead to the withdrawal of approval after it has been granted. If such side effects are identified during the development of these product candidates or following approval, if any, we may need to abandon our development of these product candidates, the commercial profile of any approved label may be limited, or we may be subject to other significant negative consequences following marketing approval, if any.

Undesirable side effects that may be caused by etigilimab, alvelestat, setrusumab, acumapimod and leflutrozole could cause us or regulatory authorities to interrupt, delay or halt clinical trials, and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA, the EMA, or other comparable U.K. or foreign authorities. Each of our product candidates has completed one or more clinical trials. In the trials conducted prior to our ownership and following our ownership, adverse events observed have included the following:

- for etigilimab, rash, fatigue, nausea, pruritus and autoimmune hepatitis;
- for alvelestat, headache, nasopharyngitis, and elevated levels of the liver enzymes aspartate aminotransferase and alanine aminotransferase;
- for setrusumab, headache, influenza, arthralgia and fatigue;
- for acumapimod, a mild acne-like rash, tachycardia, dizziness and headache;
- for leflutrozole, headache, increased hematocrit and small increases in blood pressure; and
- for navicixizumab, hypertension, headache, fatigue, and pulmonary hypertension.

Clinical development for etigilimab, alvelestat and setrusumab is ongoing. Results of our ongoing and future clinical trials, or results from clinical trials for other similar product candidates, could reveal a high and unacceptable severity and prevalence of adverse side effects. In such an event, our trials could be suspended or terminated and the FDA, EMA, or other comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications.

Drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete a trial or result in potential product liability claims. Additionally, if any of our product candidates receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by these product candidates, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of any such product and require us to take it off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- regulatory authorities may require a medication guide outlining the risks of such side effects for distribution to patients, or that we implement a REMS plan to ensure that the benefits of the product outweigh its risks;
- we may be required to change the way a product is administered, conduct additional clinical trials or change the labeling of a product;
- we may be subject to limitations on how we may promote the product;

- sales of the product may decrease significantly;
- third-party private or government payors may not offer, or may offer inadequate, reimbursement coverage for our product candidates, or reimbursement payments may be delayed or impossible to recover;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us or any collaborators from achieving or maintaining market acceptance of our product candidates or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of our product candidates.

Manufacturing tests of setrusumab have shown that it may cause an opalescence appearance to the liquid antibody formulation.

Our product candidate for treating OI, setrusumab, is of the IgG2 type subclass monoclonal antibody. The IgG2 subclass is known for having a tendency to reversibly self-associate and this can cause an opalescence appearance to the liquid antibody formulation that can be mediated by protein concentration, pH and temperature. The presence of an opalescence solution does not have an impact on product potency and effectiveness and does not generally correlate with the formation of aggregates or particles. We have conducted several large-scale manufacturing runs of drug substance and drug product at third-party CMOs without observing any opalescence and we have further conducted formulation studies in order to minimize any risk of significant opalescence or of aggregate formation. We have also conducted product stability studies and excipient optimization, resulting in a change in the methodology for product reconstitution; however, there can be no assurances that this opalescence will not occur in future manufacturing runs.

We depend on enrollment of patients in our clinical trials for our product candidates. If we are unable to enroll patients in our clinical trials, or enrollment is slower than anticipated, in particular for our product candidates with rare disease indications, our research and development efforts could be adversely affected.

Successful and timely completion of clinical trials for our product candidates will require that we enroll a sufficient number of patient candidates. Trials may be subject to delays as a result of the limited number of patients with the diseases that these product candidates target, patient enrollment taking longer than anticipated or patient withdrawal. We will compete with other companies in enrolling the same limited population of patients, which may further challenge our ability to timely enroll patients in our clinical trials as there are a significant number of studies ongoing in oncology in the United States and Europe. Due to the small number of patients for any rare disease or tumor type, it may be difficult for us to enroll a sufficient number of patients in our clinical trials for our product candidates with indications in rare diseases or enrollment for these product candidates may take significantly longer than we anticipate. There are an estimated 50,000 and 60,000 persons in North America and Europe, respectively, with the genotypes that we intend to enroll in our clinical trials for AATD, the target indication for alvelestat. However, due to underdiagnosis, there are estimated to be approximately 6,000 to 10,000 patients diagnosed in North America. Patient enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the trial, the proximity of patients to clinical sites, the design of the clinical protocol, the availability of competing clinical trials, the availability of new drugs or biologics approved for the indication the clinical trial is investigating, and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies. These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. For example, our Phase 2 alvelestat trial recruits individuals with alpha-1 antitrypsin deficiency-related lung disease, who are at greater risk from COVID-19 given that the condition is a respiratory and lung condition, and for this reason, our Phase 2 alvelestat trial has been delayed with top-line data now expected in early Q2 2022. Due to the effects of the COVID-19 pandemic on this vulnerable population and the impact on enrollment timelines, we closed the study to enrolment at 99 patients at the end of 2021. This is lower than the protocol defined number of patients in the original study design. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our development and approval of our product candidates, and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause or lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may become exposed to costly and damaging liability claims, either when testing our product candidates in the clinic or at the commercial stage, and our product liability insurance may not cover all damages from such claims.

We are exposed to potential product liability and professional indemnity risks that are inherent in the development, manufacturing, marketing, and use of pharmaceutical product candidates. Currently, we have no product candidates that have been approved for commercial sale; however, the current and future use of our product candidates by us and any collaborators, in clinical trials, and the sale of these product candidates, if approved, in the future, may expose us to liability claims. These claims might be made by patients that use the product, healthcare providers, pharmaceutical companies, our collaborators, or others selling these product candidates. Any claims against us, regardless of their merit, could be difficult and costly to defend and could adversely affect the market for our product candidates or any prospects for commercialization of our product candidates. In addition, regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend related litigation;
- diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigation, product recalls or withdrawals, or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize, co-commercialize or promote our product candidates.

Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If our product candidates were to cause adverse side effects during clinical trials or after approval, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our product candidates.

Although we maintain product liability insurance for our product candidates, it is possible that our liabilities could exceed our insurance coverage. We intend to expand our coverage to include the sale of commercial product candidates if we obtain marketing approval for any of our product candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Even if any of our product candidates obtains regulatory approval, we will be subject to ongoing obligations and continued regulatory review, which may result in significant additional expense. Additionally, any of our product candidates, if approved, could be subject to labeling and other restrictions and market withdrawal and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with such product.

If the FDA, the EMA, or a comparable U.K. or foreign regulatory authority approves any of our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, and recordkeeping for such product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, facility registration, and drug listing, as well as continued compliance with cGMP requirements for manufacturing, good distribution practice, requirements for product distribution, and GCP requirements for any clinical trials that we conduct post-approval, all of which may result in significant expense and limit our ability to commercialize, or co-commercialize, a product. We and our contract manufacturers will also be subject to user fees and periodic inspection by the FDA, the EMA, and other regulatory authorities to monitor compliance with these requirements and the terms of any product approval we may obtain. In addition, any regulatory approvals that we receive for a product may also be subject to limitations on the approved indicated uses for which such product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing testing, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of such product.

If there are changes in the application of legislation or regulatory policies, or if problems are discovered with a product or the manufacture of a product, or if we or one of our distributors, licensees, or co-marketers fails to comply with regulatory requirements, the regulatory authorities could take various actions. These include imposing fines on us, imposing restrictions on our product or its manufacture, and requiring us to recall or remove a product from the market. The regulatory authorities could also suspend or withdraw our marketing authorizations, or require us to conduct additional clinical trials, change our product labeling, or submit additional MAAs. If any of these events occurs, our ability to sell our product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements.

The policies of the FDA, the EMA, and other regulatory authorities may change and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States, the United Kingdom, Europe, or other jurisdictions. For example, the previous U.S. presidential administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications.

Even if we obtain marketing approval of any of our product candidates in a major pharmaceutical market such as the United States or the EU, we may not be able to obtain approval or commercialize that product in other markets, which would limit our ability to realize our full market potential.

In order to market any product candidates in a country or territory, we must establish and comply with numerous and varying regulatory requirements of such country or territory regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in multiple markets may require additional pre-clinical studies or clinical trials, which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our product candidates in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain, and may be subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. We currently do not have any product candidates approved for sale in the United States, the EU, the U.K. or any other markets, and our management team does not have experience in obtaining regulatory approval in markets outside of the United States, the EU and the U.K. If we seek regulatory approval in other markets and fail to obtain marketing approval in those markets or, if our product candidates are approved in such markets but we fail to maintain such approvals, our ability to realize the full market potential of our product candidates will be compromised.

Our employees and independent contractors, including principal investigators, CROs, CMOs, consultants, vendors, and any other third parties we may engage in connection with the development and commercialization of our product candidates may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could adversely affect our business.

Misconduct by our employees and independent contractors, including principal investigators, CROs, CMOs, consultants, vendors, and any other third parties we may engage in connection with the development and commercialization of our product candidates, could include intentional, reckless, or negligent conduct or unauthorized activities that violate: (i) the laws and regulations of the FDA, the EMA and other similar regulatory authorities, including those laws that require the reporting of true, complete and accurate information to such authorities; (ii) manufacturing standards; (iii) data privacy, security, fraud and abuse, and other healthcare laws and regulations; or (iv) laws that require the reporting of true, complete, and accurate financial information and data. Specifically, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Activities subject to these laws could also involve the improper use or misrepresentation of information obtained in the course of clinical trials, creation of fraudulent data in pre-clinical studies or clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter misconduct by

employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. Additionally, we are subject to the risk that a person or government could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business and results of operations, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgements, possible exclusion from participation in Medicare, Medicaid, other U.S. federal healthcare programs or healthcare programs in other jurisdictions, individual imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations. We are also subject to the data privacy regime in the EU and U.K., which imposes obligations and restrictions on the collection and use of personal data relating to individuals located in the EU and U.K., respectively, and includes the EU and U.K. General Data Protection Regulation (the "GDPR") and, in the EU, any national laws implementing or supplementing the GDPR. If we do not comply with our obligations under these privacy regimes, we could be exposed to significant fines and may be the subject of litigation and/or adverse publicity, which could have a material adverse effect on our reputation and business.

Risks Related to Healthcare Laws and Other Legal Compliance Matters

Enacted and future healthcare legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and may affect the prices we may set.

In the United States, EU, the U.K. and other jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes and proposed changes to the healthcare system that could affect our future results of operations. In particular, there have been and continue to be a number of initiatives at the U.S. federal and state levels that seek to reduce healthcare costs and improve the quality of healthcare. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (as so amended, the "ACA") was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers. Among the provisions of the ACA, those of greatest importance to the pharmaceutical and biotechnology industries include the following:

- an annual, non-deductible fee payable by any entity that manufactures or imports certain branded prescription drugs and biologic agents (other than those designated as orphan drugs), which is apportioned among these entities according to their market share in certain government healthcare programs;
- a Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D;
- requirements to report certain financial arrangements with physicians and teaching hospitals, including reporting "transfers of value" made or distributed to prescribers and other healthcare providers and reporting investment interests held by physicians and their immediate family members;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13.0% of the average manufacturer price ("AMP") of branded and generic drugs, respectively, and capped the total rebate amount for innovator drugs at 100% of the AMP;
- a methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs and biologics, including our product candidates, that are inhaled, infused, instilled, implanted, or injected;
- extension of a manufacturer's Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to certain individuals with income at or below 133% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- a Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;

- creation of the Independent Payment Advisory Board, which, once empaneled, would have the authority to recommend certain changes to the Medicare program that could result in reduced payments for prescription drugs and those recommendations could have the effect of law unless overruled by a supermajority vote of Congress. The Bipartisan Budget Act of 2018 repealed the creation of the Independent Payment Advisory Board before it could take effect;
- establishment of a Center for Medicare Innovation at the Centers for Medicare & Medicaid Services ("CMS"), to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending;
- expansion of the entities eligible for discounts under the Public Health Service program; and
- a licensure framework for follow on biologic product candidates.

Since its enactment, there have been judicial and congressional challenges to certain aspects of the ACA, as well as efforts by the last presidential administration to repeal or replace certain aspects of the ACA. A bipartisan bill to appropriate funds for cost-sharing reduction ("C-SR") payments has been introduced in the Senate, but the future of that bill is uncertain. In addition, CMS has proposed regulations that would give states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces. Further, each chamber of Congress has put forth multiple bills designed to repeal or repeal and replace portions of the ACA. Although none of these measures have been enacted by Congress to date, Congress may consider other legislation to repeal and replace elements of the ACA. We continue to evaluate the effect that the ACA and its possible repeal and replacement has on our business. It is uncertain the extent to which any such changes may impact our business or financial condition.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2025 unless additional action is taken by Congress. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws or any other similar laws introduced in the future may result in additional reductions in Medicare and other health care funding, which could negatively affect our future customers and accordingly, our financial operations.

Additionally, there has been increasing legislative and enforcement interest in the United States with respect to non-rare drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare product candidates and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Individual states in the United States have also become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally-mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition, and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical product candidates and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our product candidates or put pressure on our product pricing.

In the EU, similar political, economic and regulatory developments may affect our ability to profitably commercialize, or co-commercialize, our product candidates, if approved. In addition to continuing pressure on prices and cost containment measures, legislative developments at the EU or member state level may result in significant additional requirements or obstacles that may increase our operating costs. The delivery of healthcare in the EU, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of product candidates in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever- increasing EU and national regulatory burdens on those wishing to develop and market product candidates, this could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to commercialize, or co-commercialize, our product candidates, if approved.

In markets outside of the United States, the EU and the U.K., reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific product candidates and therapies.

We cannot predict the likelihood, nature, or extent of government regulation that may arise from future legislation or administrative action in the United States, the EU, the U.K., or any other jurisdiction. If we or any third parties we may engage are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we or such third parties are not able to maintain regulatory compliance, our product candidates may lose any regulatory approval that may have been obtained and we may not achieve or sustain profitability.

There have been, and likely will continue to be, additional legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. Such reforms could have an adverse effect on anticipated revenues from product candidates that we may successfully develop and for which we may obtain marketing approval and may affect our overall financial condition and ability to develop product candidates.

Our business operations and current and future relationships with investigators, healthcare professionals, consultants, third-party payors, patient organizations, and customers will be subject to applicable healthcare regulatory laws, which could expose us to penalties.

Our business operations and current and future arrangements with investigators, healthcare professionals, consultants, third-party payors, patient organizations, and customers, may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. These laws may constrain the business or financial arrangements and relationships through which we conduct our operations, including how we research, market, sell, and distribute our product candidates, if approved. Such laws include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving, or providing any remuneration (including any kickback, bribe, or certain rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease, order, or recommendation of, any good, facility, item, or service, for which payment may be made, in whole or in part, under U.S. federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. The U.S. federal Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers, and formulary managers on the other hand;
- the U.S. federal false claims and civil monetary penalties laws, including the civil False Claims Act (“FCA”) which, among other things, impose criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the FCA. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes “any request or demand” for money or property presented to the federal government. In addition, manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to “cause” the submission of false or fraudulent claims;

- the U.S. federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services; similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH") and its respective implementing regulations, which impose, among other things, specified requirements relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization by covered entities subject to the rule, such as health plans, healthcare clearinghouses and healthcare providers as well as its business associates that perform certain services involving the use or disclosure of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions;
- the U.S. federal Food, Drug and Cosmetic Act ("FDCA"), which prohibits, among other things, the adulteration or misbranding of drugs, biologics, and medical devices;
- the U.S. Public Health Service Act ("PHSA"), which prohibits, among other things, the introduction into interstate commerce of a biological product unless a biologics license is in effect for that product;
- the U.S. federal legislation commonly referred to as the "Physician Payments Sunshine Act," enacted as part of the ACA, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics, and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report annually to the government information related to certain payments and other transfers of value to physicians and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members;
- analogous U.S. state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales, and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts; and
- similar healthcare laws and regulations in the EU, the U.K. and other jurisdictions, including reporting requirements detailing interactions with and payments to healthcare providers.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available under such laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Ensuring that our current and future internal operations and business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations.

If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to the imposition of civil, criminal and administrative penalties, damages, disgorgement, monetary fines, possible exclusion from participation in government funded healthcare programs (including Medicare, Medicaid and other federal healthcare programs in the United States), individual imprisonment, contractual damages, reputational harm, diminished profits and future earnings, additional reporting requirements and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. If any of the physicians or other providers or entities with whom we expect to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment, which could affect our ability to operate our business. Further, defending against any such actions can be costly, time-consuming and may require significant personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

We are subject to governmental regulation and other legal obligations related to privacy, data protection and data security. Our actual or perceived failure to comply with such obligations could harm our business.

We are subject to diverse laws and regulations relating to data privacy and security in the EU, and the U.K. including the GDPR. New global privacy rules are being enacted and existing ones are being updated and strengthened. We are likely to be required to expend capital and other resources to ensure ongoing compliance with these laws and regulations.

The GDPR implements stringent operational requirements for controllers and processors of personal data. For example, the GDPR in both the EU and U.K.: (i) requires detailed disclosures to data subjects; (ii) requires disclosure of the legal basis on which personal data is processed; (iii) makes it harder to obtain valid consent for processing; (iv) requires the appointment of a data protection officer where sensitive personal data (i.e. health data) is processed on a large scale; (v) provides more robust rights for data subjects; (vi) introduces data breach notification requirements with a very low threshold; (vii) imposes additional obligations when contracting with service providers; and (viii) requires an appropriate privacy governance framework to be implemented including policies, procedures, training and data audit. The EU GDPR permits member state derogations for certain issues and allows member states, in some instances, to impose additional requirements, whereas the UK GDPR is supplemented by Data Protection Act 2018. There is also potential exposure under the UK's emerging civil tort for misuse of private information, which is distinct from breach of confidence. Accordingly, we are also subject to EU national laws relating to the processing of certain data such as genetic data, biometric data and data concerning health, as well as any corresponding laws in the U.K. Complying with these numerous, complex and often changing regulations is expensive and difficult. Failure by us, or our partners or service providers, to comply with the GDPR could result in regulatory investigations, enforcement notices and/or fines of up to the higher of €20 million or £17.5 million or up to 4% of our total worldwide annual turnover. In addition to the foregoing, any breach of privacy laws or data security laws, particularly those resulting in any security incident or breach involving the misappropriation, loss or other unauthorized use or disclosure of sensitive or confidential patient or consumer information, could have a material adverse effect on our business, reputation and financial condition. We may also face civil claims seeking compensation for both material and immaterial harms arising from a GDPR violation.

As a data controller, we are accountable for any third-party data service providers we engage to process personal data on our behalf. We attempt to address the associated risks by performing security assessments, detailed due diligence and regularly performing privacy and security reviews of our vendors and requiring all such third-party providers with data access to sign agreements, including business associate agreements, and where required under EU or U.K. law, obligating them to only process data according to our instructions and to take sufficient security measures to protect such data. There is no assurance that these contractual measures and our own privacy and security-related safeguards will protect us from the risks associated with the third-party processing, storage and transmission of such information. Any violation of data or security laws by our third-party processors could have a material adverse effect on our business and result in the fines and penalties outlined above.

We are also subject to European privacy laws regulating electronic marketing and cookies (and related technologies), which are strictly enforced by regulators and can engender fines, claims and reputation damage in cases where those laws are infringed.

Due to our international operations, we are subject to anti-corruption laws, as well as export control laws, customs laws, sanctions laws and other laws governing our operations. If we fail to comply with these laws, we could be subject to civil or criminal penalties, other remedial measures and legal expenses.

Our operations are subject to anti-corruption laws, including the U.K. Bribery Act 2010 (the "Bribery Act"); the U.S. Foreign Corrupt Practices Act (the "FCPA"); and other anti-corruption laws that apply in countries where we do business and may do business in the future. The Bribery Act, the FCPA, and these other laws generally prohibit us, our officers and our employees and intermediaries from bribing, being bribed by, or providing prohibited payments or anything else of value to government officials or other persons to obtain or retain business or gain some other business advantage. We may in the future operate in jurisdictions that pose a high risk of potential Bribery Act or FCPA violations, and we may participate in collaborations and relationships with third parties whose actions could potentially subject us to liability under the Bribery Act, the FCPA, or local anti- corruption laws. In addition, we cannot predict the nature, scope, or effect of future regulatory requirements to which any of our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing any international operations, including regulations administered by the governments of the United Kingdom and the United States, including applicable export control regulations, economic sanctions on countries and persons and customs requirements (collectively, the "Trade Control Laws").

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the Bribery Act, the FCPA, or other legal requirements, including Trade Control Laws. If we are not in compliance with the Bribery Act, the FCPA, and other anti-corruption laws or Trade Control Laws, we may be subject to criminal and civil penalties, disgorgement, and other sanctions and remedial measures and legal expenses. Any investigation of any potential violations of the Bribery Act, the FCPA, other anti-corruption laws, or Trade Control Laws by U.K., U.S., or other authorities, even if it is ultimately determined that we did not violate such laws, could be costly and time-consuming, require significant personnel resources, and harm our reputation.

We will seek to build and continuously improve our systems of internal controls and to remedy any weaknesses identified. There can be no assurance, however, that the policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents, collaborators or other person who performs services on our behalf and, as a result, we could be subject to fines, penalties, or prosecution.

Risks Related to Commercialization

We operate in a highly competitive and rapidly changing industry, which may result in others acquiring, developing, or commercializing competing product candidates before or more successfully than we or our partners do.

The biopharmaceutical and pharmaceutical industries are highly competitive and subject to significant and rapid technological change. Our success is highly dependent on our ability to acquire, develop, and obtain marketing approval for new product candidates on a cost-effective basis and to market them successfully. If etigilimab, alvelestat, setrusumab, acumapimod or leflutrozole is approved, we will face intense competition from a variety of businesses, including large, fully integrated pharmaceutical and biopharmaceutical companies in the United States, Europe, and other jurisdictions. These organizations may have significantly greater resources than we have and conduct similar research; seek patent protection; and establish collaborative arrangements for research, development, manufacturing, and marketing of product candidates that may compete with our product candidates.

We expect to face competition for each of our current product candidates, including specifically:

- We consider etigilimab's current closest potential competitors to be include other anti-TIGIT agents being developed by companies including Roche, Merck, iTeos and GSK, Beigene/Novartis, Seattle Genetics, Inc., Arcus/Gilead and Compugen amongst others. In addition, there are other combinations of existing cancer therapies available commercially for example, Yervoy and Opdivo and Opidivo or Keytruda in combination with chemotherapy agents. There are also a number of other agents in development to other immuno-oncology targets that could compete with an anti-TIGIT approach, for example anti-LAG3.

- We consider alvelestat's current closest potential competitors for the treatment of severe AATD to be alpha1-proteinase inhibitors that are administered intravenously in AAT augmentation therapy. Currently, there are four inhibitors on the market in the United States and the EU: Prolastin-C from Grifols, S.A. ("Grifols"), Aralast from Shire plc, now a subsidiary of Takeda Pharmaceutical Company Ltd ("Shire"), Zemaira from CSL Limited ("CSL"), and Glassia from Kamada Ltd. ("Kamada"). Kamada is also investigating an inhaled version of augmentation therapy, InhibRx, Inc. ("InhibRx") is in Phase 1 development of INBRX-101, a recombinant human alpha-1 antitrypsin Fc fusion protein (rhAAT-Fc) for replacement therapy, and Apic Bio, Inc. ("Apic Bio") is in the early stages of developing a dual function vector (df-AAV) gene-therapy approach for AATD silencing the mutant Z-AAT protein and augmenting wildtype M-AAT production. Peak Bio acquired an oral NE inhibitor, PHP-303 from Ph Pharma in March 2022. The compound is in a Phase 2 trial in AATD according to the EU Clinical Trials Register website, although no updates have been provided. Vertex Pharmaceuticals Inc. ("Vertex") has a small molecule corrector program for AATD in pre-clinical development, following Phase 2 trials with two other molecules with the same mechanism of action that were discontinued due to toxicity and efficacy. Centessa (previously Z-factor) is in Ph1 with ZF874 protein folding corrector for Z-AATD and to date has reported data on three patients.
- There are no therapies with regulatory approval for Bronchiolitis Obliterans Syndrome ("BOS") following SCT or lung transplant. We consider alvelestat's closest potential competitors to be the Janus Kinase (JAK1) inhibitor, itacitinib, and JAK2 inhibitor, ruxolitinib, (Incyte Corporation) in Phase 1/Phase2 studies in lung transplant-associated and SCT-associated BOS, respectively; AI Therapeutics inhaled formulation of sirolimus (LAM-001) in Phase 1 for BOS in lung transplant; Isopogen allogeneic bone marrow derived Mesenchymal Stem Cells for Chronic Lung Allograft Dysfuntion (CLAD) in Phase 1 (NCT02709343); and liposomal inhaled cyclosporin-A (Zambon) in Phase 2 in BOS following SCT and in Phase 3 global pivotal trials in BOS associated with lung transplant. In other disease indications, we consider alvelestat's Closest potential competitors to be Santhera Pharmaceuticals ("Santhera") which has in-licensed the inhaled NE inhibitor POL6014 and has completed a multiple ascending dose study, in the initial indication of CF; and CHF-6333 is an inhaled human NE inhibitor that has completed a Phase 1 trial by Chiesi Farmaceutici S.p.A. ("Chiesi") for the treatment of non-cystic fibrosis bronchiectasis and CF.

- We consider setrusumab's current closest potential competitors in development for the treatment of OI to be Amgen denosumab (Prolia) an anti-resorptive agent, which is in an open label study in pediatric patients with OI, and Amgen and UCB's anti-sclerostin antibody, romosozumab (Evenity), which was approved in the United States in April 2019 for osteoporosis. In June 2019, the EMA's CHMP adopted a negative opinion recommending the refusal of a marketing authorization for Evenity. However, Amgen and UCB announced in October 2019 that following a re-examination procedure the CHMP has adopted a positive opinion recommending marketing authorization for Evenity. Romosozumab is also in a Phase 1 trial in OI in Europe, looking at the pharmacokinetics and pharmacodynamics of romosozumab in OI. In December 2019, the European Commission approved the MAA for romosozumab (Evenity). In addition, Jiangsu Hengrui has commenced Phase 1 development of an anti-sclerostin antibody for osteoporosis in China, and Transcenta Holding has licensed the Chinese rights to the anti-sclerostin antibody blosozumab from Eli Lilly and Company ("Lilly") and plans to develop it for osteoporosis. Additionally, Bone Therapeutics S.A. ("Bone Therapeutics") is developing osteoblastic cell therapy product candidates. Baylor College of Medicine is conducting a Phase 1 open label trial of fresolimumab, a TGF-B inhibitor, in adult OI patients.
- For acumapimod, although we are not aware of any approved therapies for the treatment of AECOPD, there are a wide range of established therapies available for COPD as well as a number of product candidates in development, with Verona Pharma plc ("Verona Pharma"), GlaxoSmithKline plc. ("GlaxoSmithKline" or "GSK"), and AstraZeneca each conducting Phase 2 trials on drugs for the treatment of COPD. In addition, Pulmatrix, Inc. ("Pulmatrix") has PUR1800, a narrow-spectrum kinase inhibitor (NSKI) expected to begin a Phase 1b for AECOPD in 2020. We consider acumapimod's current closest potential competitor in development for the treatment of AECOPD to be Verona Pharma's nebulized and inhaled ensifentrine (RPL554), a PDE3 / PDE4 dual inhibitor that is currently being developed as a bronchodilator and anti-inflammatory agent for COPD, Asthma and Cystic Fibrosis patients.
- We consider leflutrozole's current closest potential competitors for the treatment of male infertility due to HH are Follicle Stimulating Hormone (FSH), injectable recombinant follitropin alpha (Gonal-F, Serono) which is FDA approved for male infertility. Injectable Human Chorionic Gonadotropin (HCG) is not approved for male infertility, but is used 'off-label.' AZD-5904 (myeloperoxidase inhibitor) from the AstraZeneca and St George Street Capital collaboration is in a Phase 1b trial for idiopathic male infertility.

We also anticipate that new companies will enter these markets in the future. If we successfully develop and commercialize any of etigilimab, alvelestat, setrusumab, acumapimod or leflutrozole, they will compete with existing therapies and new therapies that may become available in the future. The highly competitive nature of and rapid technological changes in the biopharmaceutical and pharmaceutical industries could render our product candidates obsolete, less competitive, or uneconomical. Our competitors may, among other things:

- have significantly greater name recognition, financial, manufacturing, marketing, drug development, technical, and human resources than we do, and future mergers and acquisitions in the biopharmaceutical and pharmaceutical industries may result in even more resources being concentrated in our competitors;
- develop and commercialize product candidates that are safer, more effective, less expensive, more convenient, or easier to administer, or have fewer or less severe effects, or in certain cases could be curative for the condition;
- obtain quicker regulatory approval;
- establish superior proprietary positions covering our product candidates and technologies;
- implement more effective approaches to sales and marketing; or
- form more advantageous strategic alliances.

Smaller and other early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These third parties compete with us in recruiting and retaining qualified scientific and management personnel; establishing clinical trial sites and patient registration; and in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize product candidates that are more effective, have fewer or less severe side effects, are more convenient or are less expensive than our product candidates. Our competitors may also obtain FDA, EMA, or other regulatory approval for their product candidates more rapidly than we may obtain approval for our own product candidates, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, existing products approved for other indications could be used off-label and may compete with our products. For example, the only treatments available to OI patients are drugs such as bisphosphonates, which are not approved for this indication but are commonly used off-label in children.

We have obtained orphan drug designation for setrusumab for the treatment of OI in the United States and EU and for alvelestat for the treatment of AATD in the United States, but we may be unable to obtain orphan drug designation for alvelestat for AATD in the EU or for the treatment of BOS in the United States or EU, or any future product candidates. We may also be unable to obtain or maintain the benefits associated with orphan drug designation, including the potential for orphan drug exclusivity, for setrusumab or any other product for which we obtain orphan drug designation.

Under the Orphan Drug Act of 1983 (the “Orphan Drug Act”), the FDA may designate a product as an orphan drug if it is intended to treat a rare disease or condition, defined as one occurring in a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States. In the EU, the EMA’s Committee for Orphan Medicinal Products (“COMP”) recommends to the European Commission the granting of orphan designation to promote the development of medicinal products that are intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition affecting not more than five in 10,000 persons in the EU. Additionally, designation is granted for medicinal products intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating, or serious and chronic condition when, without incentives, it is unlikely that sales of the drug in the EU would be sufficient to justify the necessary investment in developing the drug. No satisfactory method of diagnosis, prevention, or treatment must exist in the EU, or, if such a method does exist, the medicine must demonstrate that it is of significant benefit to those affected by the condition.

In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax credits for qualified clinical testing, and user-fee waivers. In addition, if a product receives the first FDA approval of that drug for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure the availability of sufficient quantities of the orphan drug to meet the needs of patients with the rare disease or condition. Under the FDA's regulations, the FDA will deny orphan drug exclusivity to a designated drug upon approval if the FDA has already approved another drug with the same active ingredient for the same indication, unless the drug is demonstrated to be clinically superior to the previously approved drug. In the EU, orphan designation entitles a party to financial incentives such as reduction of fees or fee waivers and ten years of market exclusivity following approval. This period can be extended by two years if studies in children are performed in accordance with a PIP. In addition, this period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the drug is sufficiently profitable not to justify maintenance of market exclusivity. In the EU, a marketing authorization for an orphan designated product will not be granted if a similar drug has been approved in the EU for the same therapeutic indication, unless the applicant can establish that its product is safer, more effective or otherwise clinically superior. A similar drug is a product containing a similar active substance or substances as those contained in an already authorized product. Similar active substance is defined as an identical active substance, or an active substance with the same principal molecular structural features (but not necessarily all of the same molecular features) and which acts via the same mechanism.

We have obtained orphan drug designation from the FDA and EMA for setrusumab for the treatment of OI (designated by the FDA as "human monoclonal antibody targeting human sclerostin" and designated by the EMA as "recombinant humanised monoclonal IgG2 lambda antibody against human sclerostin"). Additionally, we have obtained orphan drug designation for alvelestat for the treatment of AATD from the FDA and plan to seek such designation from the EMA. We may also plan to seek orphan drug designation from the FDA and EMA for alvelestat for the treatment of BOS and future rare disease product candidates. Even with orphan drug designation, we may not be the first to obtain marketing approval for any particular orphan indication due to the uncertainties associated with developing pharmaceutical product candidates, which could prevent us from marketing our product candidates if another company is able to obtain orphan drug exclusivity before we do. In addition, exclusive marketing rights in the United States may be unavailable if we seek approval for an indication broader than the orphan-designated indication or may be lost in the United States if the FDA later determines that the request for designation was materially defective or if we are unable to assure sufficient quantities of the drug to meet the needs of patients with the rare disease or condition following approval. Further, even if we obtain orphan drug exclusivity, that exclusivity may not effectively protect our product candidates from competition because different drugs with different active moieties can be approved for the same condition. In addition, the FDA and the EMA can subsequently approve product candidates with the same active moiety for the same condition if the FDA or the EMA concludes that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. In addition, while we intend to seek orphan drug designation for other existing and future product candidates, including alvelestat, we may never receive such designations.

There have been legal challenges to aspects of the FDA's regulations and policies concerning the exclusivity provisions of the Orphan Drug Act, and future challenges could lead to changes that affect the protections afforded to our product candidates in ways that are difficult to predict. In 2014, a U.S. district court invalidated the FDA's denial of orphan exclusivity to an orphan designated drug, which the FDA had based on its determination that the drug was not proven to be clinically superior to a previously approved "same drug." In response to the decision, the FDA released a policy statement stating that the court's decision is limited to the facts of that particular case and that the FDA will continue to deny orphan drug exclusivity to a designated drug upon approval if the drug is the "same" as a previously approved drug, unless the drug is demonstrated to be clinically superior to that previously approved drug. Since then, similar legal challenges have been initiated against the FDA for its denial of orphan drug exclusivity to other designated drugs, and in 2017, Congress amended the Orphan Drug Act to require a demonstration of clinical superiority upon approval as a condition of receiving orphan drug exclusivity when another "same drug" has already been approved for the same indication. In the future, there is the potential for additional legal challenges to the FDA's orphan drug regulations and policies, and it is uncertain how ongoing and future challenges might affect our business. In September 2020 we received rare pediatric disease designation for setrusumab in pediatric osteogenesis imperfecta.

The FDA grants Rare Pediatric Disease Designation for serious and life-threatening diseases that primarily affect children aged 18 years or younger and fewer than 200,000 people in the United States. If a Biologics License Application ("BLA") in the United States for setrusumab is approved, Mereo may be eligible to receive a priority review voucher from the FDA, which can be redeemed to obtain priority review for any subsequent marketing application and may be sold or transferred to other companies for their programs, as has been done by other voucher recipients.

We or our partners may seek and fail to obtain breakthrough therapy designation by the FDA for etigilimab, alvelestat, or setrusumab or any future product candidates or access to the PRIME scheme by the EMA for etigilimab, alvelestat or any future product candidates. Even if we obtain such designation or access, the designation or access may not lead to faster

development or regulatory review or approval, and it does not increase the likelihood that our product candidates will receive marketing approval.

In 2012, the FDA established a breakthrough therapy designation which is intended to expedite the development and review of product candidates that treat serious or life-threatening diseases where preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically-significant endpoints, such as substantial treatment effects observed early in clinical development. The designation of a product as a breakthrough

therapy provides potential benefits that include but are not limited to more frequent meetings with the FDA to discuss the development plan for the product and ensure collection of appropriate data needed to support approval; more frequent written correspondence from the FDA about such things as the design of the proposed clinical trials and use of biomarkers; intensive guidance on an efficient drug development program, beginning as early as Phase 1; organizational commitment involving senior managers; and eligibility for rolling review and priority review. Drugs and biologics designated as breakthrough therapies by the FDA are also eligible for accelerated approval. Similarly, the EMA has established the PRIME scheme to expedite the development and review of product candidates that show a potential to address to a significant extent an unmet medical need, based on early clinical data. In November 2017, setrusumab was admitted to the PRIME scheme of the EMA.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. We cannot be sure that our evaluation of our product candidates as qualifying for breakthrough therapy designation will meet the FDA's expectations. In any event, the receipt of a breakthrough therapy designation for a product may not result in a faster development process, review, or approval compared to product candidates considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that such product candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. Similarly, access to the PRIME scheme is at the discretion of the EMA, and we cannot be sure that alvelestat or any future product candidates will be granted access to the scheme; that participation in the scheme will result in expedited regulatory review or approval of our product candidates; or that access to the scheme, once granted, will not be revoked.

We intend to directly commercialize or co-commercialize our product candidates for rare diseases and to out-license or sell our other product candidates for further development and/or commercialization. If we are unable to develop our own sales, marketing, and distribution capabilities or enter into business arrangements, we may not be successful in commercializing our product candidates.

We have no marketing, sales, or distribution capabilities and we currently have no experience with marketing, selling or distributing pharmaceutical product candidates. We have partnered setrusumab in a global licensing transaction with Ultragenyx, under which we retained EU and U.K. commercial rights. We have entered into a global out-licensing agreement with OncXerna for development and commercialization of navicixizumab. We currently intend to commercialize setrusumab for children and adults with OI in the EU and U.K. We may seek to partner or commercialize our other product candidates based on the outcome of clinical trials, cost of the registrational trials and other strategic considerations.

We currently intend to enter into out-licensing or sales arrangements with pharmaceutical, biopharmaceutical or other partners for the continued development and commercialization of our non-core disease product candidates, acumapimod and leflutrozole, and we may take the same approach for our other product candidates.

As a result of the entering into any such planned partnerships or arrangements, our revenue from product sales may be lower than if we directly marketed or sold these product candidates on our own. In addition, any revenue we receive will depend upon the terms of such partnership or arrangement, which may not be as favorable to us as possible, and the efforts of the other party, which may not be adequate or successful and are likely to be beyond our control. We may not be successful in identifying a suitable partner or partners, and we may not be able to reach agreement with them at all. If we are unable to enter into these partnerships or arrangements on acceptable terms or at all, we may not be able to successfully commercialize these product candidates.

These commercialization approaches are expensive and time consuming, and some or all of the costs associated with such efforts may be incurred in advance of any approval of our product candidates. If we are not successful in commercializing our product candidates, either on our own or through arrangements with third parties, our future product revenue will suffer and we may incur significant losses.

The successful commercialization of our product candidates will depend in part on the extent to which governmental authorities and health insurers establish adequate coverage, reimbursement levels, and pricing policies. Failure to obtain or maintain coverage and adequate reimbursement for our product candidates, if approved, could limit our ability to market those product candidates and decrease our ability to generate revenue.

The availability and adequacy of coverage and reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers, and other third-party payors are essential for most patients to be able to afford prescription medications such as our product candidates, assuming approval. Our ability to achieve acceptable levels of coverage and reimbursement for product candidates by governmental authorities, private health insurers, and other organizations will have an effect on our ability to successfully commercialize our product candidates. Assuming we obtain coverage for our product candidates by a third-party payor, the resulting reimbursement payment rates may not be adequate or may require co-payments that patients find unacceptably high. Third-party payors may also elect to restrict coverage to a subset of patients that could potentially be treated with our products, if approved. We cannot be sure that coverage and reimbursement in the United States, the EU, or elsewhere will be available for our product candidates or any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

Third-party payors increasingly are challenging prices charged for pharmaceutical product candidates and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs or biologics when an equivalent generic drug, biosimilar, or a less expensive therapy is available. It is possible that a third-party payor may consider our product candidates as substitutable and only offer to reimburse patients for the less expensive product. Even if we show improved efficacy or improved convenience of administration with our product candidates, pricing of existing drugs may limit the amount we will be able to charge for our product candidates. These payors may deny or revoke the reimbursement status of a given product or establish prices for new or existing marketed product candidates at levels that are too low to enable us to realize an appropriate return on our investment in our product candidates. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our product candidates, and may not be able to obtain a satisfactory financial return on our product candidates.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved product candidates. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs and biologics will be covered. The Medicare and Medicaid programs increasingly are used as models in the United States for how private payors and other governmental payors develop coverage and reimbursement policies for drugs and biologics. Some third-party payors may require pre-approval of coverage for new or innovative devices or drug therapies before they will reimburse healthcare providers who use such therapies. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

No uniform policy for coverage and reimbursement for product candidates exists among third-party payors in the United States. Therefore, coverage and reimbursement for product candidates can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our product candidates to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases at short notice, and we believe that changes in these rules and regulations are likely.

Our operations are also subject to extensive governmental price controls and other market regulations in the United Kingdom and other countries outside of the United States, and we believe the increasing emphasis on cost-containment initiatives in European and other countries will put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical product candidates are subject to varying price control mechanisms as part of national health systems. To obtain reimbursement or pricing approval, some of these countries might compare the new product to an existing standard of care, including other treatments aimed at the same disease, if they exist. Health technology assessments, including cost- effectiveness evaluations, may be conducted in order to assess the medical value or added clinical benefit of a therapy. Countries may also conduct budget-impact assessments for a new therapy. In some cases, tendering is used to decide which therapy will be reimbursed and made available for a group of patients where more than one treatment exists. Countries might also require further studies or in-use evidence to be developed, or create coverage with evidence generation under some form of so-called managed access agreements. Some countries allow for a company to set the price, which is then agreed in negotiation with the country authorities, who might then monitor sales for that product and re-assess or re-evaluate when a certain statutory health insurance expenditure threshold is reached. Other countries might set their price based on prices in a selected country or group of countries under international or external reference pricing systems. If an agreement cannot be reached, confidential discounts might be negotiated between the manufacturer and the healthcare system authorities. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our product candidates may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for newly approved product candidates and, as a result, they may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of our product candidates due to the trend toward managed health care, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and biologics and surgical procedures and other treatments, has become intense. As a result, increasingly high barriers are being erected to the entry of new product candidates.

Our existing and future product candidates may not gain market acceptance, in which case our ability to generate revenues from product sales will be compromised.

Even if the FDA, the EMA, or any other regulatory authority approves the marketing of our product candidates, whether developed on our own or with a collaborator, physicians, healthcare providers, patients, or the medical community may not accept or use our product candidates. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant product revenue or any profits from operations. The degree of market acceptance of our product candidates will depend on a variety of factors, including:

- the timing of market introduction;
- the number and clinical profile of competing product candidates;
- the clinical indications for which our product candidates are approved;
- our ability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of any side effects;
- relative convenience and ease of administration;
- cost-effectiveness;
- marketing and distribution support;
- availability of adequate coverage, reimbursement, and adequate payment from health maintenance organizations and other insurers, both public and private; and
- other potential advantages over alternative treatment methods.

If our product candidates fail to gain market acceptance, our ability to generate revenues will be adversely affected. Even if our product candidates achieve market acceptance, the market may prove not to be large enough to allow us to generate significant revenues.

Any product candidates for which we intend to seek approval as biologic product candidates in the United States may face competition sooner than anticipated.

In the United States, the Biologics Price Competition and Innovation Act of 2009 (the “BPCIA”) created an abbreviated approval pathway for biological product candidates that are biosimilar to or interchangeable with an FDA-licensed reference biological product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing the sponsor’s own pre-clinical data

and data from adequate and well-controlled clinical trials to demonstrate the safety, purity, and potency of its product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when processes intended to implement the BPCIA may be fully adopted by the FDA, any such processes could adversely affect the future commercial prospects for any biological product candidates.

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

In the EU, MAAs for product candidates that are biosimilar to an already authorized biological product, the so-called reference product, can rely on the safety and efficacy data contained in the dossier of the reference product. To qualify as a biosimilar product the marketing authorization applicant must demonstrate, through comprehensive comparability studies with the reference product, that its product is: (i) highly similar to the reference product notwithstanding the natural variability inherent to all biological medicines, and (ii) that there are no clinically meaningful differences between the biosimilar and the reference product in terms of safety, quality, and efficacy. Biosimilars can only be authorized for use after the period of exclusivity of the reference biological medicine has expired. In general, this means that the biological reference product must have been authorized for at least 10 years before a biosimilar can be made available by another company.

Risks Related to Our Dependence on Third Parties

We rely, and expect to continue to rely, on third parties, including independent investigators and CROs, to conduct our clinical trials. If these CROs do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates, or such approval or commercialization may be delayed, and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon independent clinical investigators and CROs to conduct our clinical trials and to monitor and manage data for our ongoing clinical programs. We rely on these parties for the execution of our clinical trials and control only certain aspects of these parties' activities. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. We and our independent investigators and CROs are required to comply with GxP requirements, which are regulations and guidelines enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, and comparable foreign regulatory authorities for all of our product candidates in clinical development. Regulatory authorities enforce these GxP requirements through periodic inspections of trial sponsors, principal investigators and trial sites. If we fail to exercise adequate oversight over any of our independent investigators or CROs or if we or any of our independent investigators or CROs fail to comply with applicable GxP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, the EMA, or comparable U.K. or foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon a regulatory inspection of us or our independent investigators or CROs, such regulatory authority will determine that any of our clinical trials complies with GxP requirements. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Further, these independent investigators and CROs are not our employees and we are not able to control, other than by contract, the amount of resources, including time, which they devote to our clinical trials. If our independent investigators or CROs fail to devote sufficient resources to the development of our product candidates, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of our product candidates. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information is misappropriated.

If any of our relationships with our independent investigators or CROs terminate, we may not be able to enter into arrangements with alternative independent investigators or CROs or to do so on commercially reasonable terms. Switching or adding additional investigators or CROs involves additional cost and potential delays and requires our management's time and focus. In addition, there is a natural transition period when a new independent investigator or CRO commences work. As a result, delays could occur, which could materially impact our ability to meet our desired clinical development timelines.

If our independent investigators or CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to a failure to adhere to our clinical protocols, regulatory requirements, or for other reasons, our clinical trials may be extended, delayed, or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

We currently rely on third-party CMOs for the production of clinical supply of our product candidates and intend to rely on CMOs for the production of commercial supply of our product candidates, if approved. Our dependence on CMOs may impair the development of our product candidates and may impair the commercialization of our product candidates, which would adversely impact our business and financial position.

We have limited personnel with experience in manufacturing and CMC development requirements and we do not own facilities for manufacturing our product candidates. Instead, we rely on and expect to continue to rely on CMOs for the supply of cGMP grade clinical trial materials, performance of process and product development activities to facilitate supply of commercial quantities of our product candidates, if approved. Reliance on CMOs may expose us to more risk than if we were to manufacture our product candidates ourselves. However, the shortage of, and diversion of, certain raw material supplies due to the COVID-19 pandemic response have demonstrated that both internal and external manufacturing activities have been subject to disruption and risk. Novartis previously provided clinical supplies for setrusumab, acumapimod, and leflutrozole and certain transitional services. We have transitioned the clinical supply manufacture for these product candidates to CMOs while demonstrating the manufactured product is equivalent to the Novartis form. We have also contracted with CMOs for the clinical supply of etigilimab and alvelestat.

The facilities used to manufacture our product candidates must be approved by the FDA, the EMA, and comparable foreign authorities pursuant to inspections. We will follow all relevant regulatory guidance's for the development and manufacture of our products. Given that setrusumab and etigilimab are derived from mammalian cell culture all requirements for prevention of adventitious agents are followed. While we provide oversight of manufacturing activities, we do not and will not control the execution of our manufacturing activities by, and are or will be essentially dependent on, our CMOs for compliance with cGMP requirements for the manufacture of our product candidates. We aim to minimize this risk by entering into quality agreements, by auditing of the CMOs and by ongoing review of all activities linked to product manufacture. Due to this dependence on CMOs, we are potentially subject to the risk that our product candidates may have manufacturing defects that we have limited ability to prevent. If a CMO cannot successfully manufacture material that conforms to our specifications and the regulatory requirements it may delay ongoing clinical studies as we will not be able to secure or maintain regulatory approval for the use of our investigational medicinal product candidates in clinical trials, or for commercial distribution of our product candidates, if approved. In addition, while we have limited direct control over the ability of our CMOs to maintain adequate quality control, quality assurance and qualified personnel, we aim to maintain control through the use of quality agreements and manufacturing supply agreements. If the FDA, the EMA or the comparable foreign regulatory authority does not approve these facilities for the manufacture of GMP certified products including our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would delay our development program and significantly impact our ability to develop, obtain regulatory approval for or commercialize our product candidates, if approved. In addition, any failure to achieve and maintain compliance with these laws, regulations and standards could subject us to the risk that we may have to suspend the manufacturing of our product candidates or that obtained approvals could be revoked. Furthermore, CMOs may breach existing agreements they have with us because of factors beyond our control. They may also terminate or refuse to renew their agreement at a time that is costly or otherwise inconvenient for us. In addition, etigilimab and setrusumab are biologics. The manufacture of biologics involves expensive and complex processes and worldwide capacity at CMOs for the manufacture of biologics is currently limited. This situation has been exacerbated due to the additional constraints caused by the priority given to the manufacture of COVID-19 therapeutics and vaccines, and the resultant decrease in available CMO capacity. In addition, Novartis has a contractual right to approve or reject any additional CMO we wish to engage for the manufacture of setrusumab, other than those CMOs that we and Novartis have already agreed upon. Following the license of setrusumab to Ultragenyx, CMO capacity in relation to the manufacture of clinical trial and commercial supplies is a key focus and most likely means additional CMO capacity will be a future priority to secure sufficient supplies. If we or our partners were unable to find an acceptable CMO within a reasonable timeframe, our clinical trials could be delayed or our commercial activities could be negatively impacted.

We rely on and will continue to rely on CMOs to purchase from third-party suppliers the raw materials meeting for our specifications that are necessary to produce our product candidates. We do not and will not have control over the process or timing of the acquisition of these raw materials by our CMOs. Moreover, we currently do not have any agreements for the production of these raw materials. Supplies of raw material could be interrupted from time to time and we cannot be certain that alternative supplies could be obtained within a reasonable timeframe, at an acceptable cost, or at all. In addition, a disruption in the supply of raw materials could delay the commercial launch of our product candidates, if approved, or result in a shortage in supply, which would impair our ability to generate revenues from the sale of our product candidates. Growth in the costs and expenses of raw materials may also impair our ability to cost effectively manufacture our product candidates. There are a limited number of suppliers for the raw materials that we may use to manufacture our product candidates and we may need to assess alternate suppliers to prevent a possible disruption of the manufacture of our product candidates. The recent restrictions imposed by various governments, including the United States, United Kingdom and EU, among others, on use of certain raw materials required for the manufacture of therapeutics and vaccines in response to the COVID-19 pandemic has demonstrated this vulnerability.

We rely on our CMOs to conduct all product and process development activities necessary to support regulatory submissions. These activities are critical to the meeting the regulatory expectations and if these studies are not considered adequate by FDA, the EMA or comparable foreign regulatory authority then significant delays could be encountered as a result. This risk is mitigated by following all relevant guidance's and using staff knowledge and previous experience to guide the product and process development programs but is still a potential risk of regulatory non-compliance.

Finding new CMOs or third-party suppliers involves additional cost and requires our management's time and focus. In addition, there is typically a transition period when a new CMO commences work. Although we generally do not begin a clinical trial unless we believe we have on hand, or will be able to obtain, a sufficient supply of our product candidates to complete the clinical trial, any significant delay in the supply of our product candidates or the raw materials needed to produce our product candidates, could considerably delay conducting our clinical trials and potential regulatory approval of our product candidates.

As part of their manufacture of our product candidates, our CMOs and third-party suppliers are expected to comply with and respect the proprietary rights of others. If a CMO or third-party supplier fails to acquire the proper licenses or otherwise infringes the proprietary rights of others in the course of providing services to us, we may have to find alternative CMOs or third-party suppliers or defend against claims of infringement, either of which would significantly impact our ability to develop, obtain regulatory approval for or commercialize our product candidates, if approved.

We intend to enter into strategic relationships with third parties, based on a product-by-product assessment, for the development of some of our product candidates. If we fail to enter into these arrangements, our business, development and commercialization prospects could be adversely affected.

Our development program for our product candidates, particularly those entering late-stage development, will require substantial additional funds. We currently intend to enter into out-licensing or sales arrangements with pharmaceutical, biopharmaceutical or other partners for the continued development of our product candidates, acumapimod and leflutrozole, and we may take the same approach for other product candidates.

The types of development arrangements referred to above are complex and time-consuming to negotiate and document, and we may not be able to enter into these arrangements on favorable terms or at all. In addition, we face significant competition from other companies in seeking out these types of development arrangements. If we are successful in entering into such an arrangement, we will be subject to other risks, including our inability to control the amount of time and resources the third party will dedicate to our product candidates, financial or other difficulties experienced by such third party, relinquishing important rights to such third party, and the arrangement failing to be profitable to us.

If we are unable to enter into an appropriate arrangement for the development of our selected product candidates, we may have to reduce, delay, or terminate the development of such product candidates. If we, instead, decide to increase our expenditures to fund development activities on our own, we will need to obtain additional capital, which may not be available to us on acceptable terms or at all. As a result, our business may be substantially harmed.

If our partners do not satisfy their obligations under our agreements with them, or if they terminate our licenses, partnerships or collaborations with them, we may not be able to develop or commercialize our licensed or partnered product candidates as planned.

We have announced two out-licensing collaborations. On December 17, 2020, we announced a license and collaboration agreement with Ultragenyx, for setrusumab, a monoclonal antibody in clinical development for OI. Under the terms of the collaboration, Ultragenyx will lead future global development of setrusumab in both pediatric and adult patients. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the U.S. and rest of the world, excluding Europe and the U.K. where we retain commercial rights. Under the terms of the agreement, Ultragenyx will pay up to $254 million in development, regulatory and commercial milestones and tiered double digit percentage royalties to us on net sales outside of Europe and we will pay a fixed double digit percentage royalty to Ultragenyx on net sales in Europe. On January 13, 2020, we announced a global out-licensing agreement with OncXerna for development and commercialization of navicixizumab. Under the terms of the agreement OncXerna will pay up to $300 million in future clinical, development and commercial milestones and royalties ranging from the mid-single digit to sub-teen percentages on global annual net sales of navicixizumab, as well as a negotiated percentage of sublicensing revenues from certain sublicensees. Our future plans may include entering into out-licensing collaboration agreements on some or all of our other development programs.

We also have existing acquisition agreements with Novartis which we entered into in 2015 in respect of our purchase of setrusumab, leflutrozole and acumapimod, and an existing in-licensing agreement with AstraZeneca which we entered into in 2017 in respect of our exclusive license of alvelestat.

Our partners might not fulfill all of their obligations under these agreements, and, in certain circumstances including our licensing agreement with AstraZeneca, they or we may terminate our partnerships with them. In either event, we may be unable to assume the development and commercialization responsibilities covered by these agreements or enter into alternative arrangements with a third-party to develop and commercialize product candidates. If a partner elected to promote alternative products and product candidates such as its own products and product candidates in preference to those licensed from us, does not devote an adequate amount of time and resources to our product candidates or is otherwise unsuccessful in its efforts with respect to our product candidates, the development and commercialization of product candidates covered by the agreements could be delayed or terminated and our business and financial condition could be materially and adversely affected. Accordingly, our ability to receive any revenue from the product candidates covered by these agreements is dependent on the efforts of our partners.

If a partner terminates or breaches its agreements with us, otherwise fails to complete its obligations in a timely manner or alleges that we have breached our contractual obligations under these agreements, the chances of successfully developing or commercializing product candidates under the collaboration could be materially and adversely affected. We could also become involved in disputes with a partner, which could lead to delays in or termination of our development and commercialization programs and time-consuming and expensive litigation or arbitration. Furthermore, termination of an agreement by a partner could have an adverse effect on the price of our ADSs.

Risks Related to Intellectual Property

We rely on patents and other intellectual property rights to protect our product candidates, the obtainment, enforcement, defense and maintenance of which may be challenging and costly. Failure to enforce or protect these rights adequately could harm our ability to compete and impair our business.

Our commercial success depends in part on obtaining and maintaining patents and other forms of intellectual property protection, for example, for compositions-of-matter of our product candidates, formulations of our product candidates, polymorphs, salts and analogs of our product candidates, methods used to manufacture our product candidates, methods for manufacturing of the final drug product candidates, and methods of using our product candidates for the treatment of the indications we are developing or plan to develop, or on in-licensing such rights. Our patent portfolio comprises patents and patent applications which cover navicixizumab (which was licensed to OncXerna in January 2020) and our etigilimab product candidate (solely owned by Mereo BioPharma 5 (formerly OncoMed)), patents and patent applications which cover our setrusumab, acumapimod, and leflutrozole product candidates acquired from Novartis and patents and patent applications which cover our alvelestat product candidate exclusively licensed (with the option to purchase) from AstraZeneca. The assignments of those patents and patent applications which we acquired from Novartis have been registered with the relevant authorities in key territories. The patent and patent applications for setrusumab are subject to a license agreement with Ultragenyx from January 2021. There is no assurance that our pending patent

applications will result in issued patents, or if issued as patents, will include claims with sufficient scope of coverage to protect our product candidates, or that any pending patent applications will be issued as patents in a timely manner. Failure to obtain, maintain or extend adequate patent and other intellectual property rights could adversely affect our ability to develop and market our product candidates, resulting in harm to our business.

The patent prosecution process is expensive and time-consuming. We or our licensors may not be able to prepare, file and prosecute all necessary or desirable patent applications for a commercially reasonable cost or in a timely manner or in all jurisdictions. It is also possible that we or our licensors may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection for them. Moreover, depending on the terms of any future in-licenses to which we may become a party, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology in-licensed from third parties. Therefore, these patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

Further, the issuance, scope, validity, enforceability, and commercial value of our and our current or future licensors' patent rights are highly uncertain. Our and our licensors' pending and future patent applications may not result in issued patents that protect our technology or product candidates, in whole or in part, or that effectively prevent others from commercializing competitive technologies and product candidates. The patent examination process may require us or our licensors to narrow the scope of the claims of our or our licensors' pending and future patent applications, which may limit the scope of patent protection that may be obtained. We cannot assure that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent application from being issued as a patent. Even if patent applications do successfully issue as patents and even if such patents cover our product candidates, third parties may initiate an opposition, interference, reexamination, post grant review, inter partes review, nullification or derivation action in courts or before patent offices, or similar proceedings challenging the validity, enforceability, or scope of such patents, which may result in the patent claims being narrowed or invalidated. Our and our licensors' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent is issued from such patent applications, and then only to the extent the issued claims cover the technology.

Because patent applications are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to file any patent application related to our product candidates. Furthermore, in the United States, if third parties have filed such patent applications on or before March 15, 2013, the date on which the United States changed from a first to invent to a first to file patent system, an interference proceeding can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such applications after March 15, 2013, a derivation proceeding can be initiated by such third parties to determine whether our invention was derived from such third parties' product candidates. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits from a compulsory license.

We enjoy only limited geographical protection with respect to certain patents and may not be able to protect our intellectual property rights throughout the world.

Filing and prosecuting patent applications and maintaining and defending patents covering our product candidates in all countries throughout the world would be prohibitively expensive. Competitors may use our and our licensors' technologies in jurisdictions where we have not obtained patent protection to develop their competitor's own product candidates and, further, may export otherwise infringing product candidates to territories where we and our licensors have patent protection, but enforcement rights are not as strong as that in the United States or Europe. These product candidates may compete with our product candidates, and our and our licensors' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

In addition, we may decide to abandon national and regional patent applications before grant. The examination of each national or regional patent application is an independent proceeding. As a result, patent applications in the same family may issue as patents in some jurisdictions, such as in the United States, but may issue as patents with claims of different scope or may even be refused in other jurisdictions, such as in China, which has different requirements for patentability, including a stringent requirement for a detailed description of medical uses of a claimed drug. It is also quite common that depending on the country, the scope of patent protection may vary for the same product or technology.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States, United Kingdom and Europe, and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing product candidates in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license. Furthermore, while we intend to protect our intellectual property rights in our expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our product candidates. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully commercialize our product candidates in all of our expected significant foreign markets. If we or our licensors encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished and we may face additional competition from others in those jurisdictions.

Some countries also have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, some countries limit the enforceability of patents against government agencies or government contractors. In those countries, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired.

Our patents and other proprietary rights may not adequately protect our technologies and product candidates, and may not necessarily address all potential threats to our competitive advantage.

The degree of protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make compounds that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed;
- the patents of third parties may impair our ability to develop or commercialize our product candidates;
- the patents of third parties may be extended beyond the expected patent term and thus may impair our ability to develop or commercialize our product candidates;
- we or our licensors or any future strategic collaborators might not have been the first to conceive or reduce to practice the inventions covered by the issued patents or pending patent applications that we own or have exclusively licensed;
- we or our licensors or any future strategic collaborators might not have been the first to file patent applications covering our inventions, our product candidates, or uses of the product candidates in the indications under our development or to be developed;
- it is possible that the pending patent applications that we own or have exclusively licensed may not lead to issued patents;
- issued patents that we own or have exclusively licensed may not provide us with any competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- issued patents that we own or have exclusively licensed may not provide coverage for all aspects of our product candidates in all countries, such as for uses of our product candidates in the indications under our development or to be developed;

- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive product candidates for sale in our major commercial markets;
- others performing manufacturing or testing for us using our product candidates or technologies could use the intellectual property of others without obtaining a proper license;
- our or our licensors' inventions or technologies may be found to be not patentable; and
- we may not develop additional technologies that are patentable.

We may become subject to third parties' claims alleging infringement of third-party patents and proprietary rights, or we may be involved in lawsuits to protect or enforce our patents and other proprietary rights, which could be costly and time consuming, delay or prevent the development and commercialization of our product candidates, or put our patents and other proprietary rights at risk.

Our commercial success depends, in part, upon our ability to develop, manufacture, market, and sell our product candidates without alleged or actual infringement, misappropriation, or other violation of the patents and proprietary rights of third parties. Litigation relating to patents and other intellectual property rights in the biopharmaceutical and pharmaceutical industries is common, including patent infringement lawsuits and interferences, oppositions, and reexamination proceedings before the U.S. Patent and Trademark Office (the "USPTO"), and foreign patent offices. The various markets in which we plan to operate are subject to frequent and extensive litigation regarding patents and other intellectual property rights. In addition, many companies in intellectual property-dependent industries, including in the biopharmaceutical and pharmaceutical industries, have employed intellectual property litigation as a means to gain an advantage over their competitors. Numerous U.S., European, and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing product candidates. Some claimants may have substantially greater resources than we have and may be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. As the biopharmaceutical and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the intellectual property rights of third parties.

We may be subject to third-party claims including infringement, interference or derivation proceedings, post-grant review and inter partes review before the USPTO, or similar adversarial proceedings or litigation in the U.S. and other jurisdictions. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, and the holders of any such patents may be able to block our ability to commercialize the applicable product unless we obtained a license under the applicable patents, or until such patents expire or are finally determined to be invalid or unenforceable. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our compositions, formulations, or methods of treatment, prevention, or use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires or is finally determined to be invalid or unenforceable. In addition, defending such claims would cause us to incur substantial expenses and could cause us to pay substantial damages, if we are found to be infringing a third party's patent rights. These damages potentially include increased damages and attorneys' fees if we are found to have infringed such rights willfully. As an example of the foregoing risks, we are aware of a third-party patent family which currently includes a patent granted by the European Patent Office ("EPO"), containing claims that appear to cover the use of etigilimab in the treatment of cancer. The patent owner could assert such patent against us, which could present the foregoing risks and impose limitations in our ability to develop, manufacture or sell etigilimab for such use in the EU, unless we obtain a license under such patent, such patent is determined to be invalid or unenforceable by the EPO or a national court in one or more relevant territories, or such patent is revoked or otherwise limited by the EPO. This patent is currently the subject of ongoing opposition proceedings before the EPO, but there can be no assurance as to the outcome of such proceedings. As a further example of the foregoing risks, we are monitoring third party patent families of potential interest to the setrusumab product because the claims recite functionally defined anti-sclerostin antibodies and we do not know the scope or relevance, if any, of some of these functional characteristics with respect to setrusumab.

Any of our patents may be challenged, narrowed, circumvented, or invalidated by third parties. The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third party preissuance submission of prior art to the USPTO or become involved in opposition, derivation, revocation, reexamination, post-grant and inter partes review, or interference proceedings challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge priority of invention or other features of patentability. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and product candidates. Such proceedings also may result in substantial cost and require significant time from us, even if the eventual outcome is favorable to us.

Further, if a patent infringement suit is brought against us or our third-party service providers, our development, manufacturing or sales activities relating to the product or product that is the subject of the suit may be delayed or terminated. As a result of patent infringement claims, or in order to avoid potential infringement claims, we may choose to seek, or be required to seek, a license from the third party, which would be likely to include a requirement to pay license fees or royalties or both. These licenses may not be available on acceptable terms or at all. Even if a license can be obtained on acceptable terms, the rights may be nonexclusive, which would give our competitors access to the same intellectual property rights. If we are unable to enter into a license on acceptable terms, we could be prevented from commercializing one or more of our product candidates, or forced to modify such product candidates, or to cease some aspect of our business operations, which could harm our business significantly. We might, if possible, also be forced to redesign our product candidates so that we no longer infringe the third-party intellectual property rights, which may result in significant cost and delay to us, or which redesign could be technically infeasible. Any of these events, even if we were ultimately to prevail, could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

If we were to initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant could counterclaim that our patent is invalid or unenforceable. In patent litigation in the United States and in Europe, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, for example, lack of novelty, obviousness, or non-enablement. Third parties might allege unenforceability of our patents because someone connected with prosecution of the patent withheld relevant information, or made a misleading statement, during prosecution. The outcome of proceedings involving assertions of invalidity and unenforceability during patent litigation is unpredictable. With respect to the validity of patents, for example, we cannot be certain that there is no invalidating prior art of which we and the patent examiner were unaware during prosecution. There is a risk that in connection with such proceedings, a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patent claims do not cover the invention. Even if we establish infringement, the court may decide not to grant an injunction against further infringing activity and instead award only monetary damages, which may or may not be an adequate remedy. An adverse outcome in a litigation or proceeding involving one or more of our patents could limit our ability to assert those patents against those parties or other competitors, and may curtail or preclude our ability to exclude third parties from making and selling similar or competing product candidates. In addition, if the breadth or strength of protection provided by our patents is threatened, it could dissuade companies from collaborating with us to license, develop, or commercialize our current or future product candidates.

Furthermore, our patents and other intellectual property rights also will not protect our technology if competitors and other third parties design around our protected technology without infringing our patents or other intellectual property rights. For example, a third party may develop a competitive product that provides benefits similar to our product candidates but that uses a technology that falls outside the scope of our patent protection. Our competitors may also seek approval to market generic versions of any approved products and in connection with seeking such approval may claim that our patents are invalid, unenforceable or not infringed. In these circumstances, we may need to defend or assert our patents, or both, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid or unenforceable, or that our competitors are competing in a non-infringing manner. Thus, even if we have valid and enforceable patents, these patents still may not provide protection against competing products or processes sufficient to achieve our business objectives. If the patent protection provided by the patents and patent applications we hold or pursue with respect to our product candidates is not sufficiently broad to impede such competition, our ability to successfully commercialize our product candidates could be negatively affected.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. Such litigation or proceedings could substantially increase our operating losses and reduce our resources available for development activities. We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have an adverse effect on our ability to compete in the marketplace. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors view these announcements in a negative light, the price of our ADSs could be adversely affected.

We may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent which might adversely affect our ability to develop, manufacture and market our product candidates.

We cannot guarantee that any of our, our licensors', or the previous owners' patent searches or analyses, including but not limited to the identification of relevant patents, the scope of patent claims, or the expiration of relevant patent applications or patents, are complete or thorough, nor can we be certain that we have identified each and every third-party patent and patent application in the United States, Europe and elsewhere that is relevant to or necessary for the commercialization of our product candidates in any jurisdiction. For example, in the United States, patent applications filed before November 29, 2000 and, upon request, certain patent applications filed after that date that will not be filed outside the United States, remain confidential until those patent applications issue as patents. Patent applications in the United States, EU, and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering our product candidates could have been filed by others without our knowledge, including any such patent applications that may claim priority from patent applications for patents that we have determined will expire before we commercialize our product candidates. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our product candidates or the use of our product candidates. Moreover, as we study our product candidates during development, we may learn new information regarding their structure, composition, properties, or functions that may render third-party patent applications or patents that we had not identified as being, or that we had not believed to be, relevant to our product candidates instead to be relevant to or necessary for the commercialization of our product candidates in a jurisdiction. The scope of a patent claim is determined by an interpretation of the law, the written disclosure in the patent, and the patent's prosecution history. Our interpretation of the relevance or the scope of a patent or a pending patent application may be incorrect. We may incorrectly determine that our product candidates are not covered by a third-party patent or may incorrectly predict whether a third party's pending patent application will issue with claims of relevant scope. Our determination of the expiration date or the possibility of an extension of patent term of any patent in the United States, Europe, or elsewhere that we consider relevant also may be incorrect. Any of the foregoing circumstances, failures, or errors may negatively impact our ability to develop and market our product candidates.

If we fail to comply with our obligations under our existing and any future intellectual property licenses with third parties, we could lose license rights that are important to our business, and our business may be substantially harmed as a result.

We are party to agreements with Novartis and AstraZeneca, under which we in-license certain intellectual property and were assigned, in the case of Novartis, or granted an option to acquire, in the case of AstraZeneca, certain patents and patent applications related to our business. In addition, we are party to agreements with OncXerna and Ultragenyx pursuant to which we have out-licensed certain intellectual property. We may enter into additional license agreements in the future. Our existing license agreements impose and any future license agreements are likely to impose various diligence, milestone payment, royalty, insurance and other obligations on us. Any uncured, material breach under these license agreements could result in the loss of our rights to practice such in-licensed intellectual property, and could compromise our development and commercialization efforts for any current or future product candidates.

We may not be successful in maintaining necessary rights to our product candidates or obtaining patent or other intellectual property rights important to our business through acquisitions and in-licenses.

We currently own and have in-licensed rights to intellectual property, including patents, patent applications and know-how, relating to our product candidates, and our success will likely depend on maintaining these rights. Because our programs may require the use of proprietary rights held by third parties, the growth of our business will likely depend in part

on our ability to continue to acquire, in-license, maintain, or use these proprietary rights. In addition, our product candidates may require specific formulations to work effectively and the rights to those formulations or methods of making those formulations may be held by others. We may be unable to acquire or in-license any compositions, methods of use, processes, or other third-party intellectual property rights that we identify as necessary for the development and commercialization of our product candidates. The licensing and acquisition of third-party intellectual property rights is a competitive area, and a number of more established companies also are pursuing strategies to license or acquire third-party intellectual property rights that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources, and greater clinical development and commercialization capabilities.

In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We may also be unable to license or acquire third-party intellectual property rights on a timely basis, on terms that would allow us to make an appropriate return on our investment, or at all. Even if we are able to obtain a license to intellectual property of interest, we may not be able to secure exclusive rights, in which case others could use the same rights and compete with us. If we are unable to successfully obtain a license to third-party intellectual property rights necessary for the development of our product candidates or a development program on acceptable terms, we may have to abandon development of our product candidates or that development program.

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

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies over the lifetime of a patent. In addition, the USPTO and other foreign patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent failure to make payment of such fees or to comply with such provisions can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which such non-compliance will result in the abandonment or lapse of the patent or patent application, and the partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, and non-payment of fees and failure to properly legalize and submit formal documents within prescribed time limits. If we or our licensors fail to maintain the patents and patent applications covering our product candidates or if we or our licensors otherwise allow our patents or patent applications to be abandoned or lapse, our competitors might be able to enter the market, which would hurt our competitive position and could impair our ability to successfully commercialize our product candidates in any indication for which they are approved.

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

We may be subject to claims challenging the inventorship of our patents and patent applications or ownership of our intellectual property. In particular, we may be subject to claims that former employees or other third parties have an interest in our patents or other intellectual property as an inventor or co-inventor. While it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. For example, the assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, or we may have inventorship disputes arise from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Changes in patent laws or patent jurisprudence could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biopharmaceutical and pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical and pharmaceutical industries involve both technological complexity and legal complexity. Therefore, obtaining and enforcing biopharmaceutical and pharmaceutical patents is costly, time-consuming and inherently uncertain. In addition, the America Invents Act (the "AIA"), which was passed in September, 2011, resulted in significant changes to the U.S. patent system.

An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application, but circumstances could prevent us from promptly filing patent applications on our inventions.

Among some of the other changes introduced by the AIA are changes to the limitation where a patent may be challenged, thus providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in U.S. federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action.

Accordingly, a third party may attempt to use the USPTO proceedings to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. It is not clear what, if any, impact the AIA will have on the operation of our business. However, the AIA and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' patent applications and the enforcement or defense of our or our licensors' issued patents.

Additionally, the U.S. Supreme Court has ruled on several patent cases in recent years either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by Congress, the federal courts and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. Similarly, the complexity and uncertainty of European patent laws have also increased in recent years. In addition, the European patent system is relatively stringent in the type of amendments that are allowed during prosecution. Complying with these laws and regulations could limit our ability to obtain new patents in the future that may be important for our business.

If we do not obtain protection under the Hatch-Waxman Amendments and similar non-U.S. legislation for extending the term of patents covering our product candidates, our ability to compete effectively could be impaired.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the "Hatch-Waxman Amendments." The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product or method of use as compensation for patent term lost during product development and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Similar patent term extensions may be available in other jurisdictions. For example, a supplementary protection certificate in Europe may be applied for approval to recover some of the time lost between the patent application filing date and the date of first marketing authorization. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents, or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened and our competitors may obtain approval to market competing product candidates sooner. As a result, our revenue from applicable product candidates could be reduced, possibly materially.

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

We currently own registered trademarks. We may not be able to obtain trademark protection in territories that we consider of significant importance to us. In addition, any of our trademarks or trade names, whether registered or unregistered, may be challenged, opposed, infringed, cancelled, circumvented or declared generic, or determined to be infringing on other marks, as applicable. We may not be able to maintain and protect our rights to these trademarks and trade names, which we will need to build name recognition by potential collaborators or customers in our markets of interest. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

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

We consider proprietary trade secrets and confidential know-how and unpatented know-how to be important to our business. In addition to seeking patents for some of our technology and product candidates, we also may rely on trade secrets or confidential know-how to protect our technology, especially where patent protection is believed to be of limited value. However, trade secrets and confidential know-how are difficult to maintain as confidential.

To protect this type of information against disclosure or appropriation by competitors, our policy is to require our employees, consultants, contractors and advisors to enter into confidentiality agreements with us. We also seek to preserve the integrity and confidentiality of our data, trade secrets, and know-how by maintaining physical security of our premises and physical and electronic security of our information technology systems. Monitoring unauthorized uses and disclosures is difficult, and we cannot know whether the steps we have taken to protect our proprietary technologies will be effective. In addition, current or former employees, consultants, contractors, and advisers may unintentionally or willfully disclose our confidential information to competitors, and confidentiality agreements may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. We therefore cannot guarantee that our trade secrets and other proprietary and confidential information will not be disclosed or that competitors will not otherwise gain access to our trade secrets. Enforcing a claim that a third party obtained illegally and is using trade secrets or confidential know-how is expensive, time consuming, and unpredictable. The enforceability of confidentiality agreements may vary from jurisdiction to jurisdiction. Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

Failure to protect or maintain trade secrets and confidential know-how could adversely affect our business and our competitive position. Moreover, our competitors may independently develop substantially equivalent proprietary information and may even apply for patent protection in respect of the same. If successful in obtaining such patent protection, our competitors could limit our use of our own trade secrets or confidential know-how.

We may be subject to claims by third parties asserting that we or our employees have misappropriated third-party intellectual property, or claiming ownership of what we regard as our own intellectual property. These claims may be costly to defend and if we do not successfully do so, we may be required to pay monetary damages and lose valuable intellectual property rights or personnel.

Some of our employees, including our senior management, were previously employed at other biopharmaceutical or pharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the know-how, trade secrets, or other proprietary information of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including know-how, trade secrets, or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A loss of key research personnel or their work product could hamper or undermine our ability to develop and commercialize our product candidates, which would severely harm our business. In addition, if such intellectual property rights were to be awarded to a third party, we could be required to obtain a license from such third party to commercialize our technology or product candidates. Such a license may not be available on commercially reasonable terms or at all, which could hamper or undermine our ability to develop and commercialize our product candidates, which would severely harm our business. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management from the development and commercialization of our product candidates.

Our proprietary information may be lost or we may suffer security breaches.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, clinical trial data, proprietary business information, personal data and personally identifiable information of our clinical trial subjects and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure and

those of our CROs or other contractors or consultants may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. The loss of clinical trial data from completed, ongoing, or planned trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Although, to our knowledge, we have not experienced any such material security breach to date, any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure, or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and significant regulatory penalties; disrupt our operations; damage our reputation; and cause a loss of confidence in us and our ability to conduct clinical trials, which could adversely affect our reputation and delay our clinical development of our product candidates.

In addition, in response to the COVID-19 pandemic, varying parts of our workforce may be required to work remotely on a part or full time basis. This could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations or prospects.

Risks Related to our ADSs

The trading price of our ADSs may be volatile, and you could lose all or part of your investment.

The trading price of our ADSs is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their ADSs at or above the price paid for the ADSs. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this report, factors that are expected to affect the market price of our ADSs include:

- positive or negative results from, or delays in, testing or clinical trials conducted by our or our competitors;
- delays in entering into strategic relationships with respect to development or commercialization of our product candidates or entry into strategic relationships on terms that are not deemed to be favorable to us;
- technological innovations or commercial product introductions by us or competitors;
- changes in government regulations;

- developments concerning proprietary rights, including patents and litigation matters;
- the impact of public health epidemics, such as the COVID-19 pandemic, and government efforts to slow their spread;
- economic, public health, financial or geopolitical events that affect us or the financial markets generally, including the duration and severity of the impact of the COVID-19 pandemic, the conflict between Ukraine and the Russian Federation, and unexpected rises in inflation and interest rates;
- public concern relating to the commercial value or safety of our product candidates;
- financing or other corporate transactions;
- publication of research reports or comments by securities or industry analysts, and variances in our periodic results of operations from securities analysts' estimates;
- general market conditions in the biopharmaceutical and pharmaceutical industries or in the economy as a whole;
- the loss of any of our key scientific or senior management personnel;
- sales of our ADSs by us, our senior management and board members, holders of ADSs or our other security holders in the future;
- actions by institutional shareholders;
- speculation in the press or the investment community; or
- other events and factors, many of which are beyond our control.

In the past in the United States, when the market price of a security has been volatile, holders of that security have often instituted securities class action litigation against the issuer of such securities. If any of the holders of ADSs were to bring such a lawsuit against us, we could incur substantial costs defending the lawsuit and the attention of our senior management would be diverted from the operation of our business. Any adverse determination in litigation could also subject us to significant liabilities.

You may be subject to limitations on the transfer of ADSs and the withdrawal of the underlying ordinary shares.

ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when the depositary, in good faith, determines such action is necessary or advisable pursuant to the deposit agreement. The depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary thinks it is necessary or advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason, subject to your right to cancel your ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depositary has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or because we are paying a dividend on our ordinary shares.

In addition, you may not be able to cancel your ADSs and withdraw the underlying ordinary shares when you owe money for fees, taxes and similar charges to the depositary and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to our ADSs or to the withdrawal of our ordinary shares or other deposited securities.

The rights of our shareholders may differ from the rights typically offered to shareholders of a U.S. corporation.

We are incorporated under English law. The rights of holders of ordinary shares and, therefore, certain of the rights of holders of ADSs, are governed by English law, including the provisions of the U.K. Companies Act 2006, or the Companies Act, and by our articles of association. These rights differ in certain respects from the rights of shareholders in typical U.S. corporations.

The principal differences include the following:

- under English law, holders of ordinary shares generally have preemptive rights (in proportion to their existing holdings) in relation to ordinary shares or rights to subscribe for, or to convert securities into, ordinary shares proposed to be allotted for cash, unless an exception applies or a special resolution to the contrary has been passed by shareholders in a general meeting or the articles of association provide otherwise. Under U.S. law, shareholders generally do not have preemptive rights unless specifically granted in the certificate of incorporation or otherwise;
- under English law and our articles of association, certain matters require the approval of 75% of the shareholders who vote (in person or by proxy) on the relevant resolution (or, on a poll, the approval of shareholders representing 75% of the ordinary shares voting (in person or by proxy)), including changes to our name, permitting us to issue new ordinary shares for cash without the shareholders' pre-emptive rights and amendments to the articles of association. Under U.S. law, generally only majority shareholder approval is required to amend the certificate of incorporation or to approve other significant transactions;
- in the United Kingdom, takeovers may be structured as takeover offers or as schemes of arrangement. Under English law, a bidder seeking to acquire us by means of a takeover offer who has acquired or unconditionally contracted to acquire not less than 90% of the shares (not held by the bidder) to which the offer relates may complete a "squeeze out" on the same terms as the takeover offer to obtain 100% control of us. Accordingly, acceptances of 90% of our outstanding ordinary shares/ADSs will likely be a condition in any takeover offer to acquire us (albeit a condition that the bidder will typically reserve the right to waive down to anything above 50%), not 50% as is more common in tender offers for corporations organized under Delaware law. By contrast, a scheme of arrangement, the successful completion of which would result in a bidder obtaining 100% control of us, requires the approval of a majority of shareholders voting at the meeting and representing at least 75% of the ordinary shares voting for approval;
- under English law and our articles of association, shareholders and other persons whom we know or have reasonable cause to believe are, or have been, interested in our shares may be required to disclose information regarding their interests in our shares upon our request, and if a person defaults in providing the required information our directors may certain directions, including that the relevant shareholder will not be entitled to vote at general meetings, that dividends in respect of the default shares will be retained and that no transfers of the default shares may be registered. Comparable provisions generally do not exist under U.S. law; and
- the quorum requirement for a shareholders' meeting is a minimum of two shareholders entitled to vote at the meeting and present in person or by proxy or, in the case of a shareholder which is a corporation, represented by a duly authorized representative. Under U.S. law, a majority of the shares eligible to vote must generally be present (in person or by proxy) at a shareholders' meeting in order to constitute a quorum. The minimum number of shares required for a quorum can be reduced pursuant to a provision in a company's certificate of incorporation or bylaws, but typically not below one-third of the shares entitled to vote at the meeting.

If securities or industry analysts do not publish research or publish inaccurate research or unfavorable research about our business, the price and trading volume of ADSs could decline.

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who covers us downgrades our ADSs or publishes incorrect or unfavorable research about our business, the price of our ADSs would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, or downgrades our ADSs, demand for ADSs could decrease, which could cause the price of ADSs and/or ordinary shares and/or trading volume to decline.

Our ADS holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable results to the plaintiff(s) in any such action.

The deposit agreement governing our ADSs provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement or our ADSs, including claims

under U.S. federal securities laws, against us or the depositary to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. Although we are not aware of a specific federal decision that addresses the enforceability of a jury trial waiver in the context of U.S. federal securities laws, it is our understanding that jury trial waivers are generally enforceable. Moreover, insofar as the deposit agreement is governed by the laws of the State of New York, New York laws similarly recognize the validity of jury trial waivers in appropriate circumstances. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement and our ADSs.

In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute). No condition, stipulation or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any provision of U.S. federal securities laws and the rules and regulations promulgated thereunder.

If any holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement or our ADSs, including claims under U.S. federal securities laws, such holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims and the venue of the hearing.

You may not receive distributions on ordinary shares represented by ADSs or any value for them if it is unlawful or impractical to make them available to holders of ADSs.

Pursuant to the terms of the deposit agreement, the depositary for ADSs will distribute the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have a material adverse effect on the value of ADSs.

Holders of ADSs may not have the same voting rights as holders of ordinary shares and may not receive voting materials in time to be able to exercise their right to vote.

Holders of ADSs are not able to exercise voting rights attaching to ordinary shares underlying our ADSs on an individual basis. Each holder of ADSs has appointed the depositary or its nominee as the holder's representative to exercise, pursuant to the instructions of the holder, the voting rights attaching to our ordinary shares underlying our ADSs. Holders of ADSs may not receive voting materials in time to instruct the depositary to vote, and it is possible that they, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

We are entitled to amend the deposit agreement and to change the rights of ADS holders under the terms of such agreement, or to terminate the deposit agreement, without the prior consent of the ADS holders.

We are entitled to amend the deposit agreement and to change the rights of the ADS holders under the terms of such agreement, without the prior consent of the ADS holders. We and the depositary may agree to amend the deposit agreement in any way we decide is necessary or advantageous to us or to the depositary. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the depositary. In the event that the terms of an amendment are materially disadvantageous to ADS holders, ADS holders will only receive 30 days' advance notice of the amendment, and no prior consent of the ADS holders is required under the deposit agreement. Furthermore, we may decide to direct the depositary to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our ordinary shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility will terminate, ADS holders will receive at least 30 days' prior notice, but no prior consent is required from them. Under the circumstances that we decide to make an amendment to the deposit agreement that is disadvantageous to ADS holders or terminate the deposit agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of the underlying ordinary shares, but will have no right to any compensation whatsoever.

It may be difficult for you to bring any action or enforce any judgment obtained in the United States against us or members of our Board, which may limit the remedies otherwise available to us.

We are incorporated as a public limited company in England and Wales, and the majority of our assets are located outside the United States. In addition, several members of our board of directors (our "Board") are nationals and residents of countries, including the United Kingdom, outside of the United States. Most or all of the assets of these individuals are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe your rights have been infringed under the securities laws or otherwise. In addition, a United Kingdom court may prevent you from enforcing a judgment of a U.S. court against us or these individuals based on the securities laws of the United States or any state thereof. A United Kingdom court may not allow you to bring an action against us or our directors based on the securities laws of the United States or any state thereof.

Shareholders in countries other than the United Kingdom will suffer dilution if they are unable to participate in future pre-emptive equity offerings.

Under English law, shareholders (being those shareholders that are included in a company's register of members as holders of the legal title to that company's shares) usually have pre-emptive rights to subscribe on a pro rata basis in the issuance of new shares for cash. The exercise of those pre-emptive rights by certain shareholders not resident in the United Kingdom may be restricted by applicable law or practice in the United Kingdom and overseas jurisdictions. In particular, the exercise of pre-emptive rights by United States shareholders would be prohibited unless an offering is registered under the Securities Act or an exemption from the registration requirements of the Securities Act applies. Furthermore, under the deposit agreement for our ADSs, the depositary generally will not make available those pre-emptive rights to holders of ADSs unless certain conditions are met, including that the provision of such pre-emptive rights to the ADS holders is reasonably practicable. If no exemption applies and we determine not to register such offering, shareholders in the United States may not be able or permitted to exercise their pre-emptive rights. We are also permitted under English law to disapply pre-emptive rights (subject to the approval of our shareholders by special resolution or the inclusion in the articles of a power to disapply such rights) either generally or in relation to a specific allotment and thereby exclude certain shareholders, such as overseas shareholders, from participating in a rights offering (usually to avoid a breach of local securities laws).

We are currently a "foreign private issuer" under the rules and regulations of the SEC and, as a result, are exempt from a number of rules under the Exchange Act and are permitted to file less information with the SEC than a company incorporated in the United States.

We are incorporated as a public limited company in England and Wales and are deemed to be a "foreign private issuer" under the rules and regulations of the SEC. As a foreign private issuer, we are exempt from certain rules under the Exchange Act that would otherwise apply if we were a company incorporated in the United States, including:

- the requirement to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies with securities registered under the Exchange Act;
- the requirement to file financial statements prepared in accordance with U.S. GAAP;
- the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations; and

- the requirement to comply with Regulation Fair Disclosure ("Regulation FD"), which imposes certain restrictions on the selective disclosure of material information.

In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the related rules with respect to their purchases and sales of our ADSs.

As a foreign private issuer, we are not required to comply with some of the corporate governance standards of Nasdaq applicable to companies incorporated in the United States.

Our Board is required to meet certain corporate governance standards under Nasdaq Listing Rules, including the requirement to maintain an audit committee comprised of three or more directors satisfying the independence standards of Nasdaq applicable to audit committee members. While foreign private issuers are not required to comply with most of the other corporate governance rules of Nasdaq, we believe we currently comply with, and intend to continue to comply with, the majority of such requirements, including the requirements to maintain a majority of independent directors and the nominating and compensation committees of our Board to comprise solely of independent directors. We follow U.K. requirements with respect to shareholder meetings including shareholder meetings required to disapply preemption rights and issue ordinary shares to investors in connection with private placements or public offering of our securities. As a result, holders of our ADSs may not be afforded the benefits of the corporate governance standards of Nasdaq to the same extent applicable to companies incorporated in the United States. See "Item 16G. Corporate Governance—Foreign Private Issuer Exemption" elsewhere in this annual report.

Additional reporting requirements may apply if we lose our status as a foreign private issuer.

If we lose our status as a "foreign private issuer" under the rules and regulations of the SEC at some future time, then we will no longer be exempt from such rules and, among other things, will be required to file periodic reports and financial statements as if we were a company incorporated in the United States. The costs incurred in fulfilling these additional regulatory requirements could be substantial.

Although our reporting obligations as a foreign private issuer are fewer than those of a public company incorporated in the United States, our costs of complying with our SEC reporting requirements are significant, and our management is required to devote substantial time to complying with SEC regulations.

As a company with securities listed in the United States, and particularly after we no longer qualify as an emerging growth company, we will incur significant legal, accounting and other expenses that we did not incur previously. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on non-U.S. reporting public companies, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our senior management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time- consuming and costly. For example, we expect that these rules and regulations may make it more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified senior management personnel or members for our Board. In addition, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

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

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to, and intend to, take advantage, for up to five years, of certain exemptions from various reporting requirements applicable to other public companies that are not Emerging Growth Companies, such as not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. These exemptions include:

- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;

- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We expect to continue to take advantage of some or all of the available exemptions. We cannot predict whether investors will find the ADSs less attractive if we rely on these exemptions. If some investors find the ADSs less attractive as a result, there may be a less active trading market for the ADSs and the market price of the ADSs may be more volatile.

In addition, the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Failure to establish and maintain effective internal controls could have a material adverse effect on our business and stock price.

Pursuant to Section 404, we are required to furnish a report by our senior management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404, we have been engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially continue to engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We may be a passive foreign investment company ("PFIC") for any taxable year, which could result in material adverse U.S. federal income tax consequences if you are a U.S. investor.

In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income (the "income test") or (ii) 50% or more of the value of its assets consists of assets (generally determined on a quarterly average basis) that produce, or are held for the production of, passive income (the "asset test"). For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, dividends, gains from certain property transactions, rents and royalties (other than certain rents or royalties derived in the active conduct of a trade or business). Cash is a passive asset for PFIC purposes. Goodwill (the value of which may be determined by reference to the company's market capitalization) is treated as an active asset to the extent attributable to activities intended to produce active income.

Based on our gross income, the average value of our assets, including goodwill, and the nature of the current state of our business, we do not believe we were a PFIC for the year ended December 31, 2021. There can be no assurance regarding our PFIC status for any particular year in the future because PFIC status is factual in nature, depends upon factors not wholly within our control, generally cannot be determined until the close of the taxable year in question and is determined annually. Whether we will be a PFIC in the current or any future taxable year is uncertain because, among other things, we currently own a substantial amount of passive assets, including cash, and because the valuation of our assets that generate non-passive income for PFIC purposes, including our goodwill and other intangible assets, is uncertain and may vary substantially over time. In addition, the composition of our assets and income may vary substantially over time. The average quarterly value of our assets for purposes of determining our PFIC status for any taxable year (to the extent applicable) will generally be determined in part by reference to our market capitalization, which has fluctuated and may continue to fluctuate significantly over time. Accordingly, there can be no assurance that we will not be a PFIC in the current or for any future taxable year. In addition, we may, directly or indirectly, hold equity interests in other entities, including certain of our subsidiaries that are PFICs. Accordingly, U.S. investors should invest in our ADSs only if they are willing to bear the U.S. federal income tax consequences associated with investments in PFICs.

If we were a PFIC for any taxable year during which a U.S. investor owns ADSs, certain adverse U.S. federal income tax consequences could apply to such U.S. investor. We will provide the information necessary for a U.S. investor to make a qualified electing fund election with respect to us. See "Item 10. Additional Information—E. Taxation" for further information. U.S. investors should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in our ADSs.

Item 4. Information On The Company

4.A. History and Development of the Company

Our legal and commercial name is Mereo BioPharma Group plc. Our company was incorporated on March 10, 2015 and was registered as a private limited company under the laws of England and Wales with the company number 09481161. On June 3, 2016, we were re-registered as a public limited company under the laws of England and Wales. Our principal executive offices are located at 4th Floor, 1 Cavendish Place, London, W1G 0QF, United Kingdom, and our telephone number is +44 333 023 7300. Our website is www.mereobiopharma.com. Information on Mereo's website is not incorporated by reference into or otherwise part of this annual report. We have included our website address in this annual report solely for informational purposes. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of this website is http://www.sec.gov.

Mereo's portfolio consists of six clinical-stage product candidates, four of which were acquired from large pharmaceutical companies and two oncology anti-cancer product candidates which we acquired in the Merger. Mereo does not have any approved products and, as a result, has not generated any revenue from product sales. Pursuant to the terms of a global out-licensing agreement for navicixizumab to OncXerna in January 2020, the Company received an upfront payment of $4 million and an additional payment of $2 million in February 2022. In December 2020, the Company entered into a license and collaboration agreement with Ultragenyx for setrusumab, under which the Company subsequently received an upfront payment of $50 million in 2021.

On April 23, 2019, we completed the Merger, with OncoMed, now called Mereo BioPharma 5, Inc., surviving as a wholly owned subsidiary of Mereo US Holdings, Inc. and as an indirect subsidiary of Mereo BioPharma Group plc.

Since April 24, 2019, our ADSs commenced trading on Nasdaq under the symbol "MREO."

On December 18, 2020, admission of our ordinary shares to trading on the AIM market of London Stock Exchange plc was cancelled.

We are an Emerging Growth Company. As such, we are eligible to, and intend to, take advantage, for up to five years, of certain exemptions from various reporting requirements applicable to other public companies that are not Emerging Growth Companies, such as not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

We will remain an Emerging Growth Company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the closing of our initial public offering; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; (iv) the date on which we are deemed to be a Large Accelerated Filer under the Exchange Act, with at least $700 million of equity securities held by non-affiliates.

For information regarding our capital expenditures, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources."

4.B. Business Overview

We are a biopharmaceutical company focused on the development of innovative therapeutics that aim to improve outcomes for oncology and rare diseases and plan to commercialize selected rare disease programs. Our existing portfolio consists of six clinical stage product candidates two of which, etigilimab and alvelestat, are in ongoing clinical studies. Our lead oncology product candidate, etigilimab (an "anti-TIGIT antibody"), has completed a Phase 1a dose escalation clinical trial in patients with advanced solid tumors and has been evaluated in a Phase 1b study in combination with nivolumab in select tumor types. We initiated a Phase1b/2 basket study for etigilimab in combination with nivolumab in three rare tumors, sarcoma, uveal melanoma and germ cell cancer, three gynecological carcinomas, cervical, ovarian and endometrial carcinomas and tumors with high mutation burden, along with a Phase 1b/2 study in clear cell ovarian cancer with a partner. Our rare disease product candidates are alvelestat, which is being investigated in two ongoing Phase 2 proof-of-concept studies for the treatment of severe AATD and in an investigator-sponsored study in Bronchiolitis Obliterans Syndrome (BOS) following allogenic stem cell transplant, and setrusumab for the treatment of OI. Following the announcement of the results for setrusumab in a Phase 2b study in adults with OI which demonstrated a dose dependent statistically significant increase in bone mineral density and bone strength, we announced a strategic partnership with Ultragenyx in December 2020 for the development of setrusumab in children and adults with OI. Ultragenyx plans to start a pivotal, Phase 2/3 pediatric and young adult study (5-25 year olds) in the first half of 2022, and intend to initiate a separate Phase 2 study of patients under age five with OI to commence in the second half of 2022.

We plan to develop our product candidates through the next key clinical milestone and then partner where it makes sense strategically to do so, but also in select cases for our rare disease product candidates, to develop them through regulatory approval and potentially commercialization.

Our second oncology product, navicixizumab for the treatment of late line ovarian cancer, has completed a Phase 1b study and was partnered in January 2020 for further development with OncXerna on a global basis.

We plan to partner or sell our other two product candidates acumapimod for the treatment of AECOPD and leflutrozole for the treatment of male infertility, recognizing the need for greater resources to take these product candidates to market.

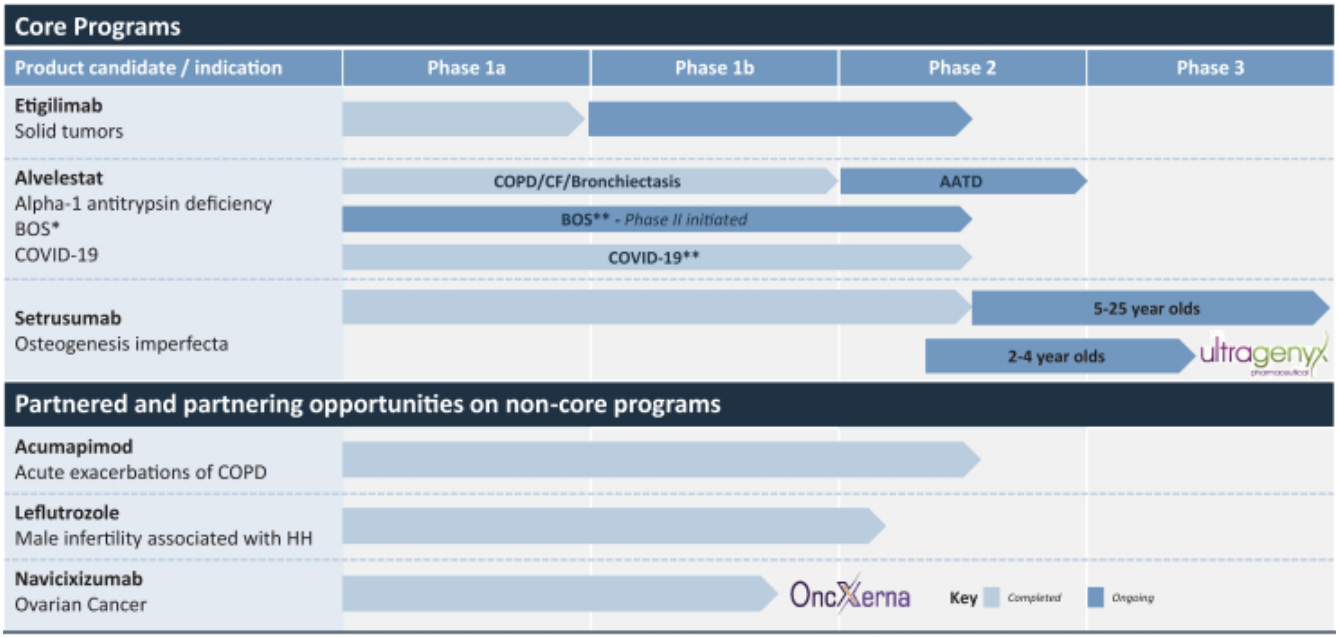
Our strategy is selectively to acquire and develop product candidates for rare diseases that have already received significant investment from large pharmaceutical and biotechnology companies and that have substantial pre-clinical, clinical and manufacturing data packages. Since our formation in March 2015, we have successfully executed on this strategy by acquiring six clinical-stage product candidates of which four were in oncology and rare diseases. Four of our six clinical-stage product candidates were acquired from large pharmaceutical companies and two were acquired in the Merger. We aim to efficiently develop our product candidates through the clinic and have successfully commenced or completed large, randomized Phase 2 clinical trials for five of our product candidates.

Rare diseases represent an attractive development and, in some cases, commercialization opportunity for us since they typically have high unmet medical need and can utilize regulatory pathways that facilitate acceleration to approval and to the potential market. Development of products for oncology and rare diseases both involve close collaboration with key opinion leaders and investigators. Development of rare disease products generally involves close coordination with the patient organizations and patients are treated at a limited number of specialized sites which helps identification of the patient population and enables a small targeted sales infrastructure to commercialize the products in key markets.

Our team has extensive experience in the pharmaceutical and biotechnology sector in the identification, acquisition, development, manufacturing and commercialization of product candidates in multiple therapeutic areas including oncology and rare diseases. Our senior management has long- standing relationships with senior executives of large pharmaceutical and biotechnology companies which we believe enhances our ability to form strategic partnerships on our product candidates and to identify and acquire additional product candidates.

Our Pipeline

The following tables summarize our pipeline for our product candidates. We have global commercial rights to etigilimab, alvelestat, acumapimod and leflutrozole and commercial rights to setrusumab in Europe and the U.K. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the U.S. and rest of the world, and we have licensed global rights for navicixizumab to OncXerna.



*BOS: Bronchiolitis Obliterans Syndrome; ** Investigator initiated studies in collaboration with University of Alabama in Birmingham & National Cancer Institute

Core Oncology and Rare Disease Product Candidates

- **Etigilimab (MPH-313):** Etigilimab is an antibody against TIGIT (T-cell immunoreceptor with Ig and ITIM domains). TIGIT is a next generation checkpoint receptor shown to block T-cell activation and the body's natural anti-cancer immune response. Etigilimab is an IgG1 monoclonal antibody which binds to the human TIGIT receptor on immune cells with a goal of improving the activation and effectiveness of T-cell and NK cell anti-tumor activity. We completed a Phase 1a dose escalation clinical trial with etigilimab in patients with advanced solid tumors and enrolled patients in a Phase 1b study in combination with nivolumab in selected tumor types.

  23 patients were treated in the Phase 1a dose escalation study with doses up to 20mg/kg Q2W. Tumor types included colorectal cancer, endometrial cancer, head and neck cancer, pancreatic cancer, ovarian cancer, and other tumor types. No dose limiting toxicities were observed. In the Phase 1b combination study, a total of ten patients, nine of whom had progressed on prior anti-PD1/PD-L1 therapies, were enrolled at doses of 3, 10 and 20 mg/kg. Tumor types included gastric cancer and six other tumor types. Eight patients were evaluable for tumor growth assessment, and all of these patients had progressed on PD1/PD-L1 therapies with best responses, including two patients with a partial response and stable disease. Patients remained on study for up to 224 days. No dose limiting toxicities (DLTs) were observed.

  Treatment emergent adverse events (TEAEs) related to study drug were reported by 16 patients (69.6%) in the Phase 1a portion of the study and 7 patients (70.0%) in the Phase 1b portion of the study. The most commonly reported related TEAEs in the Phase 1a portion of the study were pruritus (4 patients, 17.4%) and fatigue, nausea, rash and maculopapular rash (each reported by 3 patients, 8.7%). In the Phase 1b portion of the study, the most commonly reported related TEAEs were fatigue (3 patients, 30.0%) and pruritus, rash and pruritic rash (each reported by 2 patients, 20.0%).

There were no treatment-related serious adverse events in the Phase 1a portion and there was only one treatment-related serious adverse event (autoimmune hepatitis) in the Phase 1b portion of the study. The Phase 1b study has now been completed.

Etigilimab is currently in an open label Phase 1b/2 basket study in combination with nivolumab in a range of tumor types. This is focused on three rare tumors, sarcoma, uveal melanoma and germ cell cancer, three gynecological carcinomas, cervical, ovarian and endometrial carcinomas and tumors with high mutation burden. We reported interim data on this study in November 2021. At the time of the data cut-off, 22 patients were included in the safety analysis set, 20 patients were evaluable with a minimum of at least one scan, and 15 patients were included in the efficacy analysis population.

As at the cut-off date, there was one complete response in cervical cancer, one partial response in ovarian cancer and four instances of stable disease in ovarian cancer, cervical cancer and uveal melanoma. The combination of etigilimab and nivolumab has been safe and well tolerated with no new safety signals. The most common treatment-related adverse events were skin reactions, observed in seven patients. None of these reactions required treatment with systemic steroids. There was one case of immune diabetes mellitus.

We expect to provide an update on the Phase 1b/2 basket study of etigilimab in combination with nivolumab in mid-2022.

In April 2021, the Company entered into partnership with Cancer Focus Fund for a Phase 1b/2 study of etigilimab in Clear Cell Ovarian Cancer to be conducted at The University of Texas MD Anderson Cancer Center. The Phase 1b/2 study is being financed by Cancer Focus Fund in exchange for upfront consideration of $1.5 million of the Company's shares and additional payments based on the achievement of certain milestones. Clear cell ovarian cancer is a rare cancer that accounts for approximately 5 to 10% of all ovarian carcinomas in North America.

- **Alvelestat (MPH-966):** Alvelestat is a novel, oral small molecule we are developing for the treatment of severe AATD Lung Disease and BOS. AATD is a potentially life-threatening, rare, genetic condition caused by a lack of effective alpha-1 antitrypsin ("AAT"). The lungs are normally protected from enzymatic degradation by neutrophil elastase by the AAT protein, but in severe AATD the AAT is either misfolded and fails to be released into the circulation, inactive or completely missing. The degradation of tissue by unopposed neutrophil elastase leads to severe debilitating diseases, including early-onset pulmonary emphysema, a disease that irreversibly destroys the tissues that support lung function. There are an estimated 50,000 patients in North America and 60,000 patients in Europe with severe AATD, although due to underdiagnosis, there are estimated to be approximately 6,000 – 10,000 patients diagnosed in North America. BOS is a progressive, ultimately fatal fibrotic lung disease due to graft versus host disease following stem cell transplant, or lung transplant rejection. An estimated fifty percent of lung transplant recipients will develop BOS by five years post-transplant, with an average survival of less than five years. There are an estimated 10,000 people living with lung transplant and BOS in the US and Europe. Alvelestat is designed to inhibit NE, a neutrophil protease, which is a key enzyme involved in the destruction of lung tissue. We believe the inhibition of NE has the potential to protect patients with AATD from further lung damage. BOS is characterized by anti-organ auto-immune responses, either graft versus host (in SCT) or host versus graft (in lung transplant), exacerbated by elevated neutrophils in the lung and excess NE activity, leading to lung damage through elastin breakdown in the tissue and progressive fibrosis, and ultimately respiratory failure. By inhibiting NE, alvelestat will reduce the accelerating effects of NE-driven inflammation on BOS.

Prior to our license of alvelestat, AstraZeneca conducted 12 clinical trials involving 1,776 subjects, including trials in bronchiectasis and CF. Although these trials were conducted in diseases other than AATD, we believe the data demonstrated potential clinical benefit and biomarker evidence of treatment effect for AATD patients. These trials created a safety database of 1,149 subjects treated with alvelestat.

We recently closed enrollment in a Phase 2 proof-of-concept clinical trial in patients with severe AATD in the United States and the EU and expect to report top-line data from this trial in early Q2 2022. An investigator-initiated complementary study, including testing of alvelestat on top of AAT replacement therapy in AATD is also underway in the US.

Emerging data on the potential of NE inhibition to reduce the inflammatory and thrombotic effects of Neutrophil Extracellular Traps (NETs) in COVID-19, led to the initiation of a study in this disease. The top-line results were reported in December 2021. The results demonstrated a safety profile consistent with previous studies, and in the alvelestat arm, a reduction (an improvement) of 2 points or more in the World Health Organization (WHO) Severity Score in 62.5% (5/9) of the patients versus 28.5% (2/7) in the placebo arm at day 5. At day 7 87.5% (7/8) patients in the alvelestat arm had improved by 2 points or more vs 57% (4/7) in the placebo arm. Inflammatory and pro-coagulopathy biomarkers were also supportive.

An open-label Phase 1b/2 investigator-sponsored study in BOS following allogeneic stem cell transplant is ongoing. Interim results of Phase 1b were reported in December 2021 showing stabilization or improvement in lung function measured by Forced Expiratory Volume in 1 second, (FEV1) in 6 of 7 patients, and supportive biomarker responses, with reduction in neutrophil elastase and the mature elastin breakdown product

(desmosine) and reductions in markers of collagen synthesis associated with fibrosis. We expect to provide an update on this study and on the expansion into Phase 2 during 2022.

- **Setrusumab (BPS-804)**: Setrusumab is a novel antibody designed to inhibit sclerostin, a protein that inhibits the activity of bone-forming cells. Inhibiting sclerostin has been shown to promote increases in bone mineral density through stimulation of bone-formation (through osteoblasts) and inhibition of bone-resorption (through osteoclasts). We are developing setrusumab as a treatment for OI, a rare genetic disease that results in bones that can break easily and is commonly known as brittle bone disease. OI is a debilitating orphan disease for which there are no treatments approved by the FDA or EMA. It is estimated that OI affects a minimum of 25,000 people in the United States and approximately an aggregate of 32,000 people in Germany, Spain, France, Italy and the United Kingdom. We believe setrusumab's mechanism of action is well suited for the treatment of OI and has the potential to become a novel treatment option for patients that could reduce fractures and improve patient quality of life.

Prior to our acquisition of setrusumab, Novartis conducted four clinical trials in 106 patients and healthy volunteers. In 2016, we obtained orphan drug designation in OI for setrusumab in the United States and the EU and, in November 2017, it was accepted into the Priority Medicines scheme ("PRIME") of the EMA. In September 2020 we received rare pediatric disease designation for setrusumab in OI from the FDA. In November 2019 we reported top-line data on a Phase 2b clinical trial of setrusumab for adults with OI. The Phase 2b was a dose ranging study with three blinded arms at high, medium and low doses to establish the dose response curve and an open label arm at the top dose. Setrusumab demonstrated statistically significant improvements in bone formation biomarkers and bone mineral density (measured by Dual Energy X-ray Absorptiometry) and a trend to a reduction in fractures at the high dose, compared to the other doses, even though the study was not powered for fracture reduction. The results support the progression of setrusumab into a pediatric pivotal study in OI. The data was also presented, as a podium presentation, at the American Society of Bone and Mineral Research ("ASBMR") in October 2021.

We completed a Type B end of Phase 2b meeting with the FDA in February 2020, a priority medicines scheme (PRIME) meeting with the EMA in May 2020 and sought scientific advice from the EMA in December 2020. These meetings resulted in alignment between the regulators on a Phase 2/3 pediatric study in children with OI.

In December 2020 we announced a partnership with Ultragenyx for the development of setrusumab for OI. Under the terms of the partnership, Ultragenyx will lead future global development of setrusumab in both pediatric and adult patients. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the US and rest of the world, excluding Europe and the U.K. where we retain commercial rights. Each party will be responsible for post-marketing commitments in their respective territories.

Ultragenyx made an upfront payment of $50 million to Mereo and will fund global development of the program until approval and has agreed to pay a total of up to $254 million upon achievement of certain clinical, regulatory and commercial milestones. Ultragenyx will pay tiered double digit percentage royalties to us on net sales outside of Europe and the U.K. and we will pay a fixed double digit percentage royalty to Ultragenyx on net sales in Europe and the U.K. Under the terms of our 2015 agreement with Novartis, we will pay Novartis a percentage of proceeds, subject to certain deductions, with Mereo receiving a substantial majority of the payments from Ultragenyx.

Ultragenyx plans to start a pediatric and young adult Phase 2/3 study in the first half of 2022. The objective of the Phase 2/3 study will first focus on determining the optimal dose based on increases in collagen production using serum P1NP levels and an acceptable safety profile. Following determination of the dose, Ultragenyx currently intend to adapt the study into a pivotal Phase 3 stage, evaluating fracture reduction over an estimated 15 to 24 months as the primary endpoint, subject to regulatory review. Ultragenyx currently expect a separate Phase 2 study of patients under age five with OI to start in the second half of 2022. Ultragenyx will, also, continue to evaluate adult patients who were previously treated in the ASTEROID study.

Our Non-Core Partnering Portfolio

Following completion of successful Phase 1 or Phase 2 studies the products below are either partnered or programs which we intend to out-license or sell.

- **Acumapimod (BCT-197):** Acumapimod is a p38 MAP kinase inhibitor therapy for treatment of severe acute exacerbations of COPD (AECOPD). In a Phase 2 trial, acumapimod given over 5 days in patients hospitalized with AECOPD demonstrated a statistically significant reduction in re-hospitalization for treatment failure and recurrent exacerbations. Acumapimod was reported to be safe and well tolerated. Following meetings with FDA and EMA a global Phase 3 registrational program has been designed and we intend to explore out-licensing or sale opportunities with third parties for the further development of acumapimod**.**
- **Leflutrozole (BGS-649):** Leflutrozole is an oral inhibitor of aromatase for the treatment of male infertility associated with HH. Excess aromatase in fat tissue reduces testosterone, LH and FSH, leading to HH. In Phase 2 trials, leflutrozole normalized testosterone, increased LH and FSH and was reported to be well-tolerated. Effects on sperm counts supported that future development of leflutrozole should focus on male infertility associated with HH. We intend to explore out-licensing or sale opportunities with third parties for the further development of leflutrozole.
- **Navicixizumab (OMP-305B83)**: Navi is a bispecific antibody that inhibits delta-like ligand 4 (DLL4) and vascular endothelial growth factor (VEGF). We acquired this therapeutic product in the merger with Mereo BioPharma 5 (formerly OncoMed). In a Phase 1a clinical trial, Navi demonstrated single agent activity. Following this we conducted a Phase 1b clinical trial in ovarian cancer, in combination with paclitaxel, in platinum-resistant ovarian cancer. A successful FDA Type B meeting was held in July 2019 and the potential for accelerated approval was discussed. Navicixizumab has also been granted Fast Track Approval by the FDA. In January 2020, Navi was licensed by the Company to OncXerna pursuant to the terms of a global licensing agreement. Under the terms of the contingent value rights agreement between us and Computershare from April 2019 (the “Mereo CVR Agreement”), the holders of contingent value rights are entitled to receive the benefit of certain cash milestone payments made to Mereo under the license agreement. Pursuant to the terms of the

Mereo CVR Agreement, if a milestone occurs prior to the fifth anniversary of the closing of the Merger, April 23, 2024, then holders of CVRs will be entitled to receive an amount in cash equal to 70% of the aggregate principal amount received by Mereo after deduction of costs, charges and expenditures set out in detail in the Mereo CVR Agreement. Such milestone payments are also subject to a cash consideration cap, pursuant to which the aggregate principal amount of all cash payments made to holders of CVRs under the Mereo CVR Agreement shall in no case exceed $79.7 million. See "—Material Agreements—CVR Agreement Between Us and Computershare—The NAVI Milestones."

Our Strategy

We intend to become a leading biopharmaceutical company developing innovative therapeutics that aim to improve outcomes for patients with rare diseases oncology. The key elements of our strategy to achieve this goal include:

- ***Rapidly develop our product candidates and potentially commercialize our rare disease product candidates***. Etigilimab, our lead oncology program, has completed a Phase 1a dose escalating monotherapy study and has been evaluated in a Phase 1b combination study with nivolumab in a range of tumor types. We have advanced etigilimab into an open label Phase 1b/2 basket study evaluating our anti- TIGIT in combination with nivolumab in a range of tumor types including three rare tumors, sarcoma, uveal melanoma and germ cell cancer, three gynecological carcinomas, cervical, endometrial and ovarian carcinomas and tumors with high mutation burden. We reported interim data from this Phase 1b/2 basket study in November 2021 and expect to provide an additional update in mid-2022. We have an on-going Phase 2 proof-of-concept clinical trial of alvelestat for the treatment of severe AATD which we closed to enrollment in late 2021 and now expect to report top-line data from this trial in early Q2 2022. If the results are favorable and pending regulatory feedback, we will determine the optimum path forward for development of alvelestat towards approval and commercialization. We also announced the completion and top-line data of a Phase 1b/2 placebo-controlled clinical trial to evaluate the safety and efficacy of alvelestat in hospitalized adult patients with moderate to severe COVID-19 respiratory disease. The investigator-sponsored Phase 1b/2 study in BOS following SCT has completed the Phase 1b stage (10 patients) and is expected to commence Phase 2 in the second half of 2022 to evaluate clinical efficacy on lung function (FEV1) in a 6-month study in up to an additional 24 patients, with expansion for responders to 12 months. We have completed and announced top-line data on a Phase 2b clinical trial of setrusumab for the treatment of OI in adults in the United States, Europe and Canada. We reported top-line data on the three blinded dose ranging arms in November 2019 with the results supporting progression of setrusumab into a pediatric pivotal study in OI. Following the completion of the dosing part of the study, patients were followed for a further twelve months to examine the off-effects of setrusumab. In September 2020, the FDA granted Rare Pediatric Disease designation to setrusumab for the treatment of OI. Following our completion of the Phase 2b ASTEROID study, we met with both the FDA (end-of-Phase 2 (EOP2) meeting in February 2020) and the EMA (PRIME meeting in May 2020) to discuss the principles of a design of a single Phase 2/3 registrational pediatric study in OI. In December 2020, we signed a license and collaboration agreement for setrusumab in OI with Ultragenyx Pharmaceutical Inc. Ultragenyx plans to start a Phase 2/3 study in young adults and pediatric patients (5-25 years old) in the first half of 2022 and to provide an update on the Phase 2 dose ranging part of this study in the second half of 2022. Following selection of the dose for the Phase 3 study, Ultragenyx intend to initiate an additional registrational trial in young pediatric patients (2-4 years old) in the second half of 2022. We intend to commercialize our rare disease product candidates where it makes strategic sense to do so. For example, in our global licensing collaboration with Ultragenyx we have retained commercial rights to setrusumab for children and adults with OI in the EU and U.K.
- ***Efficiently advance our other product candidates and explore out-licensing or sale opportunities with third parties for further clinical development and/or commercialization***. Based on the results from our Phase 2 clinical trial of acumapimod, we plan to enter into one or more strategic relationships with third parties for acumapimod to undertake the next phase of clinical development and, if approved, commercialization. In March 2018, we reported top-line Phase 2b data for leflutrozole for the treatment of HH and in December 2018, we reported positive results from the safety extension study for leflutrozole. We intend to explore out-licensing or sale opportunities with third parties for the further development and commercialization of leflutrozole. Our second oncology product, navicixizumab, for the treatment of late line ovarian cancer, has completed a Phase 1 study and has been partnered on a global basis with OncXerna.
- ***Continue to be a partner of choice for pharmaceutical and biotechnology companies***. We believe that we are a preferred partner for pharmaceutical and biotechnology companies as they seek to unlock the potential in their development pipelines and deliver therapeutics to patients in areas of high unmet medical need. We have strong relationships with these companies, as evidenced by our agreements with Novartis and AstraZeneca, as well as by the Merger, and a track record of structuring transactions that enable us to leverage our core capabilities while creating value for all stakeholders. We intend to continue to enter into strategic relationships that align our interests with those of pharmaceutical and biotechnology companies and that we believe to be mutually beneficial.

- ***Leverage our expertise in business development***. Our senior management team has extensive relationships with large pharmaceutical and biotechnology companies. These relationships are important to us as we seek to form strategic partnerships on our product candidates and as appropriate, to grow our pipeline of product candidates in rare diseases.

Therapeutic Candidates

Etigilimab (MPH-313) for the Treatment of Advanced Solid Tumors

Overview

We acquired etigilimab in the Merger with Mereo BioPharma 5 (formerly OncoMed Pharmaceuticals, Inc.) in 2019. TIGIT (T-cell immunoreceptor with Ig and ITIM domains) is an inhibitory receptor and via interactions with its ligands may block T-cells from attacking tumor cells. The anti-TIGIT therapeutic candidate, etigilimab, is an IgG1 human-specific antibody. It is intended to activate the immune system, through multiple mechanisms and enable anti- tumor activity. In preclinical studies with anti-TIGIT antibodies, immune activation and robust anti-tumor activity have been observed—both as a single agent and in combination with other cancer immunotherapeutics including anti-PD1. At the 2017 American Association of Cancer Research ("AACR") meeting, preclinical data demonstrating the capacity of an anti-TIGIT antibody to induce long-term immune memory and durable anti-tumor response was presented. Also, at the 2018 AACR meeting data that showed that anti-TIGIT antibody treatment reduced the abundance of regulatory T-cells (Tregs) within tumors in animal models, and mechanistic studies that demonstrated an important contribution of effector function for anti-tumor efficacy in animal models was presented.

Our Approach

A Phase 1a/b clinical trial of etigilimab enrolled patients with advanced solid tumors into either a Phase 1a single-agent portion (dose escalation in all patients and expansion in selected tumor types) or Phase 1b combination portion in with nivolumab (dose escalation). 23 patients were treated in the Phase 1a dose escalation portion of the study with doses up to 20mg/kg every two weeks and 10 patients were treated in the Phase 1b combination portion of the study at doses up to 20 mg/kg every two weeks in combination with nivolumab. Tumor types in the Phase 1a portion of the study were colorectal cancer (6 patients), endometrial cancer (4 patients), head & neck cancer (4 patients), pancreatic cancer (2 patients), triple negative breast cancer (2 patients) and five other tumor types and those included in the Phase 1b portion of the study included gastric cancer (3 patients) and six other tumor types. No dose limiting toxicities were observed in the Phase 1a or 1b portions of the study. The most common reported related TEAEs in the Phase 1a portion of the study were pruritus (4 patients, 17.4%) and fatigue, nausea, rash and maculopapular rash (each reported by 3 patients, 8.7%). In the Phase 1b portion of the study, the most common reported related TEAEs were fatigue (3 patients, 30.0%) and pruritus, rash, and pruritic rash (each reported by 2 patients, 20.0%). There was only one treatment-related serious adverse event in the Phase 1a portion (autoimmune hepatitis) and there were no treatment-related serious adverse events in the Phase 1b portion of the study.

None of the patients in the Phase 1a portion had an objective response and 30% had stable disease. One of the ten patients in the Phase 1b portion had an objective response and one additional patient had stable disease. The study has now completed enrollment. A biomarker analysis of patients enrolled in the Phase 1a portion (single agent etigilimab) revealed a dose-dependent reduction of peripheral Tregulatory cells (Treg) with no change evident in circulating CD8 cells, resulting in an increased CD8/Treg ratio. The study also revealed increased proliferation and activation of effector Tcells and NK cells in response to etigilimab.

We have advanced etigilimab into an open label Phase 1b/2 basket study in combination with an anti-PD-1 in a range of tumor types. This multi-center study is initially focused on three rare tumors, sarcoma, uveal melanoma and germ cell cancer, three gynecological carcinomas, cervical, endometrial and ovarian carcinomas and tumors with high mutation burden. These indications were selected based on observations of clinical activity in our prior Phase 1a/1b study and/or based on a comprehensive biomarker analysis of solid tumors which revealed tumor types with a high prevalence of expression of TIGIT and its principal ligand poliovirus receptor (PVR) and concordant expression of TIGIT and PD1. The selected tumor types have shown responsiveness to anti-PD1 therapies with response rates generally ranging from 5-20%. The combination of etigilimab and anti-PD1 may lead to improved responses in these patients.

The first stage of this trial is expected to enroll approximately 125 patients. The trial will evaluate objective response rate as a primary endpoint and will also evaluate safety, duration of response, pharmacokinetics, anti-drug antibodies, progression-free survival and additional secondary and exploratory endpoints. The study is designed to expand select cohorts of patients, based on outcomes, to further evaluate responses to etigilimab and anti-PD1. Biomarker analyses will be conducted on tumor tissues and blood samples from treated patients, including quantification of levels of tumor- associated TIGIT, PVR and related biomarkers to evaluate their potential utility for selecting patients most likely to respond to the combination of etigilimab and anti-PD1.

We reported interim data on this study on November 30, 2021. At the time of the data cut-off, 22 patients were included in the safety analysis set, 20 patients were evaluable with a minimum of at least one scan, and 15 patients were included in the efficacy analysis population.

As at the cut-off date, there was one complete response in cervical cancer, one partial response in ovarian cancer and four instances of stable disease in ovarian cancer, cervical cancer and uveal melanoma. The combination of etigilimab and nivolumab has been safe and well tolerated with no new safety signals. The most common treatment-related adverse events were skin reactions, observed in seven patients, with none of these reactions required treatment with systemic steroids. There was one case of immune diabetes mellitus.

In April 2021, the Company entered into a partnership with Cancer Focus Fund for a Phase 1b/2 study of etigilimab in clear cell ovarian cancer to be conducted at The University of Texas MD Anderson Cancer Center. The Phase 1b/2 study of etigilimab in combination with nivolumab, in clear cell ovarian cancer, is being financed by Cancer Focus Fund in exchange for upfront consideration of $1.5 million of the Company's shares and additional payments based on the achievement of certain milestones. Clear cell ovarian cancer is a rare cancer that accounts for approximately 5 to 10% of all ovarian carcimomas in North America.

We expect to provide an update on the Phase 1b/2 basket study of etigilimab in combination with nivolumab in mid-2022.

We have worldwide rights to etigilimab.

Alvelestat (MPH-966) for the Treatment of Severe Alpha-1-Antitrypsin Deficiency ("AATD") and Brochiolitis Obliterans Syndrome ("BOS")

Overview

We are developing alvelestat for the treatment of severe AATD and BOS. AATD is a potentially life-threatening rare, genetic condition that results in severe debilitating diseases, including early-onset pulmonary emphysema. Alvelestat is a novel, oral small molecule designed to inhibit NE. Scientific data indicate that the increased risk of lung tissue injury in AATD patients may be due to inadequately controlled NE caused by insufficient AAT. We believe that by inhibiting NE, alvelestat has the potential to reduce the destruction of lung tissue and stabilize clinical deterioration in severe AATD patients. BOS is characterized by anti-organ auto-immune responses, either graft versus host (in SCT) or host versus graft (in lung transplant), exacerbated by elevated neutrophils in the lung and excess NE activity, leading to lung damage through elastin breakdown in the tissue and progressive fibrosis, and ultimately respiratory failure. By inhibiting NE, alvelestat will reduce the accelerating effects of NE-driven inflammation on BOS.

Background of Alpha-1-Antitrypsin Deficiency and Bronchiolitis Obliterans Syndrome

AATD is a genetic disease. There are estimated to be 50,000 people in North America and 60,000 in Europe with severe AATD, which we define as AATD in patients with either a PiZZ genotype or Null/Null genotype although there are approximately only 10,000 people diagnosed in North America. The major function of AAT in the lungs is to protect the connective tissue from NE released from triggered neutrophils. In the majority of people, the lungs are defended from NE attack by AAT, which is a highly effective inhibitor of NE. Severe AATD patients produce ineffective or no AAT and are, therefore, unable to defend against NE attack. As a result, severe AATD patients commonly experience degeneration of lung function, such as early-onset pulmonary emphysema, which significantly affects quality of life and life expectancy. They may require oxygen therapy in order to continue their daily lives and the most severe patients may require lung transplantation.

AATD is the result of a mutation of the SERPINA1 gene. Most people with severe AATD inherit two copies of the defective PiZ allele, or gene variant, of the SERPINA1 gene, resulting in a PiZZ genotype. Patients with a PiZZ genotype have approximately 15% of normal AAT levels. Individuals who inherit two copies of the Null allele, resulting in a Null/Null genotype, do not produce any AAT. These two groups are at very high risk of developing lung disease. AATD patients with the PiZZ genotype experience a decline in FEV1, a standard measure of exhalation. The annual mortality rate in this genotype estimated to be 4%. Given that individuals with the Null/Null genotype do not produce any AAT, we believe that they are likely to experience an even greater annual decline in FEV1.

BOS is a rare progressive fibrosing disease of the lungs affecting approximately 6% of the estimated 12,000 stem cell transplants a year in the United States, often as part of graft versus host disease. For lung transplants, approximately 5% of the

patients develop BOS by 5 years, which is the leading cause of retransplant and mortality. BOS is characterized by neutrophil infiltration in the lung, excess neutrophil elastase and inflammation. The pathology of BOS in stem cell transplant and lung transplant is overlapping.

Current Treatment Landscape for Alpha-1-Antitrypsin Deficiency and Bronchiolitis Obliterans Syndrome

AATD patients are monitored by pulmonary functions tests, including spirometry. Treatment involves bronchodilators and inhaled corticosteroid medications and pulmonary rehabilitation, with increased intensity of therapy guided by disease severity. Surgical options include lung volume reduction surgery and lung transplantation. Both are highly invasive, and transplantation is only an option for a portion of patients with end-stage disease despite optimal therapy.

Augmentation therapy is available for AATD, using a partially purified plasma preparation highly enriched for AAT that is administered weekly by intravenous infusion. This therapy was first approved by the FDA in the 1980s based on its biochemical efficacy, meaning its ability to raise blood levels of AAT, but not based on clinical outcome data. Several observational studies have suggested that AAT augmentation therapy may slow the rate of decline in lung function in a subgroup of AATD patients with moderate-to-severe airflow obstruction. In a randomized, controlled trial of augmentation therapy, patients had some reduction in the progression of emphysema, as assessed by measuring lung density using computed tomography. The study did not show significant slowing in the decline in FEV_1.

We believe that current therapies for AATD are inadequate. Surgical options are limited to a few patients, are highly invasive, have variable results, and do not address the underlying pathology of AATD. AAT augmentation therapy, while FDA approved, was not approved on the basis of clinical outcome data. Further, AAT augmentation therapy is not reimbursed and thus is not currently available to patients in several jurisdictions, including some key European markets. In addition, AAT augmentation therapy requires potentially inconvenient weekly intravenous infusions.

There are very limited options for patients with BOS associated with graft versus host disease following stem cell transplant (“SCT”) or those with host versus graft disease and chronic organ rejection following lung transplant. Current therapies are immunosuppressive regimes, with risk of infection along with azithromycin which has both anti-inflammatory and antimicrobial activity. However, there are no approved treatments and the outcome for patients with BOS has not improved in the last 20 years. In development are the Janus Kinase (JAK1) inhibitor, itacitinib and JAK2 inhibitor ruxolitinib (Incyte Corporation) in Phase 1/Phase2 studies in lung transplant-associated and SCT-associated BOS respectively, AI Therapeutics is investigating an inhaled formulation of sirolimus (LAM-001) in Phase 1 and Isopogen allogeneic bone marrow derived mesenchymal stem cells for chronic lung allograft dysfunction, also in Phase 1, and Liposomal inhaled cyclosporin-A (Zambon) in Phase 2 in BOS following SCT and in Phase 3 global pivotal trials in BOS associated with lung transplant.

Our Approach

Our product candidate for treating severe AATD is alvelestat, a potent, specific oral small molecule that is designed to inhibit NE. We believe that by inhibiting NE, alvelestat has the potential to reduce the enzymatic destruction of lung tissue. Furthermore, we believe that convenient oral dosing of alvelestat could provide a significant advantage compared to the current treatments for AATD of surgery or weekly intravenous AAT augmentation therapy. In our clinical development programs, we intend to generate data to allow healthcare authorities to take evidence-based decisions.

As BOS is driven by elevated neutrophils in the lung and excess NE activity, leading to lung damage through elastin breakdown in the tissue and progressive fibrosis, and ultimately respiratory failure we believe our approach using alvelestat to inhibit NE has significant advantages. By inhibiting NE, we believe alvelestat will reduce the accelerating effects of NE-driven inflammation on BOS leading to increased success rate of SCT and lung transplant. The investigator-led clinical program is designed to generate data on clinical endpoints that would potentially support registration and reimbursement in SCT.

Clinical Development of Alvelestat

Phase 2 Clinical Trials

Although prior clinical trials of alvelestat were in indications other than AATD, we believe that the clinical benefit observed in these trials and the biomarker evidence of treatment effect make alvelestat a promising potential product candidate for treating severe AATD. In particular, we believe the results from the Phase 2 clinical trials in bronchiectasis and CF are most relevant in assessing alvelestat's potential to treat severe AATD.

Phase 2 Clinical Trials in AATD

We are conducting a Phase 2 proof-of-concept clinical trial of alvelestat in patients with severe AATD with emphysema in the United States and Europe. AATD patients are at greater risk from COVID-19 given that the condition is a respiratory and lung condition, and for this reason, our Phase 2 alvelestat trial has been delayed with top-line data now expected in early Q2 2022. Due to the effects of the COVID-19 pandemic on this vulnerable population and the impact on enrollment timelines, we closed the study to enrollment at 99 patients at the end of 2021. This is lower than the protocol defined number of patients in the original study design. This is a 12-week, double-blind, placebo-controlled clinical trial examining two doses of alvelestat compared to placebo with three primary endpoints along the pathogenic pathway of lung disease in AATD patients. These primary endpoints are plasma desmosine (a biomarker of protease-driven elastin breakdown), Aα-Val^{360}, a specific biomarker of NE proteolytic activity, and neutrophil elastase activity in blood. Secondary endpoints are safety, exacerbation frequency, and lung function tests, including FEV_1.

We enrolled only adult patients with PiZZ or Null/Null genotypes or rare genotypes with severe deficiency of alpha-1 antitrypsin (<11 microMolar) with confirmed emphysema, who have not received AAT augmentation therapy or have undergone a wash-out period following AAT augmentation therapy.

If the results from this trial are favorable, we intend to seek regulatory advice on the design of, a pivotal trial.

A companion investigator-initiated Phase 2 study in AATD is ongoing in the US. This is enrolling patients with SZ as well as ZZ or Null/Null and rare severe mutations, and is investigating alvelestat compared to also including dosing alvelestat on top of stable augmentation. This study will provide additional supportive data for use of alvelestat.

We received an investment from, and are collaborating with, the venture philanthropy arm of the Alpha-1 Foundation, The Alpha-1 Project Inc ("TAP"), with respect to our alvelestat development program. TAP is investing in the program subject to our meeting agreed-upon development milestones. We also agreed to issue warrants to TAP to subscribe for shares in us, at certain future dates and subject to TAP making agreed-upon investments in the alvelestat development program. On October 8, 2018, we entered into a funding agreement with TAP, which provided for funding of up to $0.4 million. On November 1, 2018, the first tranche of $0.1 million was received and as a result we issued 41,286 warrants to subscribe for our ordinary shares at an exercise price of £0.003 per share.

Phase 1b/2 Clinical Trial in Bronchiolitis Obliterans Syndrome (BOS)

An investigator-initiated Phase1b/2 study in Bronchiolitis Obliterans Syndrome (BOS) following allogeneic stem cell transplant is being conducted to inform a potential future indication expansion strategy. Interim results from 7 patients enrolled in the Phase 1b study were reported in December 2021 showing stabilization or improvement in lung function measured by Forced Expiratory Volume in 1 second, (FEV_1) in 6 of 7 patients, and supportive biomarker responses, with reduction in neutrophil elastase and the mature elastin breakdown product (desmosine) and reductions in markers of collagen synthesis associated with fibrosis. The Phase 1b component (10 patients) has completed enrollment and the study will progress to enroll up to an additional 24 patients to assess primary lung function endpoint in the Phase 2 component, with anticipated initiation in the second half of 2022.

Phase 1b/2 Clinical Trial in Hospitalized Patients with COVID-19 Respiratory Disease

The top-line results of an investigator-initiated Phase 1b/2 double-blind, randomized, placebo-controlled study in hospitalized adult patients with COVID-19 Respiratory Disease were reported in December 2021. The results demonstrated a safety profile consistent with previous studies, and in the alvelestat arm, a reduction (an improvement) of 2 points or more in the World Health Organization (WHO) Severity Score in 62.5% (5/9) of the patients compared to 28.5% (2/7) of patients in the placebo arm at day 5. At day 7, 87.5% (7/8) of patients in the alvelstat arm had improved by 2 points or more compared to 57% (4/7) of patients in the placebo arm. Inflammatory and pro-coagulopathy biomarkers were also supportive.

Setrusumab (BPS-804) for the Treatment of Osteogenesis Imperfecta

Overview

We are developing setrusumab for the treatment of OI in collaboration with Ultragenyx. Setrusumab is a novel, intravenously administered antibody that is designed to inhibit sclerostin, a protein that inhibits the activity of bone-forming cells, known as osteoblasts. We believe that by blocking sclerostin, setrusumab has the potential to induce or increase osteoblast function and maturation of these cells, increasing overall bone mass and thereby reducing fractures in OI patients.

Background of Osteogenesis Imperfecta

OI is a genetic disorder characterized by fragile bones and reduced bone mass, resulting in bones that break easily, loose joints and weakened teeth. In severe cases, patients may experience hundreds of fractures in a lifetime. In addition, people with OI often suffer from muscle weakness, early hearing loss, fatigue, curved bones, scoliosis (curved spine), brittle

teeth, respiratory problems and short stature. The disease can be extremely debilitating and even fatal in newborn infants with a severe form of the disease. OI is a rare condition that affects a minimum of 25,000 people, an incidence rate of 6.2 out of 100,000, in the United States, according to estimates by the Osteogenesis Imperfecta Foundation, and approximately 32,000 people, an incidence rate of 10 out of 100,000, in Germany, Spain, France, Italy and the United Kingdom, according to estimates by Orphanet. OI occurs across the globe without any currently described discernable higher prevalence in one population specifically.

There are eight recognized forms of OI, designated type I through type VIII. Type I is the least severe form, although it still has a significant impact on patients' lives, including fractures and other physical manifestations, while type II is the most severe and frequently causes death at or shortly after birth. The most prevalent form of OI is type I, which is estimated to occur in approximately 50% to 60% of OI patients. The less severe forms of OI, such as type I and type IV, are still serious conditions and are characterized by broken bones, often as a result of minor trauma. Patients typically have a blue or gray tint to the sclera, the part of the eye that is usually white, and there is a risk of early hearing loss in adults.

The most severe forms of OI, particularly type II, may be characterized by an extremely small, fragile rib cage and underdeveloped lungs. Infants with these abnormalities have life-threatening problems related to breathing and often die shortly after birth.

Current Treatment Landscape for Osteogenesis Imperfecta

There are no therapies approved by the FDA or EMA for the treatment of OI. The only treatments available to OI patients are the acute management of fractures as they occur and drugs such as bisphosphonates, which are not approved for this indication but are commonly used off-label in children.

Current treatment of OI is directed towards management of fractures with casting or surgical fixation. Following either of these, physical therapy will often be required. Preventative surgeries, such as intramedullary, or in-bone, radding fixation are also undertaken. Supportive care for the disease involves surgery to correct deformities, internal splinting of bones with metal rods, bracing to support weak limbs and decrease pain, physical therapy and muscle strengthening and aerobic conditioning to improve bone mass and strength.

Some OI patients are treated off-label with drugs indicated for osteoporosis. Bisphosphonate drugs slow down the rate at which osteoclasts, which are cells which resorb or take away bone, reduce the bones' mass. These include Aredia (pamidronate), Fosamax (alendronate) and Reclast (zoledronic acid). However, bisphosphonate drugs are not approved by the FDA or the EMA for use in OI. We are not aware of any long-term clinical studies demonstrating an improvement in fractures in adults and the effect of long-term therapy with these drugs remains unclear. Therefore, we believe the effect of bisphosphonate drugs on fractures, growth, bone deformity, mobility and pain remains unclear in both adults and children.

Our Approach

Our product for treating OI is setrusumab, a fully human monoclonal antibody that is designed to inhibit sclerostin. Sclerostin is produced in osteocytes, which are mature bone cells that are thought to be the mechanoreceptor cells that regulate the activity of bone-building osteoblasts and bone- resorbing osteoclasts. Sclerostin inhibits the activity of osteoblasts. We believe that by blocking sclerostin, setrusumab has the potential to induce or increase osteoblast activity and maturation of these cells, increasing overall bone mass and, thereby reducing fractures in OI patients.

In 2016, we obtained orphan drug designation in OI for setrusumab in the United States and the EU and, in November 2017, it was accepted into PRIME by the EMA. In Europe, the EMA has an adaptive pathways program which allows for early and progressive patient access to medicine. In July 2016, the EMA launched the PRIME scheme, a voluntary scheme aimed at enhancing the EMA's support for the development of medicines that target unmet medical needs. In February 2017 setrusumab was accepted into the adaptive pathways program and in November 2017, the EMA granted PRIME designation for setrusumab for the treatment of OI. In September 2020 we received rare pediatric disease designation for setrusumab in OI from the FDA. See "—Government Regulation—Foreign Government Regulation."

Clinical Development of Setrusumab

In April 2017, we commenced a Phase 2b clinical trial of setrusumab in adults in the United States, Europe and Canada. The Phase 2b clinical trial is a multi-center, randomized trial with three blinded arms at a high, medium and low doses to establish the dose response curve and an open label arm at the top dose. The trial completed enrollment of 112 patients and we reported 12-month top-line data from the trial in November 2019. Following the 12-month dosing part of the trial, patients were followed for a further twelve months to examine the off-effects of setrusumab. Similar to the Phase 2 clinical trial conducted by Novartis, we enrolled patients with type I, III and IV OI.

12 month Top-line Data From Setrusumab Phase 2b Dose-ranging Study in Adult Patients

On November 11, 2019, we reported 12-month top-line data from our Phase 2b dose-ranging clinical trial for setrusumab in adults with Type I, III or IV OI. The study enrolled 112 adults (69 with type I, 28 with type IV and 15 with type III OI) at 27 clinical sites across the United States and Europe and randomized patients originally to one of four different blinded monthly dosing regimens of setrusumab: high, medium, low and placebo. The study was subsequently revised to convert the placebo arm into an open-label arm where patients received the high dose regimen of setrusumab. The top-line 12-month results reported on November 11, 2019, and on January 14, 2020, are from the three-arm blinded portion of the study.

The primary endpoint of the trial was change in trabecular volumetric bone mineral density ("Tr vBMD") of the radius (wrist) over baseline after 12 months of treatment as measured by high resolution peripheral quantitative computerized tomography ("HRpQCT"). As a result of the unexpected high heterogeneity of the trial patients' trabecular bone baseline values at the wrist (including both very low and very high trabecular bone at baseline as compared to the literature available), the primary endpoint was not met at any of the three setrusumab dose levels. HRpQCT is a relatively new imaging technique that has not been used widely in clinical studies and was chosen in order to improve the understanding of the effect of setrusumab on the bone biology in OI patients, given it can measure both trabecular and cortical volumetric BMD separately.

Importantly, when the percentage change in trabecular and cortical volumetric bone mineral density ("BMD") at the wrist were combined (the total volumetric BMD as measured by HRpQCT, a secondary endpoint of the study), an increase in total volumetric BMD was observed and reached statistical significance in the medium and high dose cohorts. Mean increases in total volumetric BMD were 4.11% ($p=0.004$), 4.5% ($p=0.028$), and 0.58% ($p=0.97$) in the high, medium and low dose cohorts (post hoc analysis), respectively. This suggests total volumetric BMD increases were driven by the ability of setrusumab to increase cortical volumetric BMD.

The study achieved its important secondary endpoint of increase in areal BMD at the lumbar spine at six and 12 months over baseline using dual energy x-ray absorptiometry ("DXA"), a well-established measurement tool of BMD (cortical and trabecular bone), reaching statistical significance in the high and medium doses cohorts at both six and 12 months, with a clear dose-dependent response. Mean increases in areal BMD at the lumbar spine were 8.8% ($p<0.001$), 6.8 % ($p<0.001$), and 2.6% ($p=0.057$) in the high, medium, and low dose cohorts at 12 months, respectively. Moreover, increases in areal BMD were consistent across all OI subtypes (I, III and IV) represented in the study and improved with duration of treatment. Statistically significant changes in areal BMD were also observed by DXA at the femoral neck and total hip with mean increases of 3.1% ($p=0.022$) and 2.2% ($P=0.011$), respectively, at 12 months in the high dose cohort.

On January 14, 2020, we reported additional data to the above from our Phase 2b dose-ranging clinical trial for setrusumab. This additional data demonstrated a dose dependent increase in bone strength (stiffness and failure load) as measured by Finite Element Analysis ("FEA"). This was a second pre-specified primary end point and reached statistical significance in the high dose cohort. FEA is a technique that, based on the HRpQCT, allows for the estimation of physical properties of bone.

We also reported on the end point of Trabecular Bone Score (TBS) at the lumbar spine. Setrusumab demonstrated a statistically significant increase in TBS at both the high ($p<0.001$) and medium dose cohorts ($p<0.001$). TBS is a gray-level texture index determined from patient lumbar spine DXA scans that correlates with 3D parameters of trabecular bone architecture thought to help predict fracture.

Although the Phase 2b trial was not powered to show a difference in fracture rates, a trend of reduction in fractures was observed in the high-dose cohort. Setrusumab was safe and well-tolerated in the study. There were no cardiac-related safety concerns observed in the study.

Patients who completed 12 months of treatment in the ASTEROID study continued into a 12-month extension "off therapy" portion to examine the off effect of setrusumab. Patients had the option to receive 12 months of treatment with the bisphosphonate zoledronic acid (given at months six and/or 12) and received both DXA and HRpQCT scans at six and 12 months after entering the extension portion.

Summary of Top-line Safety Results

Top-line 12-month safety results suggest setrusumab was safe and well tolerated in the study. The adverse event profile was balanced across the arms. There were five, eight and four serious treatment emergent adverse events in the high, medium and low dose groups, three of which were initially recorded as treatment related. Two events occurred in one patient. These were headache and hydrocephalus. The patient had a history of basilar invagination, subdural hematoma and subdural hemorrhage; the neurologist and Data Monitoring Committee ("DMC") concluded that the events were unlikely related to the study drug. There was a temporary interruption to the study drug but the patient restarted treatment and continued the study with no complications. The other serious adverse event that was initially recorded as related was of anaphylactic reaction, which occurred two days following setrusumab infusion. This was the patient's sixth infusion. As the reaction was two days following the infusion and the patient previously had five doses, it was determined that it was unlikely to be a drug reaction and the patient continued therapy, without symptoms or signs with repeat infusions. All of the nine adverse events that were

reported as potentially cardiac related were discussed at the DMC (including cardiology review), and none were concluded to represent a cardiovascular safety concern.

Partnership with Ultragenyx

In December 2020, we announced a partnership with Ultragenyx for the development of setrusumab for OI. Under the terms of the partnership, Ultragenyx will lead future global development of setrusumab in both pediatric and adult patients. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the US and rest of the world, excluding Europe and the U.K. where we retain commercial rights. Each party will be responsible for post-marketing commitments in their respective territories.

In October 2021, at the ASBMR annual meeting, we, along with our partner, Ultragenyx, presented additional secondary endpoint data from the Phase 2b ASTEROID study demonstrating that treatment with setrusumab resulted in dose-dependent increase in P1NP serum levels, a marker of bone formation, and a decrease in CTx serum levels, a marker of bone resorption, confirming the mechanism of action of sclerostin inhibition over the 12-month treatment period. Observed improvements in bone mineral density were continuous over the 12 months of the study, with comparable gains achieved in the first and second six months of treatment in the high dose group despite temporal changes in biomarkers.

Ultragenyx plans to start a pediatric and young adult Phase 2/3 study in the first half of 2022. The objective of the Phase 2/3 study will first focus on determining the optimal dose based on increases in collagen production using serum P1NP levels and an acceptable safety profile. Following determination of the dose, Ultragenyx currently intend to adapt the study into a pivotal Phase 3 stage, evaluating fracture reduction over an estimated 15 to 24 months as the primary endpoint, subject to regulatory review. Ultragenyx currently expect a separate Phase 2 study of patients under age five with OI to start in the second half of 2022. Ultragenyx will, also, continue to evaluate adult patients who were previously treated in the ASTEROID study.

Acumapimod (BCT-197) for the Treatment of AECOPD

Overview

Acumapimod is a novel, orally active p38 MAP kinase inhibitor in development for first-line acute therapy in patients with a severe hospitalized AECOPD.

Background of COPD and AECOPD

Of all COPD-related hospital admissions in the United States, approximately 63% are for AECOPD patients, representing more than 1.5 million emergency room visits in the United States accounting for approximately 45% to 50% of the total direct costs of COPD.

Current Treatment Landscape of AECOPD

The current recommended management for AECOPD includes bronchodilators, systemic corticosteroids and antibiotics, and with supportive oxygen therapy. We believe that there is a significant medical need for a drug which to improve the outcome of severe hospitalized AECOPDs.

Clinical Development of Acumapimod

Phase 2 Dose-Ranging Clinical Trial in Severe AECOPD

Two dosing regimens of acumapimod were compared to placebo, in patients hospitalized for AECOPD. Both showed a statistically significant change in FEV1 from baseline to Day 7. The high-dose acumapimod group showed a greater than 50% reduction in the number of rehospitalization for recurrent AECOPD compared to the placebo group, at Days 90 through 150. Acumapimod was observed to be generally safe and well tolerated. In 2019, end of Phase 2 and Scientific Advice meetings were held with the FDA and EMA enabling design of a global Phase 3 program.

We intend to explore out-licensing or sale opportunities with third parties for further funding and development of acumapimod.

Leflutrozole (BGS-649) for the Treatment of Hypogonadotropic Hypogonadism (HH)

Overview

Leflutrozole is in development for the treatment of infertility associated with HH in obese and overweight men. Leflutrozole is a once-weekly oral aromatase inhibitor designed to normalize testosterone levels.

Background of Infertility Associated with Hypogonadotropic Hypogonadism in Obese and Overweight Men

Symptoms that are most commonly associated with testosterone deficiency include reduced libido, erectile dysfunction, along with a decrease sperm counts. Overweight and obesity is associated with increased levels of aromatase. Aromatase converts testosterone to estradiol, which directly suppresses gonadotropins, Follicle Stimulating Hormone (FSH) and Luteinizing Hormone (LH), leading to testicular dysfunction, with impaired production of testosterone and sperm, resulting in infertility. Inhibition of excess aromatase may increase the levels of FSH and LH, resulting in normalization of testosterone production and improving sperm counts and potentially fertility.

Current Treatment Landscape of Infertility Associated with Hypogonadotropic Hypogonadism in Obese and Overweight men

The current treatment is with injectable FSH, either alone, or in combination with injectable Human Chorionic Gonadotropin which has LH-like activity. If unsuccessful, Assisted Reproductive Technology (ART) using intrauterine insemination, *in vitro* fertilization and intracytoplasmic sperm injection, and including testicular sperm extraction for those with very low sperm count may be required.

Clinical Development of Leflutrozole

Phase 2b Clinical Trial in Hypogonadotropic Hypogonadism

We conducted a randomized double-blind, dose-ranging, trial of three doses of leflutrozole or placebo in obese males with HH. The primary endpoint of the trial was percentage of patients whose testosterone levels normalized at week 24. Other endpoints were, changes in gonadotropins LH and FSH, sexual function and semen analysis, and evaluation of safety and tolerability.

All doses of leflutrozole normalized total testosterone levels in over 75% of subjects after 24 weeks of treatment, with a dose-dependent increase in both LH and FSH. The trial also showed an improvement in sperm counts. There was no effect on exploratory measures of erectile dysfunction and low libido.

Leflutrozole was observed to be well tolerated. An increased incidence of elevated haematocrit levels was observed in each of the treatment arms of the trial, consistent with increasing testosterone levels, with a small increase in blood pressure at the two highest doses. A subset of patients entered into a six-month extension study to examine if leflutrozole resulted in reduction in bone mineral density (BMD) at 48 weeks of treatment. None of the doses met the lower bound of the pre-specified safety criterion of reduction in BMD.

We concluded that the future development of leflutrozole should focus on male infertility associated with HH. We intend to develop a clinical and regulatory path accordingly. We intend to explore out-licensing or sale opportunities with third parties for the further development of leflutrozole.

Navicixizumab (OMP-305B83) for Treatment of Ovarian Cancer

We acquired Navicixizumab (“Navi”) in the Merger. In January 2020, we out-licensed Navi to OncXerna. See “—Material Agreements—Licensing Agreement for Navicixizumab.” In addition, Navi is the subject of the CVR Agreement which sets forth certain rights and obligations of us with respect to Navi. See “—Material Agreements—CVR Agreement Between Us and Computershare—The NAVI Milestones.”

Material Agreements

Licensing Agreement with Ultragenyx for setrusumab

On December 17, 2020, we announced that we entered into a license and collaboration agreement with Ultragenyx, for setrusumab for OI. Under the terms of the agreement, Ultragenyx will lead future global development of setrusumab in both pediatric and adult patients. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the U.S. and rest of the world, excluding Europe, where we retain commercial rights. Each party will be responsible for post-marketing commitments in their respective territories. Under the terms of the agreement, Ultragenyx made an upfront payment of $50 million to Mereo and will pay up to $254 million in development, regulatory and commercial milestones and tiered double digit percentage royalties to us on net sales outside of Europe and we will pay a fixed double digit percentage royalty to Ultragenyx on net sales in Europe. Under the terms of our 2015 agreement with Novartis, we will pay Novartis a percentage of proceeds, subject to certain deductions, and we will receive a substantial majority of the payments from Ultragenyx.

Licensing Agreement with AstraZeneca

In October 2017, we announced that we entered into an exclusive license and option agreement (the "License Agreement"), to obtain from AstraZeneca an exclusive worldwide, sub-licensable license under AstraZeneca's intellectual property rights relating to certain product candidates containing a NE inhibitor, including product candidates that contain alvelestat, with an option to acquire such intellectual property rights following commencement of a pivotal trial and payment of related milestone payments (the "Option"), together with the acquisition of certain related assets.

Upon entering into the License Agreement, we made a payment of $3.0 million and issued 490,798 ordinary shares to AstraZeneca, for an aggregate upfront payment equal to $5.0 million. In connection with certain development and regulatory milestones, we have agreed to make payments of up to $115.5 million in the aggregate and issue additional ordinary shares (or ADS equivalent) to AstraZeneca for licensed product candidates containing alvelestat. In addition, we have agreed to make payments to AstraZeneca based on specified commercial milestones of the product candidate. In the event that we sub-license alvelestat, we have also agreed to pay a specified percentage of sublicensing revenue to AstraZeneca. Otherwise, we have agreed to make royalty payments to AstraZeneca equal to ascending specified percentages of tiered annual worldwide net sales by us or our affiliates of licensed product candidates (subject to certain reductions), ranging from the high single digits to low double digits. Royalties will be payable on a licensed product-by-licensed product and country-by-country basis until the later of ten years after the first commercial sale of such licensed product in such country and expiration of the last patent covering such licensed product in such country that would be sufficient to prevent generic entry. Under the License Agreement, we may freely grant sub-licenses to affiliates upon notice to AstraZeneca and we must obtain AstraZeneca's consent, not be unreasonably withheld, to grant sub-licenses to a third party. We have agreed to use commercially reasonable efforts to develop and commercialize at least one licensed product. In addition, we are generally responsible for costs related to the development and commercialization of the licensed products under the License Agreement.

The License Agreement will expire on the expiry of the last-to-expire royalty term with respect to all licensed product candidates. Upon the expiration of the royalty term for a licensed product in a particular country, the licenses to us for such product in such country will become fully-paid and irrevocable. Prior to exercise of the Option, if at all, we may terminate the License Agreement upon prior written notice. Either party may terminate the agreement upon prior written notice for the other party's material breach that remains uncured for a specified period of time or insolvency. AstraZeneca agreed not to assert any AstraZeneca intellectual property rights that were included in the scope of the License Agreement against us.

Licensing Agreement for Navicixizumab

On January 13, 2020, we entered into a global license agreement with OncXerna for the development and commercialization of navicixizumab, an anti-DLL4/VEGF bispecific antibody currently being evaluated in an ongoing Phase 1b study in combination with paclitaxel in patients with advanced heavily pretreated ovarian cancer. Navi previously completed a Phase 1a monotherapy study in patients with various types of refractory solid tumors and is one of two product candidates we acquired through the Merger.

Under the terms of the license agreement, OncXerna received an exclusive worldwide license to develop and commercialize Navi. We received an upfront payment of $4.0 million and in February 2022 we received an additional payment of $2.0 million, following satisfaction of a milestone. OncXerna will be responsible for all future research, development and commercialization of Navi. Additionally, we will be eligible to receive up to $300 million in future clinical, regulatory and commercial milestones, tiered royalties ranging from the mid-single-digit to sub-teen percentages on global annual net sales of Navi, as well as a negotiated percentage of sublicensing revenues from certain sublicensees.

As a consequence of the license agreement with OncXerna, and in accordance with the terms and conditions of the CVR Agreement, holders of CVRs pursuant to the CVR Agreement will be entitled to receive certain eligible cash milestone payments made to us under the license agreement relating to the development and commercialization of Navi. See "—CVR Agreement Between Us and Computershare."

CVR Agreement Between Us and Computershare

Following the closing of the Merger, OncoMed's stockholders received, in exchange for each outstanding share of OncoMed common stock owned immediately prior to the closing of the Merger (except for any dissenting shares): (1) a number of our ADSs determined by reference to an exchange ratio, and (2) one contingent value right (a "CVR"), representing the right to receive contingent payments if specified milestones are achieved within agreed time periods, subject to and in accordance with the terms and conditions of the Contingent Value Rights Agreement (the "CVR Agreement"), dated April 23, 2019, by and among Computershare, as rights agent, and us.

Except in limited circumstances, the CVRs may not be transferred, pledged, hypothecated, encumbered, assigned or otherwise disposed of.

Milestone Events and Payments

The CVR milestones relate to Mereo BioPharma 5 (formerly OncoMed)'s etigilimab and Navi therapeutic candidates, though the milestone relevant to etigilimab can no longer be achieved and no payments will become due or payable to CVR holders in relation to etigilimab.

The contingent payments would become payable to the rights agent, for subsequent distribution to the holders of the CVRs, upon the achievement of a milestone relating to NAVI as follows:

The NAVI Milestones

A cash payment will be made to CVR holders if, (1) within eighteen months following the closing of the Merger, we or any of our subsidiaries enters into a definitive partnership agreement, collaboration agreement, joint venture agreement, profit sharing agreement, license or sublicense agreement, asset sale agreement, stock sale agreement, investment agreement or similar agreement duly approved by our Board with one or more third parties regarding Navi, and (2) within five years of the closing of the Merger, we or any of our subsidiaries actually receives certain eligible cash milestone payments.

On January 13, 2020, we entered into a global license agreement with OncXerna for the development and commercialization of Navi. Eligible cash milestone payments pursuant to the NAVI Agreement (as defined in the CVR Agreement) will include each cash milestone payment payable to our Company or one or more of our subsidiaries pursuant to a NAVI Agreement (or any agreement contemplated by such NAVI Agreement), except for any (i) royalty or similar sales-based payment that is measured, in whole or in part, by reference to the quantity of Navi that is produced or sold or the revenues (or a formula that makes reference to such revenues) derived therefrom and (ii) for the avoidance of doubt only, any fees for service, research and development funding, reimbursement of intellectual property filing, prosecution, litigation and maintenance-related expenses or reimbursement of manufacturing expenses received from a counterparty pursuant to a NAVI Agreement.

If a NAVI Milestone is achieved, holders of CVRs would be entitled to receive an amount in cash equal to 70% of the aggregate principal amount actually received by us or one or more of our subsidiaries (other than NAVI Sub), net of (A) any tax (including any applicable value added or sales taxes and including any tax which would be payable but for the utilization of a relief), (B) 50% of any expenditure by us or our subsidiaries pursuant to the budget set forth on a confidential schedule to the CVR Agreement, and (C) any other reasonable cost or expense attributable to the receipt of such payment (including (i) any costs, reasonable out-of-pocket fees, expenses or charges we incurred in excess of the commitments provided for in the budget set forth on a confidential schedule to the CVR Agreement, (ii) any costs, reasonable out-of-pocket fees, expenses or charges we incurred under the NAVI Agreement, and (iii) any costs, reasonable out-of-pocket fees, expenses or charges we incurred, or for which we are responsible, in connection with the preparation, negotiation and execution of the relevant NAVI Agreement, in each case to the extent such costs, out-of-pocket fees, expenses or charges have not been previously accounted for in the calculation of a prior NAVI Milestone payment).

The NAVI milestone payments are subject to a cash consideration cap, pursuant to which the aggregate principal amount of all cash payments made to holders of CVRs by us shall in no case exceed $79.7 million. If the aggregate principal amount to be paid to holders of CVRs by us pursuant to the CVR Agreement would, together with the aggregate principal amount of any prior such cash payments, otherwise exceed $79.7 million, then the applicable NAVI Milestone payment will be appropriately reduced.

If a NAVI Milestone occurs at any time prior to the fifth anniversary of the closing of the Merger, and on each such occurrence, then, thirty days following the achievement thereof, we are obligated to notify the rights agent and pay the amounts owed pursuant to the NAVI Agreement.

The receipt of the upfront milestone payment of $4.0 million by us under the Navi License Agreement with OncXerna in January 2020 resulted in a payment to CVR holders of approximately 1.2 cents per CVR, a total of approximately $0.5 million, after deductions of costs, charges and expenditures.

The receipt of the milestone payment of $2.0 million by us under the Navi License Agreement with OncXerna in February 2022 will result in a payment to CVR holders of approximately 2.3 cents per CVR, a total of approximately $0.9 million, after deductions of costs, charges and expenditures.

Novartis Agreements

In July 2015, three of our wholly-owned subsidiaries, Mereo BioPharma 3 Limited, Mereo BioPharma 2 Limited, and Mereo BioPharma 1 Limited (the “Subsidiaries”), entered into asset purchase agreements (the “Purchase Agreements”), to acquire from Novartis rights to setrusumab, acumapimod, and leflutrozole (the “Compounds”), respectively, and certain related assets (together with the Compounds, the “Novartis Assets”).

Under the Purchase Agreements, we have agreed to make tiered royalty payments to Novartis based on annual worldwide net sales of product candidates that include the Compounds (the “Acquired Novartis Product Candidates”), at percentages ranging from the high single digits to low double digits. In the event that the parties agree or it is otherwise determined in accordance with the Purchase Agreements that we require third-party intellectual property rights to exploit the Acquired Novartis Product Candidates, we are entitled to offset a specified percentage of amounts paid to such third parties in consideration for such intellectual property rights against the royalties due to Novartis. The royalty payments are payable for a period of ten years after the first commercial sale of an Acquired Novartis Product. We further agreed that in the event of a change in control that involves the transfer, license, assignment or lease of all or substantially all of a Subsidiary’s assets, including a Compound and related assets, we will pay Novartis a percentage of the proceeds of such transaction, with the majority of the proceeds being retained by us. No payment, however, is required with respect to any transaction of Mereo BioPharma Group plc involving its equity interests, a merger or consolidation of it, or a sale of any of its assets.

We also entered into a sublicense agreement with Novartis (the “Sublicense Agreement”), pursuant to which Novartis granted us an exclusive, worldwide, royalty-bearing sublicense for certain therapeutic antibody product candidates directed against sclerostin (the “Antibody Product Candidates”), including setrusumab. Under the Sublicense Agreement, we have agreed to pay Novartis royalties in the low single digits on worldwide net sales of Antibody Product Candidates. Royalties will be payable on a country-by-country basis until the later of expiration of the last valid claim of the licensed

patents covering the Antibody Product Candidates in a country and ten years after the first commercial sale of the Antibody Product Candidates in such country, with a maximum royalty term of 12 years after the first commercial sale of the Antibody Product Candidates in such country. We have also agreed to pay Novartis up to $3.25 million in development and regulatory milestones, and to use commercially reasonable efforts to develop and commercialize an Antibody Product. The Sublicense Agreement will expire on the earlier of the termination of the agreement under which Novartis is granting us a sublicense (the "Original License Agreement") and, on a product-by-product and country-by-country basis, the expiration of the royalty term with respect to such Antibody Product Candidate in such country. The Original License Agreement has a perpetual term and may be terminated for breach or upon a change in control of the licensing party. We may terminate the Sublicense Agreement upon written notice to Novartis and either party may terminate the Sublicense Agreement for the other party's uncured material breach or bankruptcy.

Novartis Loan Note

On February 10, 2020, we entered into a £3.8 million convertible loan note instrument with Novartis pursuant to which we issued 3,841,479 unsecured convertible loan notes (the "Novartis Loan Note") and warrants to purchase 1,449,614 ordinary shares, exercisable until February 2025.

Agreements relating to June 2020 Private Placement

On June 3, 2020, we entered into a securities purchase agreement (the "June 2020 Purchase Agreement") with a number of new and existing principally U.S.-based institutional and accredited investors (the "June 2020 Private Placement") pursuant to which we received $70.0 million (£56.0 million) comprising: the allotment of ordinary shares at a subscription price of $19.4 (£15.5) million utilizing the pre-existing share authorities of the Company, and the subscription for Tranche 1 convertible loan notes ("Loan Notes") in an aggregate principal amount of $50.6 million (£40.5 million).

Following the passing of resolutions at our General Meeting on June 30, 2020, the Loan Notes automatically converted into ordinary shares of £0.003 each in the capital of the Company except that no new ordinary shares were issued which would result in any person holding in excess of 9.99 percent of the aggregate voting rights in the Company as a result of the relevant conversion. Accordingly, the automatic conversion resulted in Loan Notes in an aggregate principal amount of £21.8 million (together with accrued interest) converting into 125,061,475 ordinary shares on June 30, 2020. As of December 31, 2021, Loan Notes in an aggregate principal amount of £12.4 million remained outstanding and convertible into ordinary shares or ADSs in accordance with their terms.

The Purchasers also received warrants entitling the holders to subscribe for an aggregate of 161,048,366 new ordinary shares. As of December 31, 2021, there were 144,943,535 warrants outstanding to purchase ordinary shares at an exercise price of £0.348 per ordinary share, exercisable until June 2023 and subject to the terms of the warrants. In accordance with the terms of the warrants, holders may elect to exercise their warrants on a cashless basis.

February 2021 Public Offering

On February 12, 2021, we announced the completion of an underwritten public offering of 39,675,000 ADSs, at a public offering price of $2.90 per ADS, which included 5,175,000 additional ADSs issued upon the exercise in full of the underwriters' option to purchase additional ADSs. The aggregate gross proceeds to us from the public offering, before deducting underwriting discounts and commissions and offering expenses were $115.1 million. The net proceeds, after transaction costs, were £78.4 million ($108.2 million).

Manufacturing

We do not own or operate manufacturing facilities for the production of our product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We have entered into manufacturing agreements with a number of drug substance, drug product, and other manufacturers and suppliers for etigilimab, alvelestat, acumapimod and leflutrozole and we intend to enter into additional manufacturing agreements as necessary. Following our license of alvelestat, we acquired certain clinical trial materials and we will outsource production of further clinical supplies to our own manufacturing suppliers. We also intend to outsource certain product formulation trials. We expect that drug product pre-validation and validation batches will be manufactured to satisfy regulatory requirements where we progress product candidates to late-stage trials.

We intend to enter into contractual relationships for the manufacture of commercial supplies for etigilimab, alvelestat and setrusumab, if approved for commercial sale. Any batches of product candidates for commercialization will need to be manufactured in facilities, and by processes, that comply with the requirements of the FDA, the EMA, and the regulatory agencies of other jurisdictions in which we are seeking approval. We employ internal resources to manage our manufacturing contractors and ensure they are compliant with current good manufacturing practices.

Commercialization, Sales and Marketing

We do not have our own marketing, sales, or distribution capabilities. In order to commercialize our product candidates, if approved for commercial sale, we must either develop a sales and marketing infrastructure or collaborate with third parties that have sales and marketing experience. In December 2020, we entered into a license and collaboration agreement with Ultragenyx for setrusumab. For our other current and future product candidates we intend to take strategic decisions on whether to further develop them, potentially through to approval, directly commercializing globally or in certain territories, or to seek a partner for further development, co-development and/or commercialization. For product candidates we intend to commercialize or co-commercialize, we must either establish a sales and marketing organization with technical expertise and supporting distribution capabilities in major markets or potentially outsource aspects of these functions to third parties or partners.

Competition

We compete directly with other biopharmaceutical and pharmaceutical companies that focus on the treatment of solid tumor cancers and hematologic cancers, OI, AATD, AECOPD or male infertility. We may also face competition from academic research institutions, governmental agencies and other various public and private research institutions. We expect to face increasingly intense competition as new technologies become available. Any product candidates, including etigilimab, alvelestat, setrusumab, acumapimod and leflutrozole that we or our partners successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future.

We consider etigilimab's current closest potential competitors to be include other anti-TIGIT agents being developed by companies including Roche, Merck, iTeos and GSK, Beigene/Novartis, Seattle Genetics, Inc., Arcus/Gilead and Compugen amongst others. In addition, there are other combinations of existing cancer therapies available commercially for example, Yervoy and Opdivo and Opidivo and Keytruda in combination with chemotherapy agents. There are also a number of other agents in development to other immuno-oncology targets that could compete with an anti-TIGIT approach, for example anti-LAG3.

We consider alvelestat's current closest potential competitors for the treatment of severe AATD to be alpha1-proteinase inhibitors that are administered intravenously in AAT augmentation therapy. Currently, there are four inhibitors on the market in the United States and the EU: Prolastin-C from Grifols, S.A. ("Grifols"), Aralast from Shire plc, now a subsidiary of Takeda Pharmaceutical Company Ltd ("Shire"), Zemaira from CSL Limited ("CSL"), and Glassia from Kamada Ltd. ("Kamada"). Kamada is also investigating an inhaled version of augmentation therapy, InhibRx, Inc. ("InhibRx") is in Phase 1 development of INBRX-101, a recombinant human alpha-1 antitrypsin Fc fusion protein (rhAAT-Fc) for replacement therapy, and Apic Bio, Inc. ("Apic Bio") is in the early stages of developing a dual function vector (df-AAV) gene-therapy approach for AATD silencing the mutant Z-AAT protein and augmenting wildtype M-AAT production. Peak Bio acquired an oral NE inhibitor, PHP-303 following a splitting up of the Ph Pharma pipeline in March 2022. The compound is in a Phase 2 trial in AATD according to the EU Clinical Trials Register website, although no updates have been provided. Vertex Pharmaceuticals Inc. ("Vertex") has a small molecule corrector program for AATD in pre-clinical development, following Phase 2 trials with two other molecules with the same mechanism of action that were discontinued due to toxicity and efficacy. Centessa (previously Z-factor) is in Ph1 with ZF874 protein folding corrector for Z-AATD and to date has reported data on three patients.

There are no therapies with regulatory approval for Bronchiolitis Obliterans Syndrome ("BOS") following SCT or lung transplant. We consider alvelestat's closest potential competitors to be the Janus Kinase (JAK1) inhibitor, itacitinib, and JAK2 inhibitor, ruxolitinib, (Incyte Corporation) in Phase 1/Phase2 studies in lung transplant-associated and SCT-associated BOS, respectively; AI Therapeutics inhaled formulation of sirolimus (LAM-001) in Phase 1 for BOS in lung transplant; Isopogen allogeneic bone marrow derived Mesenchymal Stem Cells for Chronic Lung Allograft Dysfuntion (CLAD) in Phase 1 (NCT02709343); and liposomal inhaled cyclosporin-A (Zambon) in Phase 2 in BOS following SCT and in Phase 3 global pivotal trials in BOS associated with lung transplant. In other disease indications, we consider alvelestat's closet potential competitors to be Santhera Pharmaceuticals ("Santhera") which has in-licensed the inhaled NE inhibitor POL6014 and has completed a multiple ascending dose study, in the initial indication of CF; and CHF-6333 is an inhaled human NE inhibitor that has completed a Phase 1 trial by Chiesi Farmaceutici S.p.A. ("Chiesi") for the treatment of non-cystic fibrosis bronchiectasis and CF.

We consider setrusumab's current closest potential competitors in development for the treatment of OI to be Amgen denosumab (Prolia) an anti-resorptive agent, which is in an open label study in pediatric patients with OI, and Amgen and UCB's anti-sclerostin antibody, romosozumab (Evenity), which was approved in the United States in April 2019 for osteoporosis. In June 2019, the EMA's CHMP adopted a negative opinion recommending the refusal of a marketing authorization for Evenity. However, Amgen and UCB announced in October 2019 that following a re-examination procedure the CHMP has adopted a positive opinion recommending marketing authorization for Evenity. Romosozumab is also in a Phase 1 trial in OI in Europe, looking at the pharmacokinetics and pharmacodynamics of romosozumab in OI. In December 2019, the European Commission approved the MAA for romosozumab (Evenity). In addition, Jiangsu Hengrui has commenced Phase 1 development of an anti-sclerostin antibody for osteoporosis in China, and Transcenta Holding has licensed the Chinese rights to the anti-sclerostin antibody blosozumab from Eli Lilly and Company ("Lilly") and plans to develop it for osteoporosis. Additionally, Bone Therapeutics S.A. ("Bone Therapeutics") is developing osteoblastic cell therapy product candidates. Baylor College of Medicine is conducting a Phase 1 open label trial of fresolimumab, a TGF-B inhibitor, in adult OI patients.

For acumapimod, although we are not aware of any approved therapies for the treatment of AECOPD, there are a wide range of established therapies available for COPD as well as a number of product candidates in development, with Verona Pharma plc ("Verona Pharma"), GlaxoSmithKline plc. ("GlaxoSmithKline"), and AstraZeneca each conducting Phase 2 trials on drugs for the treatment of COPD.

We consider leflutrozole's current closest potential competitors for the treatment of male infertility due to HH to be Follicle Stimulating Hormone (FSH), injectable recombinant follitropin alpha (Gonal-F, Serono) which is FDA approved for male infertility; Injectable Human Chorionic Gonadotropin (HCG) which is not approved for male infertility but is used 'off-

label’ and AZD-5904 (myeloperoxidase inhibitor) from the AstraZeneca and St George Street Capital collaboration is in a Phase 1b trial for idiopathic male infertility.

We may face increasing competition for additional new product acquisitions from pharmaceutical companies as new companies emerge with a similar business model and other more established companies focus on acquiring product candidates to develop their pipelines. Many of our competitors have significantly greater name recognition, financial, manufacturing, marketing, drug development, technical and human resources than we do. Mergers and acquisitions in the biopharmaceutical and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining top qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials and in acquiring technologies complementary to, or necessary for, our programs.

The key competitive factors affecting the success of etigilimab, alvelestat, setrusumab, acumapimod and leflutrozole, if approved, are likely to be their efficacy, safety, dosing convenience, price, the effectiveness of companion diagnostics in guiding the use of related therapeutics, the level of generic competition and the availability of reimbursement from government and other third-party payors.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize product candidates that are safer, more effective, less expensive, more convenient or easier to administer or have fewer or less severe side effects than any product candidates that we may develop. Our competitors may also obtain FDA, EMA or other regulatory approval for their product candidates more rapidly than we may obtain approval for our own product candidates, which could result in our competitors establishing a strong market position before we are able to enter the market. Even if etigilimab, alvelestat, setrusumab, acumapimod or leflutrozole achieve marketing approval, they may be priced at a significant premium over competing product candidates if any have been approved by then. For more information, please see “Risk Factors—Risks Related to Commercialization—We operate in a highly competitive and rapidly changing industry, which may result in others acquiring, developing, or commercializing competing product candidates before or more successfully than we do.”

Intellectual Property

We have acquired or exclusively licensed our intellectual property portfolio from Mereo BioPharma 5 (formerly OncoMed), Novartis and AstraZeneca. We strive to protect and enhance the proprietary technologies, inventions and improvements that we believe are important to our business, including seeking, maintaining and defending patent rights, whether developed internally or acquired or licensed from third parties. Our policy is to seek to protect our proprietary position by, among other methods, pursuing and obtaining patent protection in the United States and in jurisdictions outside of the United States related to our proprietary technology, inventions, improvements, platforms and our product candidates that are important to the development and implementation of our business.

Our intellectual property is held by our wholly owned subsidiaries. As of December 31, 2021, our patent portfolio comprises approximately 600 issued patents and approximately 140 pending patent applications on a global basis.

Individual patents extend for varying periods depending on the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. Generally, patents issued for regularly filed applications in the United States are granted a term of 20 years from the earliest effective non-provisional filing date. In addition, in certain instances, a patent term can be extended to recapture a portion of the USPTO delay in issuing the patent as well as a portion of the term effectively lost as a result of the FDA regulatory review period. However, as to the FDA component, the restoration period cannot be longer than five years and the total patent term including the

restoration period must not exceed 14 years following FDA approval. The duration of foreign patents varies in accordance with provisions of applicable local law, but typically the duration of foreign issued patents is also 20 years from the earliest effective filing date. However, the actual protection afforded by a given patent varies on a product-by-product basis and from country to country, dependent on many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patent.

In addition to patent protection, we also rely upon trademarks, trade secrets and know-how, and continuing technological innovation, to develop and maintain our competitive position. We seek to protect our proprietary information, in part, using confidentiality agreements with our collaborators, employees and consultants and invention assignment agreements with our employees. We also have confidentiality agreements or invention assignment agreements with our collaborators and selected consultants. These agreements are designed to protect our proprietary information and, in the case of the invention assignment agreements, to grant us ownership of technologies that are developed through a relationship with a third party. These agreements may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our collaborators, employees and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Our commercial success will also depend in part on not infringing upon the proprietary rights of third parties. It is uncertain whether the issuance of any third-party patent would require us to alter our development or commercial strategies, or our product candidates or processes, obtain licenses or cease certain activities. Our breach of any license agreements or failure to obtain a license to proprietary rights that we may require to develop or commercialize our product candidates may have an adverse impact on us. If third parties have prepared and filed patent applications prior to March 16, 2013, in the United States that also claim technology to which we have rights, we may have to participate in interference proceedings in the USPTO, to determine priority of invention. For more information, please see “Risk Factors—Risks Related to Intellectual Property.”

Etigilimab (MPH-313)

As of December 31, 2021, our patent portfolio relating to our therapeutic candidate etigilimab consisted of four granted U.S. patents and three pending U.S. patent applications, as well as corresponding patent applications in major foreign jurisdictions.

The patent portfolio relating to our therapeutic candidate etigilimab contains one core patent family that covers the product per se as well as medical uses thereof. This patent family currently consists of two granted U.S. patents, fifty granted or allowed foreign patents and seventeen pending foreign patent applications. Patents that issue from this core family are generally expected to expire in 2036.

The portfolio also includes a second patent family that relates to specific methods of treatment using etigilimab. This patent family currently consists of two granted U.S. patents, one US pending patent application, and 11 granted or allowed foreign patents and 9 pending foreign patent applications. Any patents that issue from this family are generally expected to expire in 2037.

The portfolio also includes two US provisional patent applications. Any patents that issue from these families are generally expected to expire in 2043.

Alvelestat (MPH-966)

As of December 31, 2021, our patent portfolio relating to our product candidate alvelestat consisted of three issued U.S. patents, no pending U.S. patent applications, 36 issued or allowed foreign patents and two pending foreign patent applications. These patents have all been licensed under our agreement with AstraZeneca. See “Business—Material Agreements—Licensing Agreement with AstraZeneca.” These issued patents and patent applications, if issued, include claims directed to 2-pyridone derivatives as NE inhibitors and their uses as well as claims to polymorphs of the tosylate salt of a 5-pyrazolyl-2-pyridone derivative, with expected expiry dates between 2024 and 2030.

Our patent portfolio relating to our product candidate alvelestat also includes three pending international patent application filed under the PCT and one pending U.S. patent application which have been filed subsequent to the license agreement with AstraZeneca. These patent applications, if issued, include claims directed to dosing regimes of alvelestat and methods of treatment using alvelestat with expected expiry dates between 2040 and 2041.

Setrusumab (BPS-804)

As of December 31, 2021, we have 123 patents globally (including four issued U.S. patents) and 26 patent applications globally (including three pending U.S. patent applications) relating to setrusumab and its use for the treatment of OI. A first patent family includes three issued U.S. patents and 86 corresponding issued foreign patents that relate to the setrusumab antibody, nucleic acids encoding setrusumab, processes for producing setrusumab, and setrusumab's use as a medicament. Patents emanating from this first patent family expire in 2028 (not accounting for any available patent term extension). We also have two additional patent families, including an issued U.S. patent and 33 issued foreign patents that relate to methods of using anti-sclerostin antibodies, including setrusumab, for the treatment of OI. Patents emanating from these additional patent families expire in 2037 (not accounting for any available patent term extension). Beyond these patents and patent applications, we jointly own with Ultragenyx two additional patent families relating to dosing regimens for the use of anti-sclerostin antibodies, including setrusumab, in the treatment of OI and other bone disorders; we expect any patents emanating from these patent families to expire in 2042 (not accounting for any available PTE). In December 2020, we entered into a license and collaboration agreement with Ultragenyx for setrusumab for OI, under which Ultragenyx have exclusive rights under all setrusumab patent families outside of Europe. See "—Licensing Agreement with Ultragenyx for setrusumab."

Navicixizumab (OMP-305B83)

As of December 31, 2021, our patent portfolio relating to Navi consisted of 18 issued or allowed U.S. patents and three pending U.S. patent applications, as well as corresponding patents or patent applications in major foreign jurisdictions.

The patent portfolio relating to Navi contains two core patent families, both of which cover the product per se as well as medical uses thereof. Patents and patent applications, if issued, in these core families are expected to expire between 2030 and 2032.

The portfolio also includes several other patent families including issued U.S. and foreign patents and pending applications that relate to specific methods of treatment using Navi. Patents and patent applications, if issued, in these families are expected to expire between 2030 and 2039. Navi was licensed by the Group to OncXerna Inc. in January 2020 pursuant to the terms of a global licensing agreement. See "—Licensing Agreement for Navicixizumab."

Acumapimod (BCT-197)

As of December 31, 2021, our patent portfolio relating to our product acumapimod consisted of 12 issued or allowed U.S. patents, 4 pending U.S. patent applications, 245 issued or allowed foreign patents and 66 pending foreign applications. These issued patents and patent applications, if issued, include claims directed to 5-membered heterocycle-based p38 kinase inhibitors, the use of a pyrazole derivative in the treatment of AECOPD, dosage regimens of acumapimod, the use of acumapimod in the treatment of specific patient subpopulations, methods of producing specific polymorphs of acumapimod and synthetic methods of production of acumapimod with expected expiry dates between 2024 and 2039.

Leflutrozole (BGS-649)

As of December 31, 2021, our patent portfolio relating to our product leflutrozole consisted of four issued U.S. patents, 91 issued foreign patents, and 1 pending foreign patent applications. These issued patents and patent applications, if issued, include claims directed to leflutrozole formulations and the use of leflutrozole in treating hypogonadism according to a specific dosing regimen, with expected expiry dates between 2032 and 2037.

Government Regulation

Among others, the FDA, the EMA, U.S. Department of Health and Human Services Office of Inspector General, CMS and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and burdensome requirements upon companies involved in the clinical development, manufacture, marketing and distribution of drugs such as those we are developing. These agencies and other federal, state and local entities regulate, among other things, the research and development, testing, manufacture, quality control, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion, distribution, post-approval monitoring and reporting, sampling and export and import of our product candidates.

U.S. Government Regulation

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations, and biological product candidates ("biologics"), under both the FDCA and the PHSA and its implementing regulations.

The process of obtaining regulatory approvals and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug or biologic may be marketed in the United States generally involves the following:

- completion of pre-clinical laboratory tests, animal studies and formulation studies in compliance with the FDA's GLP regulations;
- submission to the FDA of an investigational new drug application (an "IND"), which must become effective before human clinical trials may begin;
- approval by an IRB at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with GCP requirements to establish the safety and efficacy of the proposed drug product for each indication;
- submission to the FDA of an NDA or BLA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP requirements and to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity;
- satisfactory completion of potential FDA audits of clinical trials sites and the sponsor's clinical trial records to assure compliance with GCPs and the integrity of the clinical data;
- payment of user fees, if applicable, and FDA review and approval of the NDA or BLA; and
- compliance with any post-approval requirements, including the potential requirement to implement a REMS and the potential requirement to conduct post-approval studies.

Pre-clinical Studies

Pre-clinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy. The conduct of the pre-clinical tests must comply with federal regulations and requirements, including GLPs. An IND sponsor must submit the results of the pre-clinical tests, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND. Some pre-clinical testing may continue even after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the investigational new drug or biologic to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives or endpoints of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB must review and approve the plan for a clinical trial. This can be a central or local IRB. In the case of a central IRB a single IRB will be the source of record for all sites in a trial; otherwise, a local IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their website, www.clinicaltrials.gov.

Human clinical trials are typically conducted in three sequential phases, which may overlap or be combined:

- Phase 1: The product is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness.
- Phase 2: The product is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.
- Phase 3: The product is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well- controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to patients.

Special FDA Expedited Review and Approval

The FDA has various programs, including fast track designation, breakthrough therapy designation, accelerated approval, and priority review, which are intended to expedite or simplify the process for the development and FDA review of drugs and biologics that are intended for the treatment of serious or life-threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs and biologics to patients earlier than under standard FDA review procedures.

To be eligible for a fast-track designation, the FDA must determine, based on the request of a sponsor, that a product is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address an unmet medical need by providing a therapy where none exists or a therapy that may be potentially superior to existing therapy based on efficacy or safety factors. Fast-track designation provides opportunities for frequent interactions with the FDA review team to expedite development and review of the product. The FDA may also review sections of the NDA or BLA for a fast-track product on a rolling basis before the complete application is submitted, if the sponsor and FDA agree on a schedule for the submission of the application sections, and the sponsor pays any required user fees upon submission of the first section of the NDA or BLA.

In addition, under the provisions of the Food and Drug Administration Safety and Innovation Act passed in July 2012, a sponsor can request designation of a product as a "breakthrough therapy." A breakthrough therapy is defined as a drug or biologic that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug or biologic may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs or biologics designated as breakthrough therapies are also eligible for accelerated approval. The FDA must take certain actions, such as holding timely meetings and providing advice, intended to expedite the development and review of an application for approval of a breakthrough therapy.

Product candidates studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may be eligible for accelerated approval and may be approved on the basis of adequate and well-controlled clinical trials establishing that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality ("IMM") that is reasonably likely to predict an effect on IMM or other clinical benefit, taking into account the severity, rarity or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require a sponsor of a product receiving accelerated approval to perform post-marketing studies to verify and describe the predicted effect on IMM or other clinical endpoint, and the product may be subject to accelerated withdrawal procedures.

Once an NDA or BLA is submitted for a product intended to treat a serious condition, the FDA may assign a priority review designation if the FDA determines that the product, if approved, would provide a significant improvement in safety or effectiveness. Under priority review, the FDA must review an application in six months, compared to 10 months for a standard review. Most product candidates that are eligible for fast-track or breakthrough therapy designation are also likely to be considered appropriate to receive a priority review.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. Furthermore, fast-track designation, breakthrough-therapy designation, accelerated approval and priority review do not change the standards for approval and may not ultimately expedite the development or approval process.

Priority Review Voucher Program

This FDA Priority Review Voucher program is intended to encourage development of new drug and biological products for prevention and treatment of certain rare pediatric diseases. Under this program, a sponsor who receives an approval for a drug or biologic designated as a "rare pediatric disease" may qualify for a voucher that can be redeemed to receive a priority review of a subsequent marketing application for a different product. Priority review means that the FDA aims to render a decision in six months. The sponsor receives the priority review voucher upon approval of the rare pediatric disease product application and it can be sold or transferred.

Orphan Product Designation and Exclusivity

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic product if it is intended to treat a rare disease or condition (generally meaning that it affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a drug product available in the United States for treatment of the disease or condition will be recovered from sales of the product). A company must request orphan product designation before submitting an NDA or BLA. If the request is granted, the FDA will publicly disclose the identity of the therapeutic agent and its potential use. We have been granted orphan product designation by the FDA for our product setrusumab for the treatment of OI. Orphan product designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product with orphan status receives the first FDA approval for the disease or condition for which it has such designation or for a select indication or use within the rare disease or condition for which it was designated, the product is entitled to orphan-product exclusivity. Orphan-product exclusivity means that the FDA may not approve any other applications for the same product for the same indication for seven years, except in certain limited circumstances. If a product designated as an orphan product ultimately receives marketing approval for an indication broader than what was designated in its orphan-product application, it may not be entitled to exclusivity. Orphan exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same active ingredient for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. Further, the FDA may approve more than one product for the same orphan indication or disease as long as the product candidates contain different active ingredients. Moreover, competitors may receive approval of different product candidates for the indication for which the orphan product has exclusivity or obtain approval for the same product but for a different indication for which the orphan product has exclusivity.

Marketing Approval

Assuming successful completion of the required clinical testing, the results of the pre-clinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA or BLA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA or BLA is subject to a substantial application user fee. Under the goals and policies agreed to by the FDA under the Prescription Drug User Fee Act ("PDUFA") for new molecular entity NDAs and original BLAs, the FDA has 10 months from the filing date in which to complete its initial review of a standard application and respond to the applicant, and six months from the filing date for an application with priority review. The FDA does not always meet its PDUFA goal dates, and the review process is often significantly extended by FDA requests for additional information or clarification. This review typically takes 12 months from the date the NDA or BLA is submitted to the FDA, because the FDA has approximately two months to make a "filing" decision.

In addition, under the Pediatric Research Equity Act of 2003, as amended and reauthorized, certain NDAs, BLAs or supplements to an NDA or BLA must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements.

The FDA may also require submission of a REMS plan if it determines that a REMS is necessary to ensure that the benefits of the product outweigh its risks. Depending on the specific serious risk(s) to be addressed, the FDA may require that the REMS include a medication guide or patient package insert, physician communication plans, assessment plans and/or elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools.

The FDA conducts a preliminary review of all NDAs and BLAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an application for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an application to determine, among other things, whether the drug is safe and effective (for biologics, the standard is referred to as safe, pure and potent) and whether the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality and purity.

The FDA may refer an application for a novel drug or biologic candidate to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an application, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an application, the FDA may inspect the sponsor and one or more clinical trial sites to assure compliance with GCP requirements and the integrity of the clinical data submitted in an NDA.

After evaluating the application and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally details specific conditions that must be met in order to secure final approval of the application and may require additional clinical or pre-clinical testing in order for FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require additional contraindications, warnings or precautions to be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a product's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Post-Approval Requirements

Drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed product candidates and the establishments at which such product candidates are manufactured, as well as new application fees for supplemental applications with clinical data.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA or BLA. For example, the FDA may require post-marketing testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

In addition, manufacturers and other entities involved in the manufacture and distribution of approved product candidates are required to register their establishments with the FDA and state agencies, and are subject to periodic unannounced inspections by the FDA and these state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP requirements and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance.

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

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending applications or supplements to approved applications or suspension or revocation of product approvals;
- product seizure or detention or refusal to permit the import or export of product candidates;
- injunctions or the imposition of civil or criminal penalties;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information; or
- the FDA or other regulatory authorities may issue safety alerts, "Dear Healthcare Provider" letters, press releases or other communications containing warnings or other safety information about the product.

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

Foreign Government Regulation

Our product candidates will be subject to similar laws and regulations imposed by jurisdictions outside of the United States, and, in particular, Europe, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws and implementation of corporate compliance programs and reporting of payments or other transfers of value to healthcare professionals.

In order to market our future product candidates in the European Economic Area (which is comprised of the 27 Member States of the EU plus Norway, Iceland and Liechtenstein) (the "EEA"), and many other foreign jurisdictions, we must obtain separate regulatory approvals. More concretely, in the EEA, medicinal product candidates can only be commercialized after obtaining a Marketing Authorization ("MA"). There are two types of marketing authorizations:

- the "Community MA," which is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use of the EMA and which is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of product candidates, such as biotechnology medicinal product candidates, orphan medicinal product candidates and medicinal product candidates indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and viral diseases. The Centralized Procedure is optional for product candidates containing a new active substance not yet authorized in the EEA, or for product candidates that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU; and
- "National MAs," which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for product candidates not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member State through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure.

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

Data and marketing exclusivity. In the EEA, new product candidates authorized for marketing, or reference product candidates, qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic or biosimilar applicants from relying on the pre-clinical and clinical trial data contained in the dossier of the reference product when applying for a generic or biosimilar marketing authorization in the EU during a period of eight years from the date on which the reference product was first authorized in the EU. The market exclusivity period prevents a successful generic or biosimilar applicant from commercializing its product in the EU until 10 years have elapsed from the initial authorization of the reference product in the EU. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

Pediatric investigation plan. In the EEA, marketing authorization applications for new medicinal product candidates have to include the results of studies conducted in the pediatric population, in compliance with a pediatric investigation plan ("PIP"), agreed with the EMA's Pediatric Committee ("PDCO"). The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data are not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the

product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all Member States of the EU and study results are included in the product information, even when negative, the product is eligible for a six-month supplementary protection certificate extension or, in the case of orphan medicinal products, a two-year extension of orphan market exclusivity.

Orphan drug designation. In the EEA, a medicinal product can be designated as an orphan drug if its sponsor can establish that the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically-debilitating condition affecting not more than five in 10,000 persons in the EU when the application is made, or that the product is intended for the diagnosis, prevention or treatment of a life-threatening, seriously- debilitating or serious and chronic condition in the EU and that without incentives it is unlikely that the marketing of the drug in the EU would generate sufficient return to justify the necessary investment. For either of these conditions, the applicant must demonstrate that there exists no satisfactory method of diagnosis, prevention or treatment of the condition in question that has been authorized in the EU or, if such method exists, the drug will be of significant benefit to those affected by that condition.

In the EEA, an application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. Marketing authorization for an orphan drug leads to a 10 year period of market exclusivity. During this market exclusivity period, the EMA or the competent authorities of the Member States, cannot accept another application for a marketing authorization, or grant a marketing authorization, for a similar medicinal product for the same indication. The period of market exclusivity is extended by two years for orphan medicinal products that have also complied with an agreed PIP.

This period of orphan market exclusivity may, however, be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for which it received orphan drug destination, i.e. the prevalence of the condition has increased above the threshold or it is judged that the product is sufficiently profitable not to justify maintenance of market exclusivity. Granting of an authorization for another similar orphan medicinal product where another product has market exclusivity can happen only in selected cases, such as, for example, demonstration of “clinical superiority” by a similar medicinal product, inability of a manufacturer to supply sufficient quantities of the first product or where the manufacturer itself gives consent. A company may voluntarily remove a product from the orphan register. Medicinal products or medicinal product candidates designated as orphan are eligible for incentives made available by the EU and its Member States to support research into, development and availability of orphan medicinal products. In March 2016, we obtained orphan drug designation for setrusumab for the treatment of OI in the EU. We intend to pursue orphan designation for alvelestat and for future, eligible rare disease programs.

Adaptive pathways. The EMA has an adaptive pathways program which allows for early and progressive patient access to a medicine. The adaptive pathways concept is an approach to medicines approval that aims to improve patients’ access to medicines in cases of high unmet medical need. To achieve this goal, several approaches are envisaged: identifying small populations with severe disease where a medicine’s benefit-risk balance could be favorable; making more use of real-world data where appropriate to support clinical trial data; and involving health technology assessment bodies early in development to increase the chance that medicines will be recommended for payment and ultimately covered by national healthcare systems. The adaptive pathways concept applies primarily to treatments in areas of high medical need where it is difficult to collect data via traditional routes and where large clinical trials would unnecessarily expose patients who are unlikely to benefit from the medicine. The approach builds on regulatory processes already in place within the existing EU legal framework. These include: scientific advice; compassionate use; the conditional approval mechanism (for medicines addressing life-threatening conditions); patient registries and other pharmacovigilance tools that allow collection of real-life data and development of a risk-management plan for each medicine.

The adaptive pathways program does not change the standards for the evaluation of benefits and risks or the requirement to demonstrate a positive benefit-risk balance to obtain marketing authorization. In February 2017, setrusumab was accepted into the adaptive pathways program.

PRIME scheme. In July 2016, the EMA launched the PRIME scheme. PRIME is a voluntary scheme aimed at enhancing the EMA’s support for the development of medicines that target unmet medical needs. It is based on increased interaction and early dialogue with companies developing promising medicines, to optimize their product development plans and speed up their evaluation to help them reach patients earlier. Product developers that benefit from PRIME designation can expect to be eligible for accelerated assessment but this is however not guaranteed. The benefits of a PRIME designation includes the appointment of a rapporteur from the Committee for Medicinal Products for Human Use before submission of an MAA, early dialogue and scientific advice at key development milestones, and the potential to qualify product candidates for accelerated review earlier in the application process. In November 2017, the EMA granted PRIME designation for setrusumab for the treatment of OI.

Regulation in the United Kingdom

Brexit may influence the attractiveness of the United Kingdom as a place to conduct clinical trials. The EU's regulatory environment for clinical trials is being harmonized as part of the Clinical Trial Regulations, which entered into force on January 31, 2022. The United Kingdom did not align with the Clinical Trial Regulations and the United Kingdom's legislation that governs clinical trials still aligns with the previous EU Clinical Trials Directive. The Medicines and Healthcare products Regulatory Agency (the "MHRA") recently published a consultation on proposals for legislative changes for clinical trials. This indicates an intention to ensure United Kingdom legislation has international interoperability. However, the United Kingdom does not intend to align with the Clinical Trial Regulations on all requirements and it is currently unclear as to what extent the United Kingdom will seek to align its regulations with the European Union. Failure of the United Kingdom to closely align its regulations with the EU may have an effect on the cost of conducting clinical trials in the United Kingdom as opposed to other countries and/or make it harder to seek a marketing authorization for our product candidates on the basis of clinical trials conducted in the United Kingdom.

In the short term, there will be few changes to clinical trials that only have sites in the United Kingdom. The MHRA have confirmed that the sponsor of a clinical trial can still be based in the EEA. Since January 1, 2022, investigational medicinal products can be directly imported from the EU/EEA by the holder of a U.K. Manufacturing and Import Authorization, provided it has an assurance system overseen by a Qualified Person ("QP"). If the investigational medicinal product was certified by a QP in the EU/EEA it does not require recertification in the U.K. The Northern Irish Protocol provides that certain provisions of the EU clinical trials regulatory framework apply in Northern Ireland and investigational medicinal products can be imported from the EU/EEA into Northern Ireland without further oversight. The United Kingdom is now a "third country" for the purpose of clinical trials that have sites in the EEA. For such trials the sponsor/legal representative must be based in the EEA, and the trial must be registered on the EU Clinical Trials Register (including data on sites outside of the EEA).

Other U.S. Healthcare Laws

In addition to FDA restrictions on marketing of pharmaceutical and biologic product candidates, other U.S. federal and state healthcare regulatory laws restrict business practices in the pharmaceutical and biotechnology industry, which include, but are not limited to, state and federal anti-kickback, false claims, data privacy and security and physician payment and pricing transparency laws.

The U.S. federal Anti-Kickback Statute prohibits, among other things, any person or entity from knowingly and willfully offering, paying, soliciting, receiving or providing any remuneration, directly or indirectly, overtly or covertly, to induce or in return for purchasing, leasing, ordering, or arranging for or recommending the purchase, lease or order of any good, facility, item or service reimbursable, in whole or in part, under Medicare, Medicaid or other federal healthcare programs. The term "remuneration" has been broadly interpreted to include anything of value. The Anti-Kickback Statute has been interpreted to apply to arrangements, such as those between pharmaceutical manufacturers on the one hand and prescribers, purchasers, formulary managers and beneficiaries on the other. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases, or recommendations may be subject to scrutiny if they do not meet the requirements of a statutory or regulatory exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the U.S. federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all facts and circumstances. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated.

Additionally, the intent standard under the U.S. federal Anti-Kickback Statute was amended by the ACA to a stricter standard such that a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the ACA codified case law that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil FCA. The majority of states also have anti-kickback laws, which establish similar prohibitions and in some cases may apply to items or services reimbursed by any third-party payor, including commercial insurers, or to self-pay patients.

The federal false claims and civil monetary penalties laws, including the civil FCA, prohibit any person or entity from, among other things, knowingly presenting, or causing to be presented, a false, fictitious or fraudulent claim for payment to, or approval by, the federal government, knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. A claim includes "any request or demand" for money or property presented to the U.S. government. Actions under the civil FCA may be brought by the

Attorney General or as a qui tam action by a private individual in the name of the government. Violations of the civil FCA can result in very significant monetary penalties and treble damages. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for, among other things, allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies' marketing of product candidates for unapproved, or off-label, uses. In addition, the civil monetary penalties statute imposes penalties against any person who is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent. Many states also have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

HIPAA created additional federal criminal statutes that prohibit, among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the U.S. federal Anti-Kickback Statute, the ACA broadened the reach of certain criminal healthcare fraud statutes created under HIPAA by amending the intent requirement such that a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

In addition, there has been a trend of increased federal and state regulation of payments made to physicians and certain other healthcare providers. The ACA imposed, among other things, new annual reporting requirements through the Physician Payments Sunshine Act for applicable manufacturers for certain payments and "transfers of value" provided to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all payments, transfers of value and ownership or investment interests may result in civil monetary penalties. Applicable manufacturers must submit reports by the 90th day of each subsequent calendar year. In addition, certain states require implementation of compliance programs and compliance with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, impose restrictions on marketing practices and/or tracking and reporting of gifts, compensation and other remuneration or items of value provided to physicians and other healthcare professionals and entities.

We may also be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by HITECH, and their respective implementing regulations, including the Final HIPAA Omnibus Rule published on January 25, 2013, impose specified requirements relating to the privacy, security and transmission of individually identifiable health information held by covered entities and their business associates. Among other things, HITECH made HIPAA's security standards directly applicable to "business associates," defined as independent contractors or agents of covered entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney's fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information and other personal information in certain circumstances. For example, the California Consumer Privacy Act of 2018 came into effect on January 1, 2020. State laws are rapidly evolving and often differ from each other in significant ways and may not have the same requirements, thus complicating compliance efforts.

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Ensuring that internal operations and business arrangements with third parties comply with applicable healthcare laws and regulations involve substantial costs.

Violations of any of these laws may be punishable by criminal and civil sanctions, including fines and civil monetary penalties, the possibility of exclusion from federal healthcare programs (including Medicare and Medicaid), disgorgement and corporate integrity agreements, which impose, among other things, rigorous operational and monitoring requirements on companies. Similar sanctions and penalties, as well as imprisonment, also can be imposed upon executive officers and employees of such companies. Given the significant size of actual and potential settlements, it is expected that the government authorities will continue to devote substantial resources to investigating healthcare providers' and manufacturers' compliance with applicable laws.

Privacy and Data Protection Laws in Europe

We are subject to European laws relating to our and our suppliers', partners' and subcontractors' collection, control, processing and other use of personal data (i.e., any data relating to an identifiable living individual, whether that individual can be identified directly or indirectly). We are subject to the data protection laws in those jurisdictions where we are established and processing personal data. We are also subject to such laws, when outside the EU or U.K. (as the case may be), where we process personal data relating to individuals in the EU or U.K. "in the context of" an establishment in those markets, where we specifically target goods or services to EU or U.K. residents and where we monitor the behavior of individuals in the EU or U.K. (e.g., undertaking clinical trials). We and our suppliers, partners and subcontractors process personal data including in relation to our employees, employees of customers, clinical trial patients, healthcare professionals and employees of suppliers including health and medical information. The data privacy regime in the EU includes the GDPR, the e-Privacy Directive and the e-Privacy Regulation (intended to replace the Directive once in force) and the national laws and regulations implementing or supplementing each of them. In the U.K., we are subject to the U.K. Data Protection Act 2018 and the GDPR, as implemented into U.K. law by regulation, along with U.K. regulations implementing the e-Privacy Directive. The U.K.'s data protection regime, while currently closely aligned with the EU's, may diverge over time. The UK courts also recognize a civil tort for misuse of private information, distinct from a claim for breach of confidence, which may engender some exposure. Additionally, in Europe, there are strict regulations on electronic marketing communications and the use of cookies and related technologies, with which we are required to adhere.

The GDPR requires that personal data is only collected for specified, explicit and legal purposes as set out in the GDPR or local laws, and the data generally may then only be processed in a manner consistent with those purposes. The personal data collected and processed must be adequate, relevant and not excessive in relation to the purposes for which it is collected and processed, it must be held securely, not transferred outside of the EEA or U.K., in the case of the U.K.'s GDPR, (unless certain steps are taken to ensure an adequate level of protection), and must not be retained for longer than necessary for the purposes for which it was collected. In addition, the GDPR requires companies processing personal data to take certain organizational steps to ensure that they have adequate records, policies, security, training and governance frameworks in place to ensure the protection of data subject rights, including as required to respond to complaints and requests from data subjects. For example, the GDPR requires us to make more detailed disclosures to data subjects, requires disclosure of the legal basis on which we can process personal data, makes it harder for us to obtain valid consent for processing, will require the appointment of a data protection officer where sensitive personal data (i.e., health data) is processed on a large scale, introduces data breach notification requirements with a low threshold for notifying regulators and imposes additional obligations on us when we are contracting with service providers.

In addition, to the extent a company processes, controls or otherwise uses "special category" personal data (including patients' health or medical information, genetic information and biometric information), more stringent rules apply, further limiting the circumstances and the manner in which a company is legally permitted to process that data. Finally, the EU's GDPR provides a broad right for EU member states to create supplemental national laws which may result in divergence across Europe making it harder to maintain a consistent operating model or standard operating procedures. Such laws, for example, may relate to the processing of health, genetic and biometric data, which could further limit our ability to use and share such data or could cause our costs to increase, and harm our business and financial condition.

We depend on a number of third parties in relation to the provision of our services, a number of which process personal data on our behalf. With each such provider we enter into contractual arrangements to ensure that they only process personal data according to our instructions, and that they have sufficient technical and organizational security measures in place. These arrangements could expose use to liability under the EU and UK data protection and privacy regimes. We take our data protection obligations seriously, as any improper, unlawful or accidental disclosure, loss, alteration or access to, personal data, particularly sensitive personal data (i.e., special category), could negatively impact our business and/or our reputation.

We are also subject to EU and U.K. laws on personal data export, as we may transfer personal data from the EU or U.K. to other jurisdictions which are not considered by the European Commission or U.K. Government, respectively, to offer adequate protection of personal data. Such transfers need to be legitimized by a valid transfer mechanism under the GDPR. In 2020, the Court of Justice of the European Union ("CJEU") invalidated the EU-U.S. Privacy Shield (the "Privacy Shield"), which had been a well-recognized cross-border data transfer framework. In the wake of that judgment, referred to as Schrems II, the European Commission has issued new "model clauses" for companies to use to transfer personal data, which take into account concerns expressed by the CJEU. In the U.K., the Information Commissioner has issued an addendum to the new "model clauses", which is intended to allow for the use of the "model clauses" for ex-U.K. transfers, along with its own international data transfer agreement. We expect EU and U.K. data protection authorities to more closely scrutinize international data transfers going forwards, along with the diligence undertaken in respect of any international transfers and the protections taken to secure personal data. At present, the precise conditions upon which data may be lawfully transferred from the EEA to inadequate jurisdictions such as the U.S., subject to the EU "model clauses" (and so-called "binding corporate rules") remains unclear, as companies are now required to undertake transfer impact assessments and, where appropriate, apply supplementary measures to ensure that such mechanisms provide adequate protections for EU data.

There are costs and administrative burdens associated with compliance with the GDPR and the resultant changes in the EU and EEA member states' national laws. Any failure or perceived failure to comply with global privacy laws carries with it the risk of significant penalties and sanctions, such as fines of up to 20 million euros or 4% of global turnover in the EU. These laws or new interpretations, enactments or supplementary forms of these laws, could create liability for us, could impose additional operational requirements on our business, could affect the manner in which we use and transmit patient information and could increase our cost of doing business. Claims of violations of privacy rights or contractual breaches, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

Coverage and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any pharmaceutical or biological product for which we obtain regulatory approval. In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our product candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our product candidates. Sales of any product candidates for which we receive regulatory approval for commercial sale will therefore depend, in part, on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government authorities, managed care plans, private health insurers and other organizations.

In the United States, the process for determining whether a third-party payor will provide coverage for a pharmaceutical or biologic product typically is separate from the process for setting the price of such product or for establishing the reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors may limit coverage to specific product candidates on an approved list, also known as a formulary, which might not include all of the FDA-approved product candidates for a particular indication. A decision by a third-party payor not to cover our product candidates could reduce physician utilization of our product candidates once approved and have a material adverse effect on our sales, results of operations and financial condition. Moreover, a third-party payor's decision to provide coverage for a pharmaceutical or biologic product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Additionally, coverage and reimbursement for product candidates can differ significantly from payor to payor. One third-party payor's decision to cover a particular medical product or service does not ensure that other payors will also provide coverage for the medical product or service, or will provide coverage at an adequate reimbursement rate. As a result, the coverage-determination process will require us to provide scientific and clinical support for the use of our product candidates to each payor separately and will be a time-consuming process.

In the EEA, governments set the price of product candidates through their health technology assessment, and reimbursement rules and control of national health care systems that fund a large part of the cost of those product candidates to consumers. Some jurisdictions operate positive and negative list systems under which product candidates may only be marketed once a reimbursement price has been agreed to by the government. To obtain reimbursement or pricing approval, some of these countries might compare the new product to an existing standard of care, including other treatments aimed at the same disease, if they exist. Health technology assessments, including cost-effectiveness evaluations, may be conducted in order to assess the medical value or added clinical benefit of a therapy. Countries may also conduct budget-impact assessments for a new therapy. In some cases, tendering is used to decide which therapy will be reimbursed and made available for a group of patients where more than one treatment exists. Countries might also require further studies or in-use evidence to be developed, or create coverage with evidence generation under some form of so-called managed access agreements. Some countries allow for a company to set the price, which is then agreed in negotiation with the country authorities, who might then monitor sales for that product and re-assess or re-evaluate when a certain statutory health insurance expenditure threshold is reached. Other countries might set their price based on prices in a selected country or group of countries under international or external reference pricing systems. If an agreement cannot be reached, confidential discounts might be negotiated between the manufacturer and the healthcare system authorities. The downward pressure on

health care costs in general, particularly prescription product candidates, has become very intense. As a result, increasingly high barriers are being erected to the entry of new product candidates. In addition, in some countries, legally permissible cross-border imports from low-priced markets within the EU single market exert a commercial pressure on pricing within a country.

The containment of healthcare costs has become a priority of federal, state and foreign governments, and the prices of pharmaceutical or biological product candidates have been a focus in this effort. Third-party payors are increasingly challenging the prices charged for medical product candidates and services, examining the medical necessity and reviewing the cost-effectiveness of pharmaceutical or biological product candidates, medical devices and medical services, in addition to questioning safety and efficacy. If these third-party payors do not consider our product candidates to be cost effective compared to other available therapies, they may not cover our product candidates after approval, if any, or, if they do, the level of payment may not be sufficient to allow us to sell our product candidates at a profit.

Healthcare Reform

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medical product candidates. For example, the ACA, among other things, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program; introduced a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for product candidates that are inhaled, infused, instilled, implanted or injected; extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid- managed care plans; imposed mandatory discounts for certain Medicare Part D beneficiaries as a condition for manufacturers' outpatient drugs coverage under Medicare Part D; subjected manufacturers to new annual fees based on pharmaceutical companies' share of sales to federal healthcare programs; created a new Patient Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; created the Independent Payment Advisory Board, which, once empaneled, will have authority to recommend certain changes to the Medicare program that could result in reduced payments for prescription drugs and biologics; and established a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending. Since its enactment, the U.S. federal government has delayed or suspended implementation of certain provisions of the ACA. In addition, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and lower reimbursement, and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government-funded programs may result in a similar reduction in payments from private payors. Moreover, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed product candidates. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates.

Additionally, in August, 2011, the Budget Control Act of 2011 was signed into law, which, among other things, included aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will stay in effect through 2025 unless additional action is taken by Congress. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. More recently, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed product candidates, which have resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for pharmaceutical and biologic product candidates.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare product candidates and services, which could result in reduced demand for our product candidates once approved or additional pricing pressures.

Employees

As of December 31, 2021, 2020 and 2019, Mereo had 49, 38, and 50 employees, respectively. As at December 31, 2021, 33 employees are located in the United Kingdom and 16 employees are located in the United States.

All of our employees are engaged in either general and administrative or research and development functions. None of our employees are covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) that may have, or have had in the recent past (covering the 12 months immediately preceding the date of this annual report), significant effects on our financial position or profitability.

4.C. Organizational Structure

Mereo BioPharma Group plc was formed as a private limited company organized under the laws of England and Wales on March 10, 2015 and re-registered as a public limited company on June 3, 2016.

As at December 31, 2021, Mereo BioPharma Group plc has the following wholly-owned direct or indirect subsidiaries:

Legal Name of Subsidiary	Jurisdiction of Organization
Mereo BioPharma 1 Limited	United Kingdom
Mereo BioPharma 2 Limited	United Kingdom
Mereo BioPharma 3 Limited	United Kingdom
Mereo BioPharma 4 Limited	United Kingdom
Mereo BioPharma Ireland Limited	Ireland
Mereo US Holdings Inc.	Delaware
Mereo BioPharma 5, Inc.	Delaware
Navi Subsidiary, Inc.	Delaware

4.D. Property, Plants and Equipment

Mereo's principal office is located at 4th Floor, One Cavendish Place, London W1G 0QF, United Kingdom, where Mereo leases approximately 7,400 square feet of office space. Mereo leases this office space under a lease that terminates on June 24, 2026.

Mereo leases approximately 10,000 square feet of office space in Redwood City, California which expires on August 30, 2022.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating And Financial Review And Prospects

5.A. Operating Results

The following discussion of our financial condition and results of operations should be read in conjunction with Mereo's audited consolidated financial statements and related notes included elsewhere in this annual report. The following discussion is based on Mereo's financial information prepared in accordance with IFRS as issued by the IASB, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including generally accepted accounting principles in the United States. The following discussion includes forward-looking statements that involve risks, uncertainties, and assumptions. Mereo's actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those described under "Item 3. Key Information—D. Risk Factors" and elsewhere in this annual report.

Overview

We are a biopharmaceutical company focused on the development of innovative therapeutics that aim to improve outcomes for oncology and rare diseases and plan to commercialize selected rare disease programs. Our existing portfolio consists of six clinical stage product candidates two of which, etigilimab and alvelestat, are in ongoing clinical studies. Our lead oncology product candidate, etigilimab (an "anti-TIGIT antibody"), has completed a Phase 1a dose escalation clinical trial in patients with advanced solid tumors and has been evaluated in a Phase 1b study in combination with nivolumab in select tumor types. We initiated a Phase1b/2 basket study for etigilimab in combination with nivolumab in three rare tumors, sarcoma, uveal melanoma and germ cell cancer, three gynecological carcinomas, cervical, ovarian and endometrial carcinomas and tumors with high mutation burden, along with a Phase 1b/2 study in clear cell ovarian cancer with a partner. Our rare disease product candidates are alvelestat, which is being investigated in two ongoing Phase 2 proof-of-concept studies for the treatment of severe AATD and in an investigator-sponsored study in Bronchiolitis Obliterans Syndrome (BOS) following allogenic stem cell transplant, and setrusumab for the treatment of OI. Following the announcement of the results for setrusumab in a Phase 2b study in adults with OI which demonstrated a dose dependent statistically significant increase in bone mineral density and bone strength, we announced a strategic partnership with Ultragenyx in December 2020 for the development of setrusumab in children and adults with OI. Ultragenyx plans to start a pivotal, Phase 2/3 pediatric and young adult study (5-25 year olds) in the first half of 2022, and intend to initiate a separate Phase 2 study of patients under age five with OI to commence in the second half of 2022.

We plan to develop our product candidates through the next key clinical milestone and then partner where it makes sense strategically to do so, but also in select cases for our rare disease product candidates, to develop them through regulatory approval and potentially commercialization.

Our second oncology product, navicixizumab for the treatment of late line ovarian cancer has completed a Phase 1 study and has been partnered for further development with OncXerna on a global basis.

We plan to partner or sell our other two product candidates, acumapimod for the treatment of AECOPD and leflutrozole for the treatment of male infertility, recognizing the need for greater resources to take these product candidates to market.

We do not have any approved product candidates and, as a result, have not generated any revenue from product sales. Our ability to generate revenue sufficient to achieve profitability will depend on successful development and eventual commercialization of our product candidates either directly or with partners, if approved. Since our inception, we have incurred significant operating losses. For the year-ended December 31, 20221 we had a net profit of £12.7 million, including a £40.0 million gain on changes in fair value of financial instruments. For the years ended December 31, 2020 and 2019, we had net losses of £163.6 million, including a £109.8 million loss on changes in fair value of financial instruments, and £34.8 million, respectively. As of December 31, 2021, we had an accumulated net loss of £297.0 million (£309.7 million as of December 31, 2020).

We expect to continue to incur significant expenses and operating losses for the foreseeable future as we advance the clinical and manufacturing development of our product candidates and seek regulatory approval. If approved, we also expect to incur significant commercialization expenses related to product manufacturing, marketing, sales, and distribution.

We also expect to incur expenses in connection with the in-license or acquisition of additional rare disease product candidates and the potential clinical development of any such product candidates.

We are organized into a single operating segment following management's view of the business as a single portfolio of product candidates. Research and development expenses are monitored at a product level; however, decisions over resource allocation are made at an overall portfolio level. Our financing is managed and monitored on a consolidated basis.

Financial Operations Overview

Revenue

The Company's ordinary business activities are the development of product candidates to key clinical milestones and either strategically partnering them or further developing such product candidates through regulatory approval and potentially commercialization. The Company may enter into a range of different agreements with third parties, including, but not limited to: (i) licensing agreements where the global rights to a product candidate are licensed to a partner; and (ii) collaboration agreements where rights to a product candidate are licensed to a partner but the Company retains certain rights, for example to further develop or commercialize the product candidate in specified geographical territories. Under both licensing and collaboration agreements, rights to product candidates are provided to a partner typically in exchange for consideration in the form of upfront payments and/or development, regulatory, commercial or other similar milestones, and royalties on commercial sales, should regulatory approval be obtained for the product candidates.

Revenue includes income from licensing and collaboration agreements. Consideration received up front is recognized at the point in time in which the right to use an intangible asset is transferred. Income from development, regulatory, commercial or similar milestones is recognized when considered highly probable that a significant reversal will not occur.

Intangible assets out-licensed under a license or collaboration agreement are recorded within “Cost of revenue” in the Company’s consolidated statement of comprehensive income/(loss) based on an allocation of cost or value of the rights that have been out-licensed. Payments to third parties arising as a direct consequence of the income recognized are also recorded within “Cost of revenue” in the Company’s consolidated statement of comprehensive income/(loss).

We do not currently have any approved product candidates. Accordingly, we have not generated any commercial sales revenue during the period. In the future, we expect to be able to generate revenues if we are able to obtain regulatory approval and commercialize one or more of our product candidates or through the recognition of milestones and other potential revenues from out-licensing or partnering arrangements for any of our product candidates.

Research and Development Expenses

Research and development expenses include:

- employee-related expenses, such as salaries, share-based compensation, and other benefits, for Mereo's research and development personnel;
- costs for production of drug substance and drug product and development of Mereo's manufacturing processes by CMOs;
- fees and other costs paid to CROs, consultants, and other suppliers to conduct Mereo's clinical trials and pre-clinical and non-clinical studies; and
- costs of facilities, materials, and equipment related to drug production and Mereo's clinical trials and pre-clinical and non-clinical studies.

Our direct research and development expenses are allocated on a product-by-product basis. We allocate employee-related expenses for our research and development personnel and other related expenses to specific product candidate development programs.

Product candidates in a later stage 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 as well as preparation for potential specific post-authorization evidence generation that might be demanded by regulatory authorities. We expect that our research and development expense will increase substantially as we continue to advance the clinical development of our product candidates, including through our Phase1b/2 basket study for etigilimab and our ongoing Phase 2 proof-of-concept trial for alvelestat; hire additional clinical, scientific, and commercial personnel; and acquire or in-license future product candidates and technologies. As a result, we expect our research and development expenses will increase for the foreseeable future.

The successful development, approval, and commercialization of our product candidates is highly uncertain. At this time, we cannot reasonably estimate the nature, timing, and estimated costs of the efforts that will be necessary to complete the development of, or the period, if any, in which material net cash inflows may commence from any of our product candidates.

Our future expenditure on developing our product candidates is therefore highly uncertain. This is due to numerous risks and uncertainties associated with developing our product candidates, including the uncertainty of:

- the scope, rate of progress, and expense of our research and development activities;
- the progress and results of our clinical trials and our pre-clinical and non-clinical studies;
- the terms and timing of regulatory approvals, if any;
- establishment of arrangements with our third-party manufacturers to obtain manufacturing supply;
- protection of our rights in its intellectual property portfolio;
- launch of commercial sales of any of our product candidates, if approved, whether alone or in collaboration with others;

- out-licensing opportunities for clinical development and/or commercialization of our non-core product candidates and performance of our partners under these arrangements;
- the sale, if any, of one or more of our non-core disease product candidates;
- acceptance of any of our product candidates, if approved, by patients, the medical community and payors at our desired pricing levels;
- competition with other therapies; and
- continued acceptable safety profile of any of our product candidates following approval.

Any of these variables with respect to the development of our product candidates or any other future candidate that we may develop could result in a significant change in the costs and timing associated with their development. For example, if the FDA, the EMA, or another regulatory authority were to require us to conduct pre-clinical studies and clinical trials beyond those that we currently anticipate will be required for the completion of clinical development or if we experience significant delays in enrollment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of our clinical development programs. We may never succeed in obtaining regulatory approval for any of our product candidates.

Administrative Expenses

Our administrative expenses principally consist of salaries and related benefits, including share-based compensation, for personnel in our executive, finance and other administrative functions. Other general and administrative costs include facility-related costs and professional services fees for auditing, tax and general legal services, our requirements of being a public company listed on Nasdaq, costs incurred relating to the issue of equity to the extent not capitalized and the costs associated with the cancellation of admission of our ordinary shares to trading on the AIM market of London Stock Exchange plc in December 2020.

We expect that our general and administrative costs will increase in the future as our business expands and we increase our headcount to support the planned growth in our operating activities. These increases will likely include increased costs related to the hiring of additional personnel, additional facility-related costs and fees to outside consultants, lawyers and accountants, among other expenses. In addition, we expect to continue to grant share- based compensation awards to existing and future key management personnel and other employees. Additionally, we anticipate increased costs associated with being a U.S. public company, including expenses related to services associated with maintaining compliance with Nasdaq rules and SEC requirements, director compensation, insurance, and investor relations costs. If any of our product candidates that we intend to directly commercialize or co-commercialize obtains regulatory approval, we expect that we will incur expenses associated with building a sales and marketing team.

Finance Income

Finance income consists of interest earned on short-term cash deposits and short-term investments.

Changes in Fair Value of Financial Instruments

The fair value changes in financial instruments are recognized in the statement of comprehensive loss.

Loss on Disposal of Intangible Assets

On January 13, 2020, we entered into a license agreement with OncXerna for the development and commercialization of navicixizumab. The transaction was recorded as a disposal of an intangible asset and IP with a carrying value of £13.4 million ($16.5 million) was derecognized as a result of the agreement. Under the terms of the agreement, we received an upfront gross payment of £3.1 million ($4 million). After transaction costs and exchange differences, a loss on disposal of £10.9 million was recognized.

Finance Costs

Finance costs comprise interest on convertible loan notes, interest on our credit facility, finance charges on lease liabilities and any loan modification gains and losses. For further information on the terms of our convertible loan notes see "—Liquidity and Capital Resources—Indebtedness".

Net Foreign Exchange Gain/(Loss)

Our functional currency is pound sterling. We initially record transactions in foreign currencies at the rate prevailing on the date the transaction first qualifies for recognition. Net foreign exchange gain/(loss) consists of the difference arising on settlement or translation of our foreign currencies, which are primarily held in U.S. dollars.

Taxation

As a U.K. resident trading entity, we are subject to U.K. corporate taxation. Due to the nature of our business, we have generated losses since formation. As at December 31, 2021, 2020 and 2019, we had cumulative carry-forward tax losses of £122.6 million, £136.9 million and £70.2 million, respectively. The availability to carry forward and offset these tax loss carry forwards against future operating profits is subject to certain restrictions. As a company that carries out extensive research and development ("R&D") activities, we benefit from the U.K. R&D small or medium-sized enterprise tax credit regime and are able to surrender some of our trading losses that arise from our research and development activities for a cash rebate of up to 33.35% of eligible R&D expenditure. Qualifying expenditures largely comprise employment costs for research staff, subcontracted CRO and CMO costs, consumables and certain internal overhead cost incurred as part of research projects. Certain subcontracted qualifying research expenditures are eligible for a cash rebate of up to 21.67%. We may not be able to continue to claim payable R&D tax credits in the future because we may no longer qualify as a small or medium-sized company.

In the event we generate revenues in the future, we may benefit from the U.K. "patent box" regime that allows profits attributable to revenues from patents or patented product candidates to be taxed at an effective rate of 10%. This relief applies to profits earned from April 1, 2013. When taken in combination with the enhanced relief available on our R&D expenditures, we expect a long-term lower rate of corporation tax to apply to us. If, however, there are unexpected adverse changes to the U.K. R&D tax credit regime or the "patent box" regime, or for any reason we are unable to qualify for such advantageous tax legislation, or we are unable to use net operating loss and tax credit carryforwards and certain built-in losses to reduce future tax payments, our business, results of operations, and financial condition may be adversely affected.

As of December 31, 2021, the Company had U.S. federal tax losses to be carried forward of approximately £65.6 million (2020: £50.1 million), of which £59.4 million can be carried forward indefinitely and £6.2 million which will begin to expire in 2022. As of December 31, 2021, the Company had U.S. state tax losses to be carried forward of approximately £3.5 million which begin to expire in 2027.

As of December 31, 2021, total receivables related to tax credits previously recognized amount to £0.8 million which relates to an Alternative Minimum Tax ("AMT") refund in the U.S. In 2021, the Company recovered £2.8 million of the cash rebate from the R&D claims for the financial year ended December 31, 2020.

Critical Accounting Judgments and Estimates

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. In the application of our accounting policies, we are required to make judgments, estimates, and assumptions about the value of assets and liabilities for which there is no definitive third- party reference. The estimates and associated assumptions are based on historical experience and other factors that we consider to be relevant. Actual results may differ from these estimates. We review our estimates and assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods.

Further details relating to critical accounting judgments and estimates can be found in the consolidated financial statements, incorporated herein by reference.

Results of Operations

The following table sets forth Mereo's results of operations for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
	£'000s	£'000s
Revenue	36,464	—
Cost of revenue	(17,908)	—
Research and development expenses	(23,559)	(16,347)
Administrative expenses	(15,933)	(21,222)
Operating loss	**(20,936)**	**(37,569)**
Finance income	1	44
Finance costs	(4,022)	(6,383)
Changes in fair value of financial instruments	40,039	(109,849)
Gain/(loss) on disposal of intangible assets	113	(10,872)
Net foreign exchange loss	(954)	(1,821)
Profit/(loss) before tax	14,241	(166,450)
Taxation	(1,516)	2,822
Loss attributable to equity holders of the parent	**12,725**	**(163,628)**
Exchange differences on translation of foreign operations	(191)	349
Total comprehensive loss attributable to equity holders of the parent	12,534	(163,279)

Comparison of Years Ended December 31, 2021 and 2020

Revenue

Revenue was £36.5 million for the year ended December 31, 2021 compared to nil for year ended December 31, 2020.

In January 2021, the Company's licensing and collaboration agreement with Ultragenyx for the development and commercialization of setrusumab for OI became effective. Under the terms of the agreement, Ultragenyx will lead future global development of setrusumab in both pediatric and adult patients. We granted Ultragenyx an exclusive license to develop and commercialize setrusumab in the US and rest of the world, excluding Europe and the U.K. where we retain commercial rights. Each party will be responsible for post-marketing commitments in their respective territories.

Ultragenyx made an upfront payment of £36.5 million ($50 million) to Mereo in January 2021 and will fund global development of the program until approval and has agreed to pay a total of up to $254 million upon achievement of certain clinical, regulatory and commercial milestones. Ultragenyx will pay tiered double digit percentage royalties to us on net sales outside of Europe and the U.K. and we will pay a fixed double digit percentage royalty to Ultragenyx on net sales in Europe and the U.K..

Cost of revenue

Cost of revenue for the year ended December 31, 2021 was £17.9 million compared to nil for the year ended December 31, 2020. This was comprised of £9.5 million, representing the carrying value of the setrusumab rights granted to Ultragenyx under the licensing and collaboration agreement, and £8.4 million in relation to our 2015 agreement with Novartis, under which the Company pays a percentage of proceeds, subject to certain exceptions. Under the terms of this agreement, we made a payment of £7.2 million to Novartis for the year-ended December 31, 2021.

Research and development ("R&D") Expenses

The following table sets forth our R&D expenses by product development program for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
	£'000s	£'000s
Setrusumab (BPS-804)	3,597	7,695
Alvelestat (MPH-966)	5,303	4,709
Etigilimab (MPH-313)	13,499	1,029
Leflutrozole (BGS-649)	157	135
Acumapimod (BCT-197)	94	108
Navicixizumab ("Navi")	15	1,734
Other	63	153
Unallocated costs	831	784
Total R&D expenses	**23,559**	**16,347**

Total R&D expenses increased by £7.2 million, or 44%, from £16.3 million in 2020 to £23.6 million in 2021.

R&D expenses relating to etigilimab increased by £12.5 million. The increase was due to the costs associated with commencement of the open label Phase 1b/2 basket study in combination with nivolumab in a range of tumor types. R&D expenses relating to alvelestat increased £0.6 million, or 13%, primarily related to the ongoing Phase 2 proof-of-concept study. Partially offsetting the increases, R&D expenses relating to setrusumab and navicixizumab decreased by £4.1 million and £1.7 million, respectively. The decrease related to setrusumab was primarily driven by the licensing and collaboration agreement with Ultragenyx, under which Ultragenyx will fund global development of the program, and the decrease related to navicixizumab was driven by the global out-licensing agreement with OncXerna for the development and commercialization of navicixizumab.

Administrative expenses

Administrative expenses decreased by £5.3 million, or 25%, from £21.2 million in 2020 to £15.9 million in 2021.

The decrease was primarily driven by a £4.0 million reduction in legal and professional fees in 2021, reflecting lower activity and related transaction costs in 2021 compared to 2020, which included the June 2020 Private Placement and the cancellation of admission of our ordinary shares to trading on the AIM market of London Stock Exchange in December 2020. Premises-related costs decreased by £1.3 million in 2021 primarily due to one-off transaction costs in 2020 associated with renegotiation of our office lease in Redwood City.

Finance income and costs

Total finance costs decreased from £6.4 million in 2020 to £4.0 million in 2021. The decrease is primarily related to a decrease in bank loan interest of £2.9 million following the settlement of the bank loan in December 2020 and a decrease in lease liability finance charges of £0.9 million, partially offset by £1.3 million of additional interest primarily on the June 2020 Private Placement convertible loan notes.

Changes in fair value of financial instruments

The total change in fair value of financial instruments for 2021 was a gain of £40.0 million. The gain resulted from a £39.5 million unrealized gain on Warrants in respect of the June 2020 Private Placement and a £0.5 million unrealized gain on warrants issued to our former lenders in connection with the loan facility.

The total change in fair value of financial instruments for 2020 was a loss of £109.8 million. The loss primarily resulted from the Loan Notes and Warrants in respect of the June 2020 Private Placement, including: (i) a £63.2 million loss realized on the embedded derivative associated with the Loan Notes that was conditional on the passing of the Resolutions at a subsequent general meeting of shareholders held on June 30, 2020, and (ii) a £46.0 million unrealized loss on the Warrants. In addition, the unrealized loss on warrants issued to our former lenders in connection with the loan facility was £0.7 million in 2020.

Net foreign exchange gain/(loss)

The net foreign exchange loss for 2021 was £1.0 million, a decrease of £0.8 million from a £1.8 million loss in 2020. The net foreign exchange loss consists primarily of foreign exchange loss on the translation of non-functional currency cash deposits, primarily held in U.S. dollars.

Taxation

The income tax charge for 2021 was £1.5 million. The income tax charge arises primarily from a £40.0 million unrealized gain resulting from changes in the fair value of warrant instruments.

The income tax benefit for 2020 was £2.8 million. The income tax benefit represents eligible cash rebates paid or receivable from the tax authorities in the jurisdictions within which we operate for eligible types of research and development activities and associated expenditure (the “R&D tax credit”). Further, in February 2020, Mereo BioPharma 5 received a tax refund in respect of AMT of £0.2 million from the U.S. Internal Revenue Service (“IRS”). We currently estimate that an additional £0.8 million of tax refund in respect of AMT will be received in 2022 with respect to 2019.

Comparison of the Years Ended December 31, 2020 and 2019

For information relating to the comparison of the years ended December 31, 2020 and 2019, see “Item 5. Operating and Financial Review and Prospects” in our annual report on Form 20-F for the fiscal year ended December 31, 2020 filed with the SEC on March 31, 2021.

5.B. Liquidity and Capital Resources

Overview

Under the current business plan and cash flow forecasts, and in consideration of (i) our ongoing research and development efforts which are focused on our etigilimab, our oncology product candidate, and on our rare disease product candidates, setrusumab and alvelestat, (ii) our general corporate funding requirements, (iii) the upfront payment of $50 million received under the license and collaboration agreement with Ultragenyx for setrusumab, and (iv) our public offering of ADSs in February 2021 which raised approximately $108.2 million (£78.4 million) net cash proceeds, we anticipate that our current on-hand cash resources will extend into 2024. However, we will need additional external funding to complete our development plans and take selected products through to commercialization.

We do not currently have any approved product candidates and as a result, have not generated any revenue from product sales. As a result, to date, we have financed our operations primarily through the issuances of our equity securities and convertible debt and our credit facility, which we entered into in August 2017 and subsequently repaid in full in December 2020. We raised $183 million (£137.9 million) in private placements of ordinary shares and convertible loan notes in 2020 and in a public offering of ADSs in February 2021.

In September 2018, we entered into a revised loan agreement which enabled us to extend the interest only period of the credit facility from September 30, 2018 to April 30, 2019. On April 23, 2019, we agreed a revision to the loan agreement which extended the interest only period of the credit facility through December 31, 2020. On December 15, 2020, we repaid the outstanding principal and accrued interest in full. In connection with the credit facility, we have issued warrants for (i) 1,243,908 ordinary shares at an exercise price of £2.95 per share, and (ii). 1,243,908 ordinary shares at a price of $0.4144 per share.

On October 8, 2018, we entered into a funding agreement with The Alpha-1 Project, Inc. (“TAP”), which provided for funding of up to $0.4 million as a contribution towards the development of our product candidate alvelestat. On November 1, 2018, the first tranche of $0.1 million was received and as a result we issued 41,286 warrants to subscribe for our ordinary shares at an exercise price of £0.003 per share.

Aspire Capital Transaction

On February 10, 2020, we entered into a Purchase Agreement with Aspire Capital, which provides that, upon the terms and subject to the conditions and limitations set forth therein, Aspire Capital is committed to purchase up to an aggregate of $25.0 million worth of our ordinary shares that are exchangeable for ADSs over the approximately 30-month term of the Purchase Agreement. In addition, pursuant to the Purchase Agreement, Aspire Capital purchased 11,432,925 ordinary shares equivalent to 2,286,585 ADSs for $3.0 million (£2.3 million). In consideration for entering into the Purchase Agreement, concurrently with the execution of the Purchase Agreement, we paid Aspire Capital a commission fee of $0.3 million, which was wholly satisfied by the issuance to Aspire Capital of 2,862,595 ordinary shares equivalent to 572,519 ADSs.

Novartis Loan Note

On February 10, 2020, we entered into a £3.8 million convertible loan note instrument with Novartis pursuant to which we issued 3,841,479 unsecured convertible loan notes (the “Novartis Loan Note”) and warrants to purchase 1,449,614 ordinary shares, exercisable until February 2025.

Boxer Capital Transaction

On February 19, 2020, we entered into a securities purchase agreement with Boxer Capital. Under the terms of the agreement, Boxer Capital agreed to invest $3.0 million (£2.3 million) by purchasing 12,252,715 ordinary shares equivalent to 2,450,543 ADSs.

June 2020 Private Placement

On June 3, 2020, we entered into a securities purchase agreement with institutional investors pursuant to which we received approximately $70.0 million (£56.0 million) from the purchasers comprising: $19.4 million (£15.5 million) of ordinary shares and the subscription for Loan Notes in an aggregate principal amount of approximately $50.6 million (£40.5 million). Following the passing of resolutions at our General Meeting on June 30, 2020 the Loan Notes automatically converted into ordinary shares except that no new ordinary shares were issued which would result in any person holding in excess of 9.99 percent of the aggregate voting rights in the Company as a result of the relevant conversion. As a result of automatic conversion, Loan Notes in an aggregate principal amount of £21.8 million (together with accrued interest) converted into 125,061,475 new ordinary shares ("New Ordinary Shares") on June 30, 2020. As of December 31, 2021, Loan Notes in an aggregate principal amount of £12.4 million remained outstanding and convertible into new ordinary shares or ADSs in accordance with their terms.

Investors in the June 2020 Private Placement also received warrants entitling the holders to subscribe for an aggregate of 161,048,366 new ordinary shares. As of December 31, 2020, there were 160,358,161 warrants outstanding to purchase ordinary shares at an exercise price of £0.348 per ordinary share, exercisable until June 2023 and subject to the terms of the warrants. In accordance with the terms of the warrants, holders may elect to exercise their warrants on a cashless basis. As of December 31, 2021, there were 144,943,535 warrants outstanding.

February 2021 Public Offering

On February 12, 2021, we announced the completion of an underwritten public offering of 39,675,000 ADSs, at a public offering price of $2.90 per ADS, which includes 5,175,000 additional ADSs issued upon the exercise in full of the underwriters' option to purchase additional ADSs. The aggregate gross proceeds to us from the offering, before deducting underwriting discounts and commissions and offering expenses were $115.1 million. The net proceeds, after transaction costs, were £78.4 million ($108.2 million).

Partnership with Cancer Focus Fund and The University of Texas MD Anderson Cancer Center

On April 30, 2021, we entered into partnership with Cancer Focus Fund for a Phase 1b/2 study of etigilimab in Clear Cell Ovarian Cancer to be conducted at The University of Texas MD Anderson Cancer Center. The study will be financed by Cancer Focus Fund, in exchange for upfront consideration of $1.5 million (£1.09 million) of the Company's ordinary shares and additional payments based on the achievement of certain milestones.

Contractual Obligations

As further described above under "—A. Operating Results—Asset Purchase Agreements with Novartis" and "—A. Operating Results—License Agreement with AstraZeneca," under various agreements with Novartis and AstraZeneca, Mereo has agreed to make milestone payments and pay royalties. The amount, timing, and likelihood of such payments are not known and will remain uncertain for the foreseeable future.

In addition, Mereo enters into contracts in the ordinary course of business with CROs, CMOs, and other vendors to assist in the performance of its research and development activities and other services and products for operating purposes. The contracts with CROs generally provide for termination on notice, and therefore are cancelable contracts. We have manufacturing commitments with CMOs of £1.4 million as of December 31, 2021.

Cash Flows

Comparison of Years Ended December 31, 2021 and 2020

The table below summarizes our cash flows from (used in) operating, investing and financing activities for the years ended December 31, 2021 and 2020.

	Year Ended December 31,	
	2021	2020
	£'000s	£'000s
Net cash used in operating activities	(5,239)	(28,341)
Net cash (used in)/from investing activities	(421)	1,495
Net cash from financing activities	77,652	34,737
Net increase in cash and cash equivalents	71,992	7,891

Operating Activities

Net cash used in operating activities for the year ended December 31, 2021 was £5.2 million, a decrease of £23.1 million from £28.3 million in 2020. The decrease was primarily driven by the receipt of upfront payments from Ultragenyx of £36.5 million, offset by associated payments to Novartis of £7.2 million. In 2021, we received R&D tax credits from the U.K. tax authorities of £2.8 million compared to £10.4 million in 2020.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2021 was £0.4 million, a decrease from a cash inflow of £1.5 million in 2020. In 2020, we received net proceeds of £1.8 million following the global licensing arrangement for navicixizumab to OncXerna.

Financing Activities

Net cash from financing activities for the year ended December 31, 2021 was £77.7 million, an increase of £42.9 million from £34.7 million in 2020. The increase is primarily attributable to: £78.4 million net proceeds from the Public Offering in February 2021 compared to £59.6 million net proceeds from the issuance of ordinary shares and convertible loan notes in 2020; partially offset by repayment of £22.7 million of capital and interest on our bank loan and £2.1 million of lease liabilities in 2020.

Comparison of the Years Ended December 31, 2020 and 2019

For information relating to the comparison of the years ended December 31, 2020 and 2019, see "Item 5. Operating and Financial Review and Prospects" in our annual report on Form 20-F for the fiscal year ended December 31, 2020 filed with the SEC on March 31, 2021.

Operating and Capital Expenditure Requirements

As of December 31, 2021, we had an accumulated loss of £297.0 million. We expect to continue to report significant operating losses for the foreseeable future as it continues its research and development efforts and seek to obtain regulatory approval of our product candidates and any future product we develop. See also "Risk Factors—Risks Related to Our Business and Industry—If we do not obtain adequate and timely funding, we may not be able to continue as a going concern".

We expect our expenses to increase substantially in connection with its ongoing development activities related to its product candidates. We also expect to incur costs associated with operating as a U.S. public company listed on Nasdaq.

We anticipate that our expenses will increase substantially due to the costs associated with its current and planned clinical trials, our outsourced manufacturing activities and other associated costs including the management of our intellectual property portfolio. These costs will increase further if we:

- seek to develop additional product candidates;
- seek regulatory approvals for any of our product candidates that successfully completes clinical trials;
- potentially establish a sales, marketing, and distribution infrastructure and scale-up manufacturing capabilities to commercialize or co-commercialize any product candidates for which we may obtain regulatory approval and chose to commercialize directly;
- expand our intellectual property portfolio;
- add further central clinical, scientific, operational, financial and management information systems, and personnel, including personnel to support our development and to support our operations as a U.S. public company listed on Nasdaq; or
- experience any delays or encounter any issues from any of the above, including but not limited to failed studies, complex results, safety issues, or other regulatory challenges.

We expect that our existing cash and short-term deposits will enable us to fund our currently committed clinical trials and operating expenses and capital expenditure requirements into 2024. We have based these estimates on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our product candidates and any future product candidates and because the extent to which we may enter into collaborations with third parties for development of any of our product candidates is unknown, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research and development of our product candidates. Our future capital requirements will depend on many factors, including:

- The costs, timing and results of our ongoing Phase 1b/2 study for etigilimab, and our ongoing clinical trials for alvelestat in AATD and the investigator-sponsored study for patients with BOS; and the costs for our activities related to our ongoing collaboration with Ultragenyx for setrusumab for the treatment of adults and children with OI and the costs for our preparation for eventual commercialization of setrusumab in Europe and the U.K.;
- the costs and timing of manufacturing clinical supplies of our product candidates;
- the costs, timing, and outcome of regulatory review of our product candidates, including post-marketing studies that could be required by regulatory authorities;
- the costs, timing, and outcome of potential future commercialization activities, including manufacturing, marketing, sales, life cycle management and distribution, for our product candidates that we commercialize directly;
- the timing and amount of revenue, if any, received from commercial sales of our product candidates;

- the costs and timing of preparing, filing, and prosecuting patent applications; maintaining and enforcing our intellectual property rights; and defending any intellectual property-related claims, including any claims by third parties that we are infringing, misappropriating or otherwise violating their intellectual property rights;
- the sales price and availability of adequate third-party coverage and reimbursement for our product candidates;
- the effect of competitors and market developments;
- the performance of our collaborators and partners under the existing agreements on setrusumab and navicixizumab;
- the extent to which we are able to acquire new product candidates or enter into licensing or collaboration arrangements for our product candidates;
- milestone and deferred payments under Mereo's license and option agreement with AstraZeneca; and
- tax liabilities or other assessments and our ability to claim R&D tax credits or other reliefs.

Our revenues, if any, will be derived from development milestones or sales of any product candidates that we are able to successfully develop, receive regulatory approval for, and commercialize in future years. In the meantime, we will need to obtain substantial additional funds to achieve our business objective.

Adequate additional funds may not be available to us on acceptable terms, or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest may be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Any future debt financing or preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends and may require the issuance of warrants, which could potentially dilute your ownership interests.

If we raised additional funds through 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 grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce, or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Indebtedness

Credit Facility

As of December 31, 2021, the former lenders, Silicon Valley Bank and Kreos Capital V (UK) Limited, have warrants outstanding to purchase a total of 1,243,908 ordinary shares at an exercise price of £2.95 per share and a total of 1,243,908 ordinary shares at an exercise price of $0.4144 per share.

June 2020 Private Placement

On June 3, 2020, we entered into a securities purchase agreement (the "June 2020 Purchase Agreement") with a number of new and existing principally U.S based institutional and accredited investors (the "June 2020 Private Placement") pursuant to which we received $70.0 million (£56.0 million) comprising: the allotment of ordinary shares at a subscription price of $19.4 million (£15.5 million) utilizing the pre-existing share authorities of the Company, and the subscription for Tranche 1 convertible loan notes ("Loan Notes") in an aggregate principal amount of $50.6 million (£40.5 million).

Following the passing of resolutions at our General Meeting on June 30, 2020 the Loan Notes automatically converted into ordinary shares of £0.003 each in the capital of the Company except that no new ordinary shares were issued which would result in any person holding in excess of 9.99 percent. of the aggregate voting rights in the Company as a result of the relevant conversion. Accordingly, the automatic conversion resulted in Loan Notes in an aggregate principal amount of £21.8 million (together with accrued interest) converted into 125,061,475 ordinary shares on June 30, 2020. As of December 31, 2020 Loan Notes in an aggregate principal amount of £18.9 million remained outstanding and convertible into ordinary shares or ADSs in accordance with their terms. As of December 31, 2021, Loan Notes in an aggregate principal amount of £12.4 million remained outstanding.

Novartis Notes

On February 10, 2020, we entered into a £3.8 million convertible loan note instrument relating to the issue of 3,841,479 New Novartis Notes. The New Novartis Notes are convertible at any time at a fixed price of £0.265 per ordinary share. In addition, on February 10, 2020, in connection with the New Novartis Notes, we entered into a warrant instrument with Novartis to issue 1,449,614 ordinary shares at a weighted average exercise price of £0.265 per ordinary share. These warrants will be capable of exercise until February 10, 2025. The New Novartis Notes and the warrants include an adjustment provision to prevent the dilution of the ordinary shares issuable to Novartis under certain circumstances.

Contingent Value Rights ("CVR") arrangement

As a consequence of the License Agreement with OncXerna, and in accordance with the terms and conditions of the Contingent Value Rights Agreement for former stockholders of Mereo BioPharma 5 (formerly OncoMed), dated April 23, 2019, by and among Mereo and Computershare Inc., as rights agent, (the "CVR Agreement"), holders of contingent value rights ("CVRs") pursuant to the CVR Agreement will be entitled to receive certain eligible cash milestone payments made to Mereo under the License Agreement relating to Navi. The receipt of the upfront milestone payment of $4.0 million by us in January 2020 resulted in a payment to CVR holders of approximately 1.2 cents per CVR, a total of approximately $0.5 million (after deductions of costs, charges and expenditures). Future milestone payments occurring prior to the fifth anniversary of the closing of the Merger are also subject to a cash consideration cap, pursuant to which the aggregate principal amount of all cash payments made to holders of CVRs under the CVR Agreement shall in no case exceed $79.7 million.

Mereo accounts for the CVR arrangement as contingent consideration at fair value. As at December 31, 2021, the fair value of the contingent consideration is estimated to be nil. The estimated contingent consideration payable is based on a risk-adjusted, probability-based scenario. Under this approach, the likelihood of future payments being made to the former shareholders of Mereo BioPharma 5 under the CVR arrangement is considered. The estimate could materially change over time in line with the development plan and subsequent commercialization of the Navi product.

5.C. Research and Development, Patents and Licenses, etc.

As a development stage company, most of our business operations are focused on research and development. Please refer to "Item 4. Information On the Company—B. Business Overview—Our Strategy and –Intellectual Property". For a description of the Company's research and development policies for the last three years see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Financial Overview—Research and Development Expenses." For a description of Mereo's intellectual property, see "Item 4. Information On the Company—B. Business Overview—Intellectual Property."

5.D. Trend Information

Other than as disclosed elsewhere in this Annual Report, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our results of operations, financial condition, liquidity or capital resources, or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial conditions. For more information, see Item 4.B. Business Overview, Item 5.A. Operating Results, and Item 5.B. Liquidity and Capital Resources.

5.E. Not Applicable

Item 6. Directors, Senior Management And Employees

6.A. Directors and Senior Management

Executive Officers and Non-Executive Directors

The following table presents information about Mereo's executive officers and non-executive directors, including their ages, as of the date of this annual report:

Name	Age	Position
Executive Officers		
Dr. Denise Scots-Knight	62	Chief Executive Officer and Director
Christine Fox	41	Chief Financial Officer
Dr. Alastair MacKinnon	51	Chief Portfolio Management and Pipeline Strategy
John Richard	64	Chief Business Officer
Charles Sermon	52	General Counsel
Alexandra (Wills) Hughes-Wilson	50	Chief Patient Access and Commercial Planning
Dr. John Lewicki	70	Chief Scientific Officer
Dr. Suba Krishnan	57	Senior Vice President Clinical Development
Dr. Jackie Parkin	64	Senior Vice President and Therapeutic Head
Non-Executive Directors		
Dr. Peter Fellner	78	Chairman of the Board and Director
Dr. Jeremy Bender	50	Director
Dr. Anders Ekblom	67	Director
Anne Hyland	61	Director
Dr. Pierre Jacquet	55	Director
Dr. Deepika R. Pakianathan	57	Director
Dr. Brian Schwartz	60	Director
Michael S. Wyzga	67	Deputy Chairman of the Board and Director

The current business addresses for Mereo's executive officers and directors is c/o Mereo BioPharma Group plc, 4th Floor, One Cavendish Place, London, W1G 0QF, United Kingdom.

The following are brief biographies of Mereo's executive officers and non-executive directors:

Dr. Denise Scots-Knight. Dr. Scots-Knight has served as our Chief Executive Officer since July 2015 and as a member of our Board since our formation. From 2010 until joining us, Dr. Scots-Knight was the Managing Partner of Phase4 Partners Ltd. ("Phase4"), a global life science venture capital firm. Dr. Scots-Knight is currently a board member of Elanco Animal Health Incorporated (NYSE: ELAN). Dr. Scots-Knight previously served as a member of the board of directors of Idenix Pharmaceuticals, Nabriva, Albireo and OncoMed. Dr. Scots-Knight holds a B.Sc. (Hons.) and a Ph.D. from Birmingham University.

Christine Fox. Ms. Fox joined as our Chief Financial Officer in January 2021. From 2015 until joining us, Ms. Fox was the Vice President Finance, External Reporting and most recently Group Financial Controller and Treasurer of Travelport, and prior to that served more than 10 years at KPMG in the U.S. and Switzerland. Ms. Fox is a Certified Public Accountant (CPA) and holds a B.S. in Accounting from Butler University.

Dr. Alastair MacKinnon. Dr. MacKinnon has served as our Chief of Portfolio and Pipeline Strategy since January 2021 and previously as our Chief Medical Officer from July 2015 to December 2020. From 2010 until joining us, Dr. MacKinnon was a Partner of Phase4. Dr. MacKinnon holds a B.Sc. and a MBBS from King's College London and is a Member of the Royal College of Surgeons in Edinburgh.

John Richard. Mr. Richard has served as our Chief Business Officer, previously titled Head of Corporate Development, since July 2015. Prior to joining us, he was a consultant for Nomura, a global investment bank, and Phase4, and previously served as the head of business development for Sequus Pharmaceuticals Inc., VIVUS Inc. and Genome Therapeutics Corporation. Mr. Richard serves on the boards of Aruna Bio, Inc. and previously served on the boards of Catalyst Biosciences, Vaxart, Inc., Aviragen Therapeutics, Inc., and Targacept, Inc. Mr. Richard holds a B.S. from Stanford University and an MBA from Harvard Business School.

Charles Sermon. Mr. Sermon has served as our General Counsel and Company Secretary since July 2015. From 2010 until joining us, Mr. Sermon was a Partner of Phase4. Mr Sermon serves as a Director on the Board of Trustees of Rainbow Trust Children's Charity. Mr. Sermon trained and qualified as a lawyer with Freshfields in London after completing the Law Society's Final Examination. Mr. Sermon holds an LL.B. (Hons.) from Hull University.

Alexandra (Wills) Hughes-Wilson. Ms. Hughes-Wilson has served as our Chief of Patient Access and Commercial Planning, previously titled Head of Patient Access and Commercial Planning, since March 2018. Prior to joining us, Ms. Hughes-Wilson was Senior Vice President, Chief Patient Access Officer at Swedish Orphan Biovitrum (publ.) AB, a biotechnology company, from 2012 to 2018, and prior to that served as Vice President Health & Market Access Policy EMEA at Genzyme (now Sanofi Genzyme), a biotechnology company. Ms. Hughes-Wilson holds a bachelor's degree in Law and Politics (Hons.) from the University of Durham, U.K.

Dr. John Lewicki. Dr. Lewicki has served as our Chief Scientific Officer since July 2020. He has over 35 years of experience in the biotechnology industry. Dr. Lewicki was President, CEO and a board member of OncoMed from March 2018 to April 2019. Previously, Dr. Lewicki served as Vice President of Research, at Scios Inc. where he co-discovered human B-type natriuretic peptide (BNP). Dr. Lewicki contributed to development of BNP into an FDA-approved treatment (Natrecor) for acute congestive heart failure. Dr. Lewicki received his PhD from the University of California, San Diego. He has co-authored over 80 papers and is co-inventor on over 30 issued US patents.

Dr. Suba Krishnan. Dr Krishnan has served as our SVP Clinical Development since she joined us in December 2020 from Genmab, where, as Global Program Head Immuno-Oncology, she led cross-functional teams in the strategy and execution of multiple first-in-class bispecific antibodies. Dr. Krishnan has held positions of increasing scope, working across all stages of drug development, to evaluate PARP-inhibitors, ADCs and IO agents, and filing for approvals of nivolumab in second-line bladder cancer and pembrolizumab in small cell lung cancer. Earlier, Dr. Krishnan was Assistant Professor, Pediatric Hematology, Columbia University, and held the Sickle Cell Scholar position at Thomas Jefferson University. Dr. Krishnan completed her MBBS at the Armed Forces Medical College in Pune, India and trained in Pediatric Hematology/Oncology at Columbia University.

Dr. Jackie Parkin. Dr. Parkin is our SVP and Therapeutic Head, leading clinical development of alvelestat for alpha-1 antitrypsin deficiency (AATD) lung disease and collaborations for studies in COVID-19 and Bronchiolitis Obliterans Syndrome (BOS). She is also responsible for acumapimod in AECOPD and leflutrozole in male hypogonadism. Dr. Parkin previously served as Vice President for Clinical Development at GlaxoSmithKline, leading immuno-inflammatory and infectious diseases. Prior to GSK, Dr. Parkin was a Clinical Senior Lecturer in Immunology at the St Bartholomew's and Royal London Hospital, caring for patients with HIV infection.

Dr. Peter Fellner. Dr. Fellner has been Chairman of our Board since July 2015. He served as Chairman of the board of directors of Consort Medical plc from May 2009 until April 2019, was Chairman of the board of directors of Ablynx NV from November 2013 until January 2018 and Vernalis plc until October 2018. Dr. Fellner was previously Chairman of the board of directors of Acambis plc from 2006 until its acquisition by Sanofi Pasteur, Optos plc from 2000 until its acquisition by Nikon Corporation, and Vice Chairman of Astex Pharmaceuticals Inc. until its acquisition by Otsuka Pharmaceutical Company. He also served as a Director of UCB S.A. and was CEO and then Chairman of Celltech Group plc. Dr. Fellner holds a B.Sc. (Hons.) from the University of Sheffield and a Ph.D. from the University of Cambridge.

Dr. Jeremy Bender. Dr. Bender has served on our board since October 2020. Dr. Bender is Chief Executive Officer of DayOne Biopharmaceuticals, Inc. (NASDAQ: DAWN). Previously he served as Vice President of Corporate Development at Gilead Sciences, Inc., where he was responsible for development and negotiation of partnerships, alliances, joint ventures, equity investments, licensing agreements and M&A transactions. Dr. Bender joined Gilead from Tizona Therapeutics, Inc., where he was Chief Operating Officer. Prior to Tizona, he was Chief Business Officer of Sutro Biopharma, Inc. Dr. Bender received his undergraduate degree in Biological Sciences from Stanford University and his Ph.D. in Microbiology & Immunology from the University of Colorado. He also holds an M.B.A. from the MIT Sloan School of Management.

Dr. Anders Ekblom. Dr. Ekblom has served on our Board since July 2015. Dr. Ekblom has held a number of executive positions at AstraZeneca, including Executive Vice President Global Drug Development, Executive Vice President Global Medicines Development, Global Head Clinical Development and Chief Executive Officer of AstraZeneca AB Sweden. He currently serves as Chairman of the Board of Elypta AB and Xspray Pharma AB, and on the boards of directors of Alligator Bioscience AB and AnaMar AB. Dr. Ekblom is a board-certified medical doctor and an Associate Professor at the Karolinska Institutet. Dr. Ekblom holds a M.D., Ph.D. and a D.D.S. from Karolinska Institutet.

Anne Hyland. Ms. Hyland has served on our Board of Directors since March 2022. Ms. Hyland is a non-executive director of Clinigen Group plc (AIM: CLN) (since 2018), a global pharmaceutical and services company and Chair of their Audit and Risk Committee. She is also Chair of the Audit Committee and a non-executive director of Elementis plc (LON: ELM) (since 2013), a global specialty chemicals company. Ms. Hyland was Chief Financial Officer and Company Secretary of Kymab Group Ltd a biopharmaceutical company acquired by Sanofi in April 2021 for an upfront payment of US$1.1 billion and up to US$350 million in deferred consideration. Prior to this Ms. Hyland had significant experience in biopharmaceutical companies, having worked as CFO and Company Secretary of BBI Diagnostics Group plc, a diversified global diagnostics business and Vectura Group plc, a company that develops therapeutic products and devices principally for the treatment of respiratory diseases. Ms. Hyland is a Chartered Accountant (FCA), a Corporate Tax Adviser (CTA – AITI) and holds a degree in business studies from Trinity College, Dublin. Ms. Hyland was a Trustee of Sustrans, the charity that created the National Cycle Network, from 2012 to 2017.

Dr. Pierre Jacquet. Dr. Jacquet has served on our Board of Directors since September 2021. Dr. Jacquet is currently Managing Director and Vice Chairman of L.E.K. Consulting's Global Healthcare practice. He has served in a variety of leadership roles over 20 years at L.E.K., including Global Head, Healthcare Practice, Global Leadership Team, the Americas management committee, and various partner operating committees. Prior to joining L.E.K. in 2001, Dr. Jacquet was trained as a surgical resident at University of Liège, Belgium and served as a Fellow at the Washington Cancer Institute, where he authored over 40 publications and presentations. In addition to serving on Mereo's Board of Directors, Dr. Jacquet is a Director of Exact Sciences, on the Advisory Board of Life Science Cares, and previously served as a Director of Osprey Pharmaceuticals. He earned a Master of Business Administration from the Darden Graduate School at the University of Virginia, graduated Magna Cum Laude in Medicine from the University of Liège in Belgium and was awarded a Summa Cum Laude Doctor of Philosophy in biomedical sciences from the University of Liège in Belgium.

Dr. Deepika R. Pakianathan. Dr. Pakianathan has served on our Board since April 2019 following completion of the Merger and served as a director of OncoMed since December 2008 until the closing of the Merger. Since 2001, Dr. Pakianathan has been a Managing Member at Delphi Ventures, a venture capital firm focused on biotechnology and medical device investments. Dr. Pakianathan serves on the boards of directors of Karyopharm Therapeutics, Inc., Theravance Biopharma, Inc., and Calithera Biosciences, Inc. Dr. Pakianathan previously served on the boards of directors of Foresite Development Corp II, Alder Biopharmaceuticals, Inc. and Foresite Development Corp I. and Relypsa, Inc. Dr. Pakianathan received a B.Sc. from the University of Bombay, India, a M.Sc. from The Cancer Research Institute at the University of Bombay, India, and an M.S. and Ph.D. from Wake Forest University.

Dr. Brian Schwartz. Dr. Schwartz has served on our Board of Directors since October 2020. During the past decade he has served as Senior Vice President, Head of Research & Development and Chief Medical Officer of ArQule Inc., which was acquired for $2.7bn by Merck & Co. in 2020. Prior to ArQule Inc., Dr. Schwartz was Chief Medical Officer at Ziopharm, having previously held several senior leadership roles at Bayer and LEO Pharma. Dr. Schwartz is a Board Member of Cyclacel Pharmaceuticals, Infinity and Enlivex Therapeutics, an advisor for the California Institute of Regenerative Medicine, and acts as an independent consultant for numerous biotech companies. Dr. Schwartz previously served on the board of directors of LifeSci Acquisition Corp. He received his medical degree from the University of Pretoria, South Africa, completed a fellowship at the University of Toronto, Canada, and practiced medicine prior to his career in the biopharmaceutical industry.

Michael S. Wyzga. Mr. Wyzga has served on our Board since April 2019 following completion of the Merger and had served as a director of OncoMed since October 2013 until the closing of the Merger. On May 14, 2020, we entered into the Consulting and Interim Chief Financial Officer Agreement with MSW Consulting Inc. and Michael Wyzga by which Mr. Wyzga served as Interim Chief Financial Officer from August 1, 2020 to January 4, 2021. Mr. Wyzga is currently the President of MSW Consulting Inc., a strategic consulting group focused in the life sciences area. From December 2011 until November 2013, Mr. Wyzga served as President and Chief Executive Officer and a member of the board of directors of Radius Health, Inc. Prior to that, Mr. Wyzga served in various senior management positions at Genzyme Corporation, including as Chief Financial Officer from July 1999 until November 2011. Mr. Wyzga is a member of the boards of directors of Adagio Therapeutics, Inc. and LogicBio and is Chairman of the board of directors of GenSight Biologics S.A. and of X4 Biologics. Mr. Wyzga previously served as a member of the boards of directors of Exact Sciences Corporation, Idenix Pharmaceuticals, Inc. and Altus Pharmaceuticals, Inc., and as a member of the supervisory board of Prosensa Holding B.V. He received an M.B.A. from Providence College and a B.S. from Suffolk University.

Arrangements Concerning Election of Directors; Family Relationships

We are not a party to, and are not aware of, any voting agreements among our shareholders. In addition, there are no family relationships among our executive officers and directors.

6.B. Compensation

Executive Officer Remuneration

The following table sets forth the remuneration paid during the year ended December 31, 2021.

	Salary (£)	Cash Bonus (1) (£)	All Other Compensation (2) (£)	Total (3) (£)
Dr. Denise Scots-Knight	398,808	239,284	67,204	705,296
Other Executive Officers	1,978,390	882,615	325,911	3,186,915

(1) Amount shown reflects cash bonuses awarded for achievement of performance goals.
(2) Amount shown represents health benefit payments and pension contributions made by us.
(3) Total compensation set out in this table does not include any amounts for the value of options to acquire Mereo ordinary shares or awards granted to or held by current senior management, which is described in "—Equity Compensation Arrangements."

Executive Officer Employment Agreements

Dr. Denise Scots-Knight

We entered into an employment agreement with Dr. Scots-Knight on July 29, 2015, as amended and restated on September 3, 2021. This agreement entitles Dr. Scots-Knight to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. We currently contribute to Dr. Scots-Knight's Self-Invested Personal Pension Scheme an amount equal to 15% of Dr. Scots-Knight's annual salary, provided that she contributes 4% or more of her annual salary to that scheme. In lieu of a pension contribution, we may, at Dr. Scots-Knight's request, pay a pro-rata amount equal to 10% of her base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than 12 months' written notice, provided that we may terminate Dr. Scots-Knight at any time with immediate effect for cause or by giving written notice to Dr. Scots-Knight that we will instead pay her basic salary for any remaining notice period. Dr. Scots-Knight's employment agreement also contains restrictive covenants pursuant to which she has agreed to refrain from competing with us or soliciting our key employees for a period of six months following her termination of employment or soliciting our customers for a period of nine months following her termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Dr Scots-Knight equal to 18 months' annual base salary and Dr Scots-Knight's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

Christine Fox

We entered into an employment agreement with Ms. Christine Fox on October 20, 2020, as amended on September 3, 2021. The employment agreement entitles Ms. Fox to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with Mereo's annual bonus plan.

Ms. Fox is also eligible to participate in Mereo's group personal pension scheme and Mereo has agreed to contribute to the pension scheme an amount equal to 10% of Ms. Fox's annual salary provided that she contributes 4% or more of her annual salary to that scheme. In lieu of a pension contribution, Mereo may, at Ms. Fox's request, pay a pro-rata amount equal to 10% of her base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than six months' written notice, provided that Mereo may terminate Ms. Fox at any time with immediate effect for cause or by giving written notice to Ms. Fox that Mereo instead pay her basic salary for any remaining notice period. Ms. Fox's employment agreement also contains restrictive covenants pursuant to which she has agreed to refrain from competing with Mereo or soliciting its key employees for a period of six months following her termination of employment or soliciting Mereo customers for a period of nine months following her termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Ms. Fox equal to 12 months' annual base salary and Ms. Fox's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

Dr. Alastair MacKinnon

We entered into an employment agreement with Dr. MacKinnon on July 29, 2015, and subsequently amended the agreement on November 24, 2017, and on September 3, 2021. This agreement entitles Dr. MacKinnon to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan.

Dr. MacKinnon is also eligible to participate in our group personal pension scheme and we have agreed to contribute to the pension scheme an amount equal to 10% of Dr. MacKinnon's annual salary provided that he contributes 4% or more of his annual salary to that scheme. In lieu of a pension contribution, we may, at Dr. MacKinnon's request, pay a pro-rata amount equal to 10% of his base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than six months' written notice, provided that we may terminate Dr. MacKinnon at any time with immediate effect for cause or by giving written notice to Dr. MacKinnon that we instead pay his basic salary for any

remaining notice period. Dr. MacKinnon's employment agreement also contains restrictive covenants pursuant to which he has agreed to refrain from competing with us for a period of three months following his termination of employment, soliciting our key employees for a period of six months following his termination of employment, or soliciting our customers for a period of nine months following his termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Dr MacKinnon equal to 12 months' annual base salary and Dr MacKinnon's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

John Richard

Mr. Richard currently provides services to us pursuant to a revised and restated employment agreement dated September 1, 2019, and a change in control and severance agreement dated September 3, 2021.

Mr. Richard's employment agreement entitles him to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. Either party may terminate the employment agreement by giving the other party not less than three months' written notice, provided that we may terminate Mr. Richard at any time with immediate effect for cause or by giving written notice to Mr. Richard that we will instead pay his basic salary for any remaining notice period. Mr. Richard's employment agreement also contains restrictive covenants pursuant to which he has agreed to refrain from competing with us or soliciting our key employees or customers for a period of six months following his termination of employment. Mr. Richard's employment agreement includes the provision of accelerated vesting of share options and payments to Mr Richard equal to 12 months' annual base salary and Mr Richard's target annual bonus in the event of a covered termination following a change in control of the Company.

Charles Sermon

We entered into an employment agreement with Mr. Sermon on July 29, 2015 as amended on September 3, 2021. This agreement entitles Mr. Sermon to an annual base salary and an opportunity to earn an annual discretionary performance- based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. We have agreed to contribute to Mr. Sermon's Self-Invested Personal Pension Scheme an amount equal to 10% of Mr. Sermon's annual salary provided that he contributes 4% or more of his annual salary to that scheme. In lieu of a pension contribution, we may, at Mr. Sermon's request, pay a pro-rata amount equal to 10% of his base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than six months' written notice, provided that we may terminate Mr. Sermon at any time with immediate effect for cause or by giving written notice to Mr. Sermon that we will instead pay his basic salary for any remaining notice period. Mr. Sermon's employment agreement also contains restrictive covenants pursuant to which he has agreed to refrain from competing with us or soliciting our key employees for a period of six months following his termination of employment or soliciting our customers for a period of nine months following his termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Mr Sermon equal to 12 months' annual base salary and Mr Sermon's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

Alexandra (Wills) Hughes-Wilson

Mereo entered into a part-time employment agreement with Ms. Alexandra (Wills) Hughes-Wilson on March 8, 2019, as amended on September 16, 2021. The employment agreement entitles Ms. Hughes-Wilson to an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with Mereo's annual bonus plan.

Ms. Hughes-Wilson is also eligible to participate in Mereo's group personal pension scheme and Mereo has agreed to contribute to the pension scheme an amount equal to 10% of Ms. Hughes-Wilson annual salary provided that she contributes 4% or more of her annual salary to that scheme. In lieu of a pension contribution, Mereo may, at Ms. Hughes-Wilson's request, pay a pro-rata amount equal to 10% of her base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than six months' written notice, provided that Mereo may terminate Ms. Hughes-Wilson at any time with immediate effect for cause or by giving written notice to Ms. Hughes-Wilson that Mereo instead pay her basic salary for any remaining notice period. Ms. Hughes-Wilson's employment agreement also contains restrictive covenants pursuant to which she has agreed to refrain from competing with Mereo or soliciting its key employees for a period of six months following her termination of employment or soliciting Mereo customers for a period of nine months following her termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Ms Hughes-Wilson equal to 12 months' annual base salary and Ms Hughes-Wilson's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

Dr. John Lewicki

We entered into an employment agreement with Dr. Lewicki on July 1, 2020, as amended on September 3, 2021. This agreement entitles Dr. Lewicki to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. Either party can terminate the employment agreement at any time, with or without cause. Dr. Lewicki's employment agreement also contains restrictive covenants pursuant to which he has agreed to refrain from soliciting our key employees for a period of one year following his termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Dr. Lewicki in the event of a covered termination following a change in control of the Company

During 2020, we also made payments due to Dr. Lewicki pursuant to (i) a Consulting Agreement, dated April 23, 2019, between Dr. Lewicki and OncoMed and (ii) a Severance Agreement, dated October 17, 2018, between Dr. Lewicki and OncoMed.

Dr. Jackie Parkin

We entered into an employment agreement with Dr. Parkin on October 26, 2015 as amended on October 12, 2021. This agreement entitles Dr. Parkin to an annual base salary and an opportunity to earn an annual discretionary performance- based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. We have agreed to contribute to Dr. Parkin's Self-Invested Personal Pension Scheme an amount equal to 10% of Dr. Parkin's annual salary provided that she contributes 4% or more of her annual salary to that scheme. In lieu of a pension contribution, we may, at Dr. Parkin's request, pay a pro-rata amount equal to 10% of her base salary as additional compensation. Either party may terminate the employment agreement by giving the other party not less than six months' written notice, provided that we may terminate Dr. Parkin at any time with immediate effect for cause or by giving written notice to Dr. Parkin's that we will instead pay her basic salary for any remaining notice period. Dr. Parkin's employment agreement also contains restrictive covenants pursuant to which she has agreed to refrain from competing with us or soliciting our key employees for a period of nine months following her termination of employment or soliciting our customers for a period of six months following her termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Dr. Parkin equal to 12 months' annual base salary and Dr. Parkin's target annual bonus in the event of a covered termination during the period commencing on a change in control of the Company and ending 12 months after such change in control.

Dr. Suba Krishnan

We entered into an employment agreement with Dr. Krishnan on December 7, 2020. This agreement entitles Dr. Krishnan to receive an annual base salary and an opportunity to earn an annual discretionary performance-based bonus, subject to the achievement of performance goals determined in accordance with our annual bonus plan. Either party can terminate the employment agreement at any time, with or without cause. Dr. Krishnan's employment agreement also contains restrictive covenants pursuant to which she has agreed to refrain from soliciting our key employees for a period of one year following her termination of employment. The employment agreement includes the provision of accelerated vesting of share options and payments to Dr. Krishnan in the event of a covered termination following a change in control of the Company

Equity Compensation Awards to Non-Executive Directors and Executive Officers of Mereo

The following table summarizes: (i) the outstanding number of options and awards under the equity incentive plans; and (ii) the number of shares granted to executive officers and non-executive directors, as of December 31, 2021:

Name(1) Dr not Ph.D or MBBS	Ordinary Shares (including those represented by ADSs)	Ordinary Shares Underlying Options	Exercise Price Per Ordinary Share (£)	ADSs Underlying Options	Exercise Price Per ADS ($)	Grant Date	Expiration Date
Dr. Denise Scots-Knight	—	1,544,745	1.29	—	—	September 25, 2015	September 25, 2025
	—	32,205	nil	—	—	April 26, 2018	January 31, 2022
	—	—	—	87,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	87,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	175,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	520,000	2.72	February 1, 2021	February 1, 2031
	1,046,069	—	—	—	—	—	—
Christine Fox	—	—	—	170,000	3.32	January 19, 2021	January 19, 2031
Dr. Alastair MacKinnon	—	772,371	1.29	—	—	September 25, 2015	September 25, 2025
	—	22,588	nil	—	—	April 26, 2018	January 31, 2022
	—	—	—	27,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	27,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	85,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	140,000	2.72	February 1, 2021	February 1, 2031
	574,605	—	—	—	—	—	—
John Richard	—	772,371	1.29	—	—	September 25, 2015	September 25, 2025
	—	50,000	2.21	—	—	June 1, 2016	June 1, 2026
	—	—	—	27,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	27,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	85,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	140,000	2.72	February 1, 2021	February 1, 2031
	386,158	—	—	—	—	—	—
Charles Sermon	—	772,371	1.29	—	—	September 25, 2015	September 25, 2025
	—	23,966	nil	—	—	April 26, 2018	January 31, 2022
	—	—	—	27,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	27,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	85,000	1.84	February 20, 2020	February 20, 2030

	—	—	—	150,000	2.72	February 1, 2021	February 1, 2031
	661,884	—	—	—	—	—	—
Alexandra (Wills) Hughes-Wilson	—	30,769	3.25	—	—	May 2, 2018	May 2, 2028
	—	9,231	3.25	—	—	May 2, 2018	May 2, 2028
	—	—	—	18,000	5.40	May 20, 2019	May 20, 2029
	—	—	—	18,000	3.00	July 23, 2019	July 23, 2029
	—	—	—	50,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	100,000	2.72	February 1, 2021	February 1, 2031
	38,250	—	—	—	—	—	—
Dr. John Lewicki	—	—	—	100,000	2.77	August 12, 2020	August 12, 2030
	—	—	—	100,000	2.72	February 1, 2021	February 1, 2031
	90,995	—	—	—	—	—	—
Dr. Suba Krishnan	—	—	—	200,000	3.32	January 19, 2021	January 19, 2031
Dr. Jackie Parkin	—	406,240	1.29	—	—	October 26, 2015	October 26, 2025
	—	—	—	30,000	5.40	May 20, 2019	May 20, 2029
	—	—	—	50,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	100,000	2.72	February 1, 2021	February 1, 2031
Dr. Peter Fellner	—	1,692,673	1.29	—	—	September 29, 2015	September 29, 2025
	—	—	—	5,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	5,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	11,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031
	65,500	—	—	—	—	—	—
Dr. Jeremy Bender	—	—	—	22,000	3.32	January 19, 2021	January 19, 2031
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031

Name(1)	Ordinary Shares (including those represented by ADSs)	Ordinary Shares Underlying Options	Exercise Price Per Ordinary Share (£)	ADSs Underlying Options	Exercise Price Per ADS ($)	Grant Date	Expiration Date
	—	—	—	—	—	—	—
Dr. Anders Ekblom	—	216,264	1.29	—	—	September 29, 2015	September 29, 2025
	—	—	—	5,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	5,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	11,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031
	189,702	—	—	—	—	—	—
Dr. Deepika R. Pakianathan	—	—	—	5,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	5,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	11,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031
	1,283,670	—	—	—	—	—	—
Dr. Brian Schwartz	—	—	—	22,000	3.32	February 19, 2021	February 19, 2031
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031
	100,000	—	—	—	—	—	—
Michael S. Wyzga	—	—	—	5,500	5.40	May 20, 2019	May 20, 2029
	—	—	—	5,500	3.00	July 23, 2019	July 23, 2029
	—	—	—	11,000	1.84	February 20, 2020	February 20, 2030
	—	—	—	31,500	2.72	February 1, 2021	February 1, 2031

(1) No grants were made to Pierre Jacquet as of December 31, 2021.

Mereo has granted or may grant or intend to grant share options and awards under the following seven equity award plans (the “Mereo Share Plans”): (i) the 2015 Plan; (ii) the Share Option Plan; (iii) the LTIP; (iv) the 2016 DBSP; (v) the Mereo 2019 DBP; (vi) the Mereo 2019 Equity Incentive Plan (the 2019 Plan), (vii) the 2019 NED Equity Incentive Plan (the 2019 NED plan) (each as defined below).

The 2015 Plan

Prior to the admission of Mereo ordinary shares to trading on the AIM market of the London Stock Exchange plc in June 2016 (“Admission”), Mereo granted options under the 2015 Plan. No further grants have been made under the 2015 Plan since Admission. On December 18, 2020, admission of our ordinary shares to trading on the AIM market of the London Stock Exchange plc was cancelled. The 2015 Plan was amended on December 3, 2020.

Eligibility, Awards and Administration

The 2015 Plan provides for the grant of options to executive directors, non-executive directors, employees and consultants.

Options granted under the 2015 Plan vest in accordance with the vesting schedule set out in each option holder’s option agreement, in normal circumstances, between the first and fourth anniversary (or between the first and third anniversary for non-executive directors) of the vesting start date (typically the date of commencement of employment, appointment as a director, or entering into a consultancy agreement with us).

Admission did not automatically accelerate the vesting of options, and unvested options continue to vest in accordance with their original vesting schedule, subject to the rules of the 2015 Plan. The options are not subject to performance conditions other than continued service.

Options are not automatically exercisable on vesting, but upon Admission became exercisable to the extent vested. Options may generally be exercised until the day immediately preceding the tenth anniversary of the date of grant.

Options have been granted under the 2015 Plan with an exercise price ranging from £1.28 per Mereo ordinary share to £2.19 per Mereo ordinary share.

Plan Leavers

Options held by option holders who leave their office or employment will lapse immediately, unless the option holder is a Good Leaver (as defined in the plan rules). If the option holder is a Good Leaver, the option may be exercised to the extent vested at the date of cessation of services and for such period as the Mereo Board determines and communicates to the option

holder at that time (except upon death, in which case, options may be exercised for a period of one year), after which time they will lapse.

Certain Transactions

Under the 2015 Plan, certain corporate events such as a Takeover or a Trade Sale (as defined in the plan rules) will accelerate the vesting of all unvested options upon the occurrence of such event. Options will then be exercisable for a period of 40 days thereafter, after which they will lapse.

Adjustments

In the event of any capitalization, rights issue, consolidation, subdivision, reduction or any other variation of Mereo's share capital, the number of Mereo ordinary shares subject to an option and the exercise price applying to an option may be varied in such manner as the Mereo Board may determine.

Amendment and Termination

The Mereo Board may, at any time, amend the rules of the 2015 Plan with effect from a current, future or past date by way of a resolution, except that no amendment may be made which would abrogate or adversely affect the subsisting rights of option holders, unless consent from a majority of the affected option holders is obtained (by reference to the number of Mereo ordinary shares subject to options). However, any amendment to benefit the administration of the 2015 Plan, to take account of legislative changes, a Takeover or a Trade Sale (as defined in the plan rules) or to obtain or maintain favorable tax treatment or regulatory treatment may be made by the Mereo Board without the consent of option holders.

The Mereo Share Option Plan (the "Share Option Plan")

The Mereo Board adopted the Share Option Plan on June 9, 2016, and has subsequently amended it. Except where the context indicates otherwise, references to Mereo ordinary shares shall be deemed to include a number of our ADSs representing the right to receive our ordinary shares.

Eligibility, Awards and Administration

The Share Option Plan provides for the grant of options to acquire Mereo ordinary shares to employees and executive directors. Options may be granted to all eligible employees on commencement of employment and may be granted on a periodic basis after that. The Share Option Plan is administered by the Mereo Board who also set the terms and conditions of all options granted under the Share Option Plan, including any vesting and vesting acceleration conditions. Options are granted under the Share Option Plan at the discretion of the Mereo Board.

Vesting and Exercise

Under the Share Option Plan, the Mereo Board may determine the vesting schedule of an option and whether the vesting of an option will be subject to the satisfaction of a performance condition, although options are not currently granted subject to performance conditions other than continued service with Mereo. Once an option has vested, it may be exercised during the period ending on the tenth anniversary of the date of grant, after which time it will lapse. The exercise price of an option may not be less than the greater of: (i) the market value of a share on the date of grant; or (ii) if the shares are to be subscribed, the nominal value of a share. The Mereo Board may determine that an option be settled in cash or by "net exercise" of the option.

Limitation on Awards

No eligible employee may be granted options that, at the time they are granted, would cause the market value of shares subject to the options granted to the employee in respect of a financial year to exceed 400% of the employee's salary.

Plan Leavers

If a participant ceases to hold office or employment with Mereo as a result of dismissal for gross misconduct, any option the participant holds, whether vested or unvested, will lapse.

If a participant ceases to hold office or employment with Mereo for any reason other than dismissal for gross misconduct then: (i) if the option is already vested, it may be exercised within six months from the date of cessation of services if such cessation did not occur as a result of the participant's death, and within 12 months from the date of cessation of services if such cessation occurred as a result of the participant's death; and (ii) if the option is not already vested, it will vest on the normal vesting date as described above, unless the Mereo Board determines that the option will vest on the date of cessation of services. Where an option vests in these circumstances, any performance condition will be taken into account and, unless the Mereo Board determines otherwise, will be pro-rated for time.

Unless the board determines otherwise, options may not be transferred in any way and will lapse immediately on any attempt to do so, except that options may be transferred to a participant's personal representative upon death.

Certain Transactions

Under the Share Option Plan, if certain changes are made in, or events occur with respect to, Mereo ordinary shares (including any variation of share capital, demerger, cancellation of admission, special dividend, rights issue or any other event, which may, in the opinion of the Mereo Board affect the current or future value of Mereo ordinary shares), the number of shares subject to an option or the exercise price of an option may be adjusted as determined by the Mereo Board. In addition, upon such an event, the Mereo Board will determine: (i) whether and to what extent options which have not yet vested will vest; and (ii) the period of time during which any vested option may be exercised.

In the event of certain corporate transactions, including a scheme of arrangement or general offer, the vesting and exercisability of all options will accelerate to the extent determined by the Mereo Board, after which they will be exercisable for one month (or such longer period as determined by the Mereo Board, but not exceeding six months), following which they will lapse. However, if there is an internal reorganization, unless the Mereo Board determines otherwise, an option will generally be exchanged in consideration of the grant of a new option which, as determined by the Mereo Board, is equivalent to the option but relates to shares in a different company (whether the acquiring company or a different company). Any option that does not vest or is not exchanged will lapse immediately.

Amendment and Termination

The Mereo Board may, at any time, amend the rules of the Share Option Plan, except that no amendment may be made: (i) which would be to the material disadvantage of the existing rights of participants unless every participant who may be affected by such amendment has been invited to indicate whether he or she approves the amendment and the amendment is approved by a majority of such participants; or (ii) which would prevent the Share Option Plan from being an employees' share scheme in accordance with the U.K. Companies Act 2006. No options may be granted pursuant to the Share Option Plan after the tenth anniversary of the date of Mereo's Admission.

The Mereo Long Term Incentive Plan (the "LTIP")

In order to further incentivize Mereo's employees and align their interests with shareholders, the Mereo Board adopted the LTIP on June 9, 2016 and has subsequently amended it. No further grants under the LTIP are expected to be made.

Eligibility, Awards and Administration

The LTIP provides for the grant of nil-cost options, conditional awards, cash conditional awards or cash options (the "LTIP Awards"), to Mereo's employees. The shares used to satisfy the LTIP Awards are currently delivered through the Mereo BioPharma Group plc Employee Benefit Trust, which is based in Jersey.

The Mereo Board may determine that the LTIP Awards are settled in cash.

Vesting and Exercise

The LTIP Awards are subject to a vesting schedule as determined by the Mereo Board. LTIP Awards granted to key executive directors and senior management are subject to: (i) a share price performance condition; and (ii) the achievement of strategic operational targets. If on the date a LTIP Award is due to vest or be exercisable a restriction on share dealing (as may be imposed by Mereo's share dealing code) applies to the award, then the award will vest on the date on which such dealing restriction lifts. During the year ended December 31, 2021, 482,748 options under the LTIP lapsed as the performance conditions for a tranche were not met. To date, no options under the LTIP have vested.

Limitation on Awards

No eligible employee may be granted LTIP Awards that, at the time they are granted, would cause the market value of shares subject to the LTIP Awards granted to the employee in respect of a financial year to exceed 300% of the employee's salary.

The LTIP Awards may be: (i) reduced; or (ii) where the underlying shares or cash has already been transferred to the participant following vesting or exercise of the LTIP Award (as applicable), clawed back, where prior to the second anniversary of the end of the relevant performance period there has been a material misstatement of Mereo's accounts, an error in assessing a performance condition such that the LTIP Award vests to a greater extent than it would have vested, or fraudulent or material misconduct on the part of the participant.

Scheme Leavers

The LTIP Awards will usually lapse on the participant's cessation of employment or office, unless the cessation is because of death, ill health, injury or disability, or where the participant is no longer employed by Mereo, or for any other reason at the Mereo Board's discretion, except where the participant is summarily dismissed, in which case any unvested LTIP Awards will usually continue until the normal vesting date, unless the Mereo Board determines otherwise.

Certain Transactions

Under the LTIP, if certain changes are made in or events occur with respect to Mereo ordinary shares (including any variation of share capital, any demerger, cancellation of admission, special dividend, rights issue or other event which may, in the opinion of the Mereo Board, affect the current or future value of Mereo ordinary shares), the number of shares subject to a LTIP Award, or any performance condition, may be adjusted as determined by the Mereo Board. In addition, upon such an event, the Mereo Board will determine: (i) whether and to what extent awards which have not yet vested will vest; and (ii) the period of time during which any vested option may be exercised.

In the event of certain corporate transactions, including a general offer or a scheme of arrangement, the vesting and exercisability of all LTIP Awards will accelerate to the extent determined by the Mereo Board (taking into account the extent to which any performance conditions have been satisfied and usually the period of time from the date of grant to the date of the corporate transaction), and any nil-cost options will remain exercisable for one month (or such other period as determined by the Mereo Board), following which they will lapse. However, if there is an internal reorganization, a LTIP Award will be exchanged in consideration of the grant of a new award which, as determined by the Mereo Board, is equivalent to the LTIP Award but relates to shares in a different company (whether the acquiring company or a different company). Any LTIP Award that does not vest or is not exchanged will lapse immediately.

Amendment and Termination

The Mereo Board may, at any time, amend the rules of the LTIP or the terms of any LTIP Award, except that no amendment may be made: (i) which would be to the material disadvantage of the existing rights of participants unless every participant who may be affected by such amendment has been invited to indicate whether he or she approves the amendment and the amendment is approved by a majority of such participants; or (ii) which would prevent the LTIP from being an employees' share scheme in accordance with the U.K. Companies Act 2006. No LTIP Awards may be granted pursuant to the LTIP after the tenth anniversary of the date of Admission.

The Mereo Deferred Bonus Share Plan (the "2016 DBSP")

The Mereo Board adopted the 2016 DBSP on June 9, 2016 and has subsequently amended it. Following the adoption of the 2019 DBP in January 2019, no further grants are expected to be made under the 2016 DBSP.

Eligibility, Awards and Administration

The 2016 DBSP provides for the deferral of a percentage (currently 30%) of the annual bonuses awarded to Mereo's employees into the right to acquire shares equal in value to the amount deferred, free of charge.

Under the 2016 DBSP, conditional awards or nil-cost options (the "2016 DBSP Awards") may only be granted to participants who have earned a bonus, pursuant to Mereo's annual bonus plan, for the financial year immediately preceding the financial year in which the grant date occurs. A 2016 DBSP Award will be granted over such number of shares as have at the grant date a market value, as determined by the Mereo Board, equal to the deferred bonus (the amount of bonus which is to be delivered in the form of a conditional award or a nil-cost option).

Vesting and Exercise

The 2016 DBSP Awards will generally vest three years after the date of grant and have no performance conditions or service condition. The 2016 DBSP Awards may be settled in cash if determined by the Mereo Board. The shares used to satisfy the 2016 DBSP Awards are currently delivered through the Mereo BioPharma Group plc Employee Benefit Trust, which is based in Jersey.

If on the date a 2016 DBSP Award is due to vest or be exercisable a restriction on share dealing (as may be imposed by Mereo's share dealing code) applies to the award, then the award will vest on the date on which such dealing restriction lifts.

Once a nil-cost option has vested, it may be exercised during the period ending on the first anniversary of the date on which it vested in such manner as the Mereo Board determines, after which time it will lapse.

Limitation on Awards

No eligible employee may be granted 2016 DBSP Awards that, at the time they are granted, would cause the market value of shares subject to the 2016 DBSP Awards granted to the employee in respect of a financial year to exceed 100% of the employee's salary.

The 2016 DBSP Awards may, prior to the third anniversary of the grant date, be: (i) reduced; or (ii) where the underlying shares or cash have already been transferred to the participant following vesting or exercise of the 2016 DBSP Award (as applicable), clawed back, where there has been a material misstatement of Mereo's accounts, an error in assessing the information on which the bonus was determined such that the bonus was overpaid, or fraudulent or material misconduct on the part of the participant.

Certain Transactions

Under the 2016 DBSP, if certain changes are made in or events occur with respect to Mereo ordinary shares (including any variation of share capital, any demerger, cancellation of admission, special dividend, rights issue or other event which may in the opinion of the Mereo Board, affect the current or future value of Mereo ordinary shares), the number of shares subject to a 2016 DBSP Award may be adjusted as determined by the Mereo Board. In addition, upon such an event, the Mereo Board will determine: (i) whether and to what extent 2016 DBSP Awards which have not yet vested will vest; and (ii) the period of time during which any vested option may be exercised.

In the event of certain corporate transactions, including a general offer or a scheme of arrangement, the vesting and exercisability of all 2016 DBSP Awards will accelerate to the extent determined by the Mereo Board, after which, the 2016 DBSP Awards will be exercisable for one month (or such other period as or determined by the Mereo Board), following which they will lapse. However, if there is an internal reorganization, a 2016 DBSP Award will be exchanged in consideration of the grant of a new award which, as determined by the Mereo Board, is equivalent to the 2016 DBSP Award but relates to shares in a different company (whether the acquiring company or a different company).

Scheme Leavers

Except for where a participant is summarily dismissed (in which case the awards will be forfeited), the 2016 DBSP Awards usually will continue upon cessation of office or employment with Mereo and vest in full on the normal vesting date as described above. Options will remain exercisable for a period of 12 months from the date of vesting.

Amendment and Termination

The Mereo Board may, at any time, amend the rules of the 2016 DBSP, except that no amendment may be made: (i) which would be to the material disadvantage of the existing rights of participants unless every participant who may be affected by such amendment has been invited to indicate whether he or she approves of the amendment and the amendment is approved by a majority of such participants; or (ii) which would prevent the 2016 DBSP from being an employees' share scheme in accordance with the U.K. Companies Act 2006.

No 2016 DBSP Awards may be granted pursuant to the 2016 DBSP after the tenth anniversary of the date of Admission.

Mereo's Remuneration Committee has approved awards under the 2016 DBSP in respect of bonuses awarded to certain of Mereo's executive officers for 2017. These awards are in the form of nil-cost option grants under the 2016 DBSP in the following amounts: Dr. Scots-Knight: 32,205 shares subject to the option; Dr. MacKinnon: 22,588 shares subject to the option; and Mr. Sermon: 23,966 shares subject to the option. These options have vested.

The Mereo New Deferred Bonus Plan (the "2019 DBP")

The Mereo Board adopted Mereo's 2019 DBP on January 15, 2019.

Holding of Deferred Shares

Under the 2019 DBP, Mereo ordinary shares may be purchased by participants using an after-tax bonus amount paid to them pursuant to Mereo's annual bonus plan ("Deferred Shares").

Restrictions on Deferred Shares

The participants must hold the Deferred Shares for two years (or such other period as the Mereo Board may determine in advance) beginning on the date or dates on which a participant purchases those shares with the bonus. Participants must not transfer, assign, charge, sell or dispose of or encumber any Deferred Shares during this period except as permitted under the 2019 DBP or by the Mereo Board. The 2019 DBP permits participants to transfer Deferred Shares to an immediate family member or nominee to hold for them or as a beneficiary, or to a personal representative in the event of the participant's death.

Cessation of Employment

If a participant ceases employment with Mereo, he or she must continue to hold the Deferred Shares in accordance with the restrictions under the 2019 DBP unless the Mereo Board disapply some or all of the restrictions in respect of some or all of that participant's Deferred Shares. The Mereo Board will not have discretion to disapply any of the restrictions in the case of a participant who has been dismissed lawfully without notice or could have been so dismissed if he or she had not resigned.

Certain Transactions

Under the 2019 DBP, if any person obtains control of Mereo (by means of holding shares, the possession of voting power, or as a result of any powers conferred by Mereo's Articles or other document relating to Mereo), the restrictions on Deferred Shares under the 2019 DBP will cease to apply from that date unless the Mereo Board determines otherwise. The Mereo Board may not extend the restrictions under the 2019 DBP.

If an internal reorganization occurs (whereby immediately after a change of control of Mereo, all or substantially all of the issued share capital of the acquiring company is owned directly or indirectly by the persons who were shareholders in Mereo before the change of control) and the Deferred Shares are exchanged for shares in another company, the rules of the 2019 DBP will apply to those shares as if they were Deferred Shares.

Regulatory Issues

The purchase or transfer of Mereo ordinary shares under the 2019 DBP will be subject to obtaining any approval or consent required by Nasdaq (or any other relevant authority) and any restrictions imposed by Mereo's share dealing code, or any applicable laws or regulations which impose restrictions on share dealing.

Amendment and Termination

The Mereo Board may, at any time, amend the rules of the 2019 DBP or the terms of the Deferred Shares, except that no amendment may be made: (i) which would be to the material disadvantage of the existing rights of participants unless every participant who may be affected by such amendment has been invited to indicate whether he or she approves of the amendment and the amendment is approved by a majority of such participants; or (ii) which would prevent the 2019 DBP from being an employees' share scheme in accordance with the U.K. Companies Act 2006.

The 2019 DBP will terminate on the tenth anniversary of its adoption by the Mereo Board or at any earlier time by resolution of the Mereo Board. Termination of the 2019 DBP will be without prejudice to the existing rights of participants.

The Mereo 2019 Equity Incentive Plan (The 2019 EIP)

Our Board adopted the 2019 EIP on April 4, 2019. The Remuneration Committee made minor amendments to the rules of the 2019 EIP on May 16, 2019 and subsequently on February 13, 2020 and January 15, 2021.

Eligibility, Awards and Administration

The 2019 EIP provides for the grant of the following types of awards to non-executive directors: (i) market value options; (ii) share appreciation rights; (iii) restricted stock / restricted stock unit awards; (iv) performance awards (awards subject to performance conditions) and (v) other share-based awards.

Subject to the terms of the 2019 EIP awards can be granted in respect of ordinary shares, ADSs, cash or a combination thereof. References in this section to ordinary shares will be deemed references to ADSs, as applicable.

The 2019 EIP is administered by the Remuneration Committee unless the Remuneration Committee designates one or more directors as a subcommittee who may act for the Remuneration Committee if necessary. The Board may also choose to administer the 2019 EIP itself.

Vesting Schedule

Awards vest in accordance with the vesting schedule set for the relevant award in its award agreement.

Awards

On May 20, 2019, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an aggregate of 255,500 ADSs to executives, at an exercise price of $5.40 per ADS. On July 23, 2019, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 215,500 ADSs to executives, at an exercise price of $3.00 per ADS. On February 20, 2020, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 565,000 ADSs to executives, at an exercise price of $1.84 per ADS. On August 12, 2020, the Remuneration Committee of the Board agreed to grant an award in respect of market value options over an additional 100,000 ADSs to an executive, at an exercise price of $2.77 per ADS. On January 19, 2021, the Remuneration Committee of the Board agreed to grant an award in respect of market value options over an additional 170,000 ADSs to an executive, at an exercise price of $3.32 per ADS. On February 1, 2021, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 1,150,000 ADSs to executives, at an exercise price of $2.72 per ADS. On January 14, 2022, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 2,645,000 ADSs to executives, at an exercise price of $1.40 per ADS.

In the normal course of events and subject to the participant's continued employment through each applicable vesting date, one fourth of each such market value option grant shall vest on the first anniversary of the grant date and the remainder shall vest in equal monthly installments over the three year period following the first anniversary. No performance conditions apply to such market value options.

Limitation on Awards

Subject to adjustment, the aggregate number of shares available for issuance under the 2019 EIP and the 2019 NED EIP will not exceed 9,590,180 ordinary shares. Beginning in the 2021 calendar year, the total number of ordinary shares available for issuance under the 2019 EIP and the 2019 NED EIP is increased on January 1st of each year in an amount equal to the lesser of (i) 5.3% of our issued and outstanding ordinary shares (measured as of January 1st of such year) and (ii) such number of ordinary shares as determined by the Remuneration Committee of the Board, or such other committee as may be designated by the Board, in its discretion.

Leavers

Unvested awards will usually lapse on termination of office or service (including voluntary departure) save for potentially different good leaver treatment. The effect of a participant's termination of office or service on outstanding awards, including whether the awards may be exercised, settled, vested, paid or forfeited, will be determined by the Remuneration Committee and may be set forth in the participant's award agreement.

Certain Transactions

In the event of certain corporate transactions, including a change of control, the Remuneration Committee may determine the appropriate treatment of an award which may include (but is not limited to) it vesting in full, being settled in cash or being varied or replaced so as to relate to other assets (including shares in another company).

The number and type of securities subject to award and any exercise price may also be adjusted for various events that may affect the value of ADSs and for changes in applicable laws, regulations or accounting principles.

Amendment and Termination

The Board may amend, alter, suspend, discontinue or terminate the 2019 EIP or any portion thereof at any time, subject to shareholder approval where required by applicable law or the rules of the stock market or exchange, if any, on which the shares are principally quoted or traded.

However, no such Board action that would materially adversely affect participants' rights under an outstanding award may be taken without such participants' consent, except to the extent that such action is made to cause the 2019 EIP to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations or to impose any recoupment provisions on any awards in accordance with the 2019 EIP.

No Award may be granted under the 2019 EIP after the earliest to occur of: (i) the tenth anniversary of the effective date of the 2019 EIP; provided that to the extent permitted by the listing rules of any stock exchange on which we are listed, such ten-year term may be extended indefinitely so long as the maximum number of shares available for issuance under the 2019 EIP have not been issued; (ii) the maximum number of shares available for issuance under the 2019 EIP have been issued; and (iii) our Board terminates the 2019 EIP.

Beginning in the 2021 calendar year, the total number of ordinary shares available for issuance under the 2019 EIP and the 2019 NED EIP is increased on January 1st of each year in an amount equal to the lesser of (i) 5.3% of our issued and outstanding ordinary shares (measured as of January 1st of such year) and (ii) such number of ordinary shares as determined by the Remuneration Committee of the Board, or such other committee as may be designated by the Board, in its discretion.

The Mereo 2019 NED Equity Incentive Plan (The 2019 NED EIP)

Our Board adopted the 2019 NED EIP on April 4, 2019. The Remuneration Committee made minor amendments to the rules of the 2019 NED EIP on May 16, 2019 and subsequently on February 13, 2020 and January 15, 2021.

Eligibility, Awards and Administration

The 2019 NED EIP provides for the grant of the following types of awards to non-executive directors: (i) market value options; (ii) share appreciation rights; (iii) restricted stock / restricted stock unit awards; (iv) performance awards (awards subject to performance conditions) and (v) other share-based awards.

Subject to the terms of the 2019 NED EIP awards can be granted in respect of ordinary shares, ADSs, cash or a combination thereof. References in this section to ordinary shares will be deemed references to ADSs, as applicable.

The 2019 NED EIP is administered by the Remuneration Committee unless the Remuneration Committee designates one or more directors as a subcommittee who may act for the Remuneration Committee if necessary. The Board may also choose to administer the 2019 NED EIP itself.

Vesting Schedule

Awards vest in accordance with the vesting schedule set for the relevant award in its award agreement.

Awards

Awards were granted under the 2019 NED EIP to non-executive directors on May 20, 2019 in respect of (in aggregate) 38,500 ADSs at a per ADS exercise price of $5.40. The terms of the awards include that, at our discretion, the awards will be settled either in ADSs (for payment of the exercise price) or in cash (by reference to the growth in value in excess of the reference exercise price). On July 23, 2019, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 38,500 ADSs to non-executive directors, at an exercise price of $3.00 per ADS. On February 20, 2020, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 77,000 ADSs to non-executive directors, at an exercise price of $1.84 per ADS. On January 19, 2021, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 44,000 ADSs to non-executive directors, at an exercise price of $3.32 per ADS. On February 1, 2021, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 252,000 ADSs to non-executive directors, at an exercise price of $2.72 per ADS. On February 1, 2022, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 418,393 ADSs to non-executive directors, at an exercise price of $1.31 per ADS. On March 1, 2022, the Remuneration Committee of the Board agreed to grant awards in respect of market value options over an additional 50,416 ADSs to non-executive directors, at an exercise price of $1.24 per ADS.

In the normal course of events and subject to the participant holding the participant's current office (or being otherwise employed) through each applicable vesting date, such awards shall vest in equal monthly installments over the one year period following their grant date. No performance conditions apply to such awards.

Limitation on Awards

Subject to adjustment, the aggregate number of shares available for issuance under the 2019 EIP and the 2019 NED EIP will not exceed 5.3% of our issued and outstanding ordinary shares (such limit will be measured as of the date of grant of an award).

Leavers

Unvested awards will usually lapse on termination of office or service (including voluntary departure) save for potentially different good leaver treatment. The effect of a participant's termination of office or service on outstanding awards, including whether the awards may be exercised, settled, vested, paid or forfeited, will be determined by the Remuneration Committee and may be set forth in the participant's award agreement.

Certain Transactions

In the event of certain corporate transactions, including a change of control, the Remuneration Committee may determine the appropriate treatment of an award which may include (but is not limited to) it vesting in full, being settled in cash or being varied or replaced so as to relate to other assets (including shares in another company).

The number and type of securities subject to award and any exercise price may also be adjusted for various events that may affect the value of ADSs and for changes in applicable laws, regulations or accounting principles.

Amendment and Termination

The Board may amend, alter, suspend, discontinue or terminate the 2019 NED EIP or any portion thereof at any time, subject to shareholder approval where required by applicable law or the rules of the stock market or exchange, if any, on which the shares are principally quoted or traded.

However, no such Board action that would materially adversely affect participants' rights under an outstanding award may be taken without such participants' consent, except to the extent that such action is made to cause the 2019 NED EIP to comply with applicable law, stock market or exchange rules and regulations or accounting or tax rules and regulations or to impose any recoupment provisions on any awards in accordance with the 2019 NED EIP.

No Award may be granted under the 2019 NED EIP after the earliest to occur of: (i) the tenth anniversary of the effective date of the 2019 NED EIP; provided that to the extent permitted by the listing rules of any stock exchange on which we are listed, such ten-year term may be extended indefinitely so long as the maximum number of shares available for issuance under the 2019 NED EIP have not been issued; (ii) the maximum number of shares available for issuance under the 2019 NED EIP have been issued; and (iii) our Board terminates the 2019 NED EIP.

Incentive Award Arrangements

We have no incentive award arrangements in place as of the date of this prospectus.

For a description of the equity incentive plans see "—E. Share Ownership—Equity Compensation Arrangements."

Non-Executive Directors Remuneration

The following table sets forth the remuneration paid during 2021 to the current non-executive directors, all of which was in the form of annual fees:

Name	Annual Fees (£)
Dr. Peter Fellner, Ph.D.	100,000
Dr. Jeremy Bender, Ph.D.	40,375
Dr. Anders Ekblom, M.D., Ph.D.	47,175
Dr. Pierre Jacquet, Ph.D.	9,962
Dr. Deepika R. Pakianathan, Ph.D.	44,150
Dr. Brian Schwartz, M.D.	39,550
Michael S. Wyzga	49,500

Peter Bains served as a non-executive director until his resignation on September 20, 2021 and Kunal Kashyap served as a non-executive director until his resignation on October 26, 2021. Between January 1, 2021 and September 20, 2021 Peter Bains was paid total remuneration of £37,218 and between January 1, 2021 and October 26, 2021, Kunal Kashyap was paid a total remuneration of £43,750. Pierre Jacquet was appointed as a non-executive director on September 20, 2021, and the amount included represents fees accrued, but not paid as of December 31, 2021. On February 1, 2022, Mr. Jacquet was granted 33,393 market value options at an exercise price of $1.31 under the 2019 NED EIP plan which vested on grant in lieu of this amount.

Non-Executive Director Service Contracts

The remuneration of the non-executive directors is determined by the Mereo Board as a whole, based on a review of current practices in other companies. Mereo has entered into service contracts with Mereo's directors for their services, which are subject to a three-month termination period. There are no arrangements under which any non-executive director is entitled to receive compensation upon the early termination of his or her appointment.

Pension, Retirement or Similar Benefits

Mereo operates a defined contribution pension scheme which is available to all employees. Mereo makes payments of up to 10% of basic salary for executives (up to 15% for Mereo's Chief Executive Officer) into any pension scheme or similar arrangement as the participating executive may reasonably request (or a payment in lieu thereof). Such payments are not counted for the purposes of determining bonuses or awards under the LTIP. The total amount set aside or accrued by Mereo to provide pension, retirement or similar benefits to Mereo's current directors and Mereo's senior management with respect to 2021 was £173,496, which represents contributions made by Mereo in 2021 in respect of a defined contribution scheme.

6.C. Board practices

Composition of the Mereo Board

Our Board currently consists of nine members. Our Board has determined that none of our directors have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of director and that each of these directors is "independent" as that term is defined under the rules of Nasdaq. As a foreign private issuer, we are not required to meet the Nasdaq rule that our board be comprised of a majority of independent directors. However, we currently comply and intend to continue to comply with this requirement. There are no family relationships among any of our directors or senior management.

Insurance and Indemnification

To the extent permitted by the U.K. Companies Act 2006, Mereo is empowered under its Articles to indemnify its directors against any liability they incur by reason of their directorship. Mereo maintains directors' and officers' insurance to insure such persons against certain liabilities. Mereo has entered into a deed of indemnity with each of its directors.

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to the Mereo Board, executive officers, or persons controlling Mereo pursuant to the forgoing provisions, Mereo has been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Committees of the Mereo Board

The Mereo Board has four standing committees: an audit and risk committee, a remuneration committee, a nomination and governance committee, and a research and development committee.

Audit and Risk Committee

The audit and risk committee which consists of Michael S. Wyzga, Anne Hyland and Jeremy Bender, assists the board in overseeing our accounting and financial reporting processes and the audits of our financial statements. Mr. Wyzga serves as Chairman of the committee. The audit and risk committee consists exclusively of members of our board who are financially literate, and Mr. Wyzga is considered an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq rules and regulations. Our board has determined that all of the members of the audit and risk committee satisfy the "independence" requirements set forth in Rule 10A-3 under the Exchange Act. The audit and risk committee is governed by a charter that complies with Nasdaq rules.

The audit and risk committee's responsibilities include:

- recommending the appointment of the independent auditor to the general meeting of shareholders;
- the appointment, compensation, retention and oversight of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit services;
- pre-approving the audit services and non-audit services to be provided by our independent auditor before the auditor is engaged to render such services;
- evaluating the independent auditor's qualifications, performance and independence, and presenting its conclusions to the full board on at least an annual basis;
- reviewing and discussing with the executive officers, the board, and the independent auditor our financial statements and our financial reporting process; and
- approving or ratifying any related person transaction (as defined in our related person transaction policy) in accordance with our related person transaction policy.

The audit and risk committee will meet as often as one or more members of the audit and risk committee deem necessary, but in any event will meet at least four times per year. The audit and risk committee will meet at least once per year with our independent accountant, without our senior management being present.

Remuneration Committee

The remuneration committee which consists of Deepika R. Pakianathan, Brian Schwartz and Anders Ekblom, assists the board in determining senior management compensation. Dr. Pakianathan serves as Chairman of the committee. Under Nasdaq rules, there are heightened independence standards for members of the remuneration committee, including a prohibition against the receipt of any compensation from us other than standard board member fees. However, foreign private issuers are not required to meet this heightened standard. Nonetheless, our board has determined that Dr. Pakianathan, Dr. Schwartz and Dr. Ekblom meet this heightened standard. The remuneration committee is governed by a charter that complies with Nasdaq rules.

The remuneration committee's responsibilities include:

- identifying, reviewing, and proposing policies relevant to senior management compensation;
- evaluating each member of senior management's performance in light of such policies and reporting to the board;
- analyzing the possible outcomes of the variable compensation components and how they may affect the compensation of senior management;
- recommending any equity long-term incentive component of each member of senior management's compensation in line with any compensation policy and reviewing our senior management compensation and benefits policies generally; and
- reviewing and assessing risks arising from our compensation policies and practices.

Nomination and Corporate Governance Committee

The nomination and corporate governance committee which consists of Michael S. Wyzga, Jeremy Bender, Anders Ekblom, and Peter Fellner, assists our board in identifying individuals qualified to become members of our board and senior management consistent with criteria established by our board and in developing our corporate governance principles. Dr. Fellner serves as Chairman of the nomination and corporate governance committee. The nomination and corporate governance committee is governed by a charter that complies with Nasdaq rules.

The nomination and corporate governance committee's responsibilities include:

- drawing up selection criteria and appointment procedures for board members;
- reviewing and evaluating the size and composition of our board and making a proposal for a composition profile of the board at least annually;
- recommending nominees for election to our board and its corresponding committees;
- assessing the functioning of individual members of the board and senior management and reporting the results of such assessment to the board; and
- developing and recommending to the board rules governing the board, reviewing and reassessing the adequacy of such rules governing the board, and recommending any proposed changes to the board.

Research and Development Committee

The research and development committee, which consists of Pierre Jacquet, Brian Schwartz, Deepika R. Pakianathan and Anders Ekblom, assists our senior management with oversight and guidance related to strategic research and development matters and provides guidance and makes recommendations to our board regarding strategic research and development matters. Dr. Ekblom serves as Chairman of the research and development committee.

The research and development committee's responsibilities include oversight of:

- our strategic development plans for product candidates, taking into account any regulatory feedback; and
- the acquisition of new product candidates.

In addition, the research and development committee is tasked with keeping informed of strategic issues and commercial changes affecting our development programs and potential product acquisitions.

6.D. Employees

As of December 31, 2021, 2020 and 2019, Mereo had 49, 38, and 50 employees, respectively. As at December 31, 2021, 33 employees are located in the United Kingdom and 16 employees are located in the United States.

All of our employees are engaged in either general and administrative or research and development functions. None of our employees are covered by a collective bargaining agreement.

6.E. Share Ownership

Share Ownership

The total number of ordinary shares of the company beneficially owned by our directors and executive officers including in the form of ADSs, as of the date of this annual report, was 17,581,095 (which includes shares subject to options that are currently exercisable or will be exercisable within 60 days of February 28, 2022) which represents 3.0% of the total number of ordinary shares outstanding as of February 28, 2022. See Item 7.A. below.

Share Options

See "E. Compensation — Equity Compensation Arrangements."

Item 7. Major Shareholders And Related Party Transactions

7.A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of Mereo ordinary shares as of February 28, 2022 by each person known by Mereo to own beneficially 5% or more of the outstanding Mereo ordinary shares.

The number of Mereo ordinary shares beneficially owned by each person is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days through the exercise of any option, warrant or other right. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all Mereo ordinary shares held by that person.

The percentage of Mereo ordinary shares beneficially owned as of February 28, 2022 is computed on the basis of 584,908,239 ordinary shares outstanding as of February 28, 2022. Mereo ordinary shares that a person has the right to acquire within 60 days of February 28, 2022 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	Number of Ordinary Shares Beneficially Owned[1]	Percentage of Ordinary Shares Beneficially Owned
5% or Greater Shareholders:		
Rubric Capital Management LP[2]	74,572,235	12.75%
Baker Brothers[3]	64,917,601	9.99%
OrbiMed Funds[4]	59,282,307	9.99%
Vivo Funds[5]	57,542,857	9.47%
Point72 Asset Management LP[6]	53,050,000	9.07%
Suvretta Capital Management, LLC[7]	45,710,335	7.81%

(1) Ordinary shares figures include ordinary shares represented by ADSs.
(2) Based on information known to Mereo and information contained in a Statement on Schedule 13G filed by Rubric Capital Management LP on February 14, 2022. The address of the principal business office of Rubric Capital Management LP is 155 East 44th Street, Suite 1630, New York, NY 10017.
(3) Based on information known to Mereo and information contained in a Statement on Schedule 13G filed by Baker Bros. Advisors LP on February 14, 2022. The address of the principal business office of Baker Bros. Advisors LP is 860 Washington St, 3rd Floor, New York, NY 10014.
(4) Based on information known to Mereo and information contained in a Statement on Schedule 13G filed by OrbiMed Capital GP VII LLC, OrbiMed Advisors LLC and OrbiMed Capital LLC on February 11, 2022. The address of the principal business office of the OrbiMed Funds is 601 Lexington Avenue, 54th Floor, New York, NY 10022.
(5) Based upon information contained in a Statement on Schedule 13G filed by Vivo Capital IX, LLC and Vivo Opportunity, LLC on February 11, 2022. Vivo Capital IX, LLC is a Delaware limited liability company with an office address of 192 Lytton Avenue, Palo Alto, CA 94301. Vivo Opportunity, LLC is a Delaware limited liability company with an office address of 192 Lytton Avenue, Palo Alto, CA 94301.
(6) Based upon information contained in a Statement on Schedule 13G filed by the shareholder on February 14, 2022. The address of the principal business office of Point72 Asset Management is 72 Cummings Point Road, Stamford, CT 06902.
(7) Based upon information contained in a Statement on Schedule 13G filed by the shareholder on February 11, 2022. The address of the principal business office of Suvretta Capital Management, LLC is 540 Madison Avenue, 7th Floor, New York, New York 10022.

After the completion of the Merger we raised additional capital in both a private and a subsequent public offering. On June 3, 2020, we entered into a securities purchase agreement (the “June 2020 Purchase Agreement”) with a number of new and existing principally U.S.-based institutional and accredited investors (the “June 2020 Private Placement”) pursuant to which we received $70.0 million (£56.0 million) as described under “Material Agreements – Agreements Relating to June 2020 Private Placement” below.

On February 12, 2021, we announced the completion of an underwritten public offering of 39,675,000 ADSs, at a public offering price of $2.90 per ADS, which included 5,175,000 additional ADSs issued upon the exercise in full of the underwriters’ option to purchase additional ADSs. The aggregate gross proceeds to us from the public offering, before deducting underwriting discounts and commissions and offering expenses were $115.1 million. The net proceeds, after transaction costs, were £78.4 million ($108.2 million).

To our knowledge, and other than changes in percentage ownership as a result of the transactions described above and other than as disclosed in this Annual Report and in our other filings with the SEC, there has been no significant change in the percentage ownership held by the major shareholders listed above since January 1, 2019. The major shareholders listed above do not have voting rights with respect to their ordinary shares or ADSs that are different from the voting rights of other holders of our ordinary shares or ADSs.

As of December 31, 2021, assuming that all of our ordinary shares represented by ADSs are held by residents of the United States, including ADSs held by the entities set forth in the table above, and excluding certain other holders that we know to be non-residents of the United States, we estimate that approximately 96% of our outstanding ordinary shares (including ordinary shares underlying ADSs) were held in the United States. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders are resident since many of these shares were held by brokers or other nominees.

7.B. Related Party Transactions

The following is a description of related party transactions we have entered into since January 1, 2021, or currently in effect with any member of our board of directors or executive officers and the holders of more than 5% of our ordinary shares or ADSs.

Transactions with Mereo's Executive Officers and Directors

We have entered into employment agreements or consultancy agreements with our executive officers. See "Item 6. Directors, Senior Management and Employees—B. Compensation—Executive Officer Employment and Consultancy Agreement."

Employee Benefit Trust

In 2016, we established an Employee Benefit Trust ("EBT") for the purpose of holding ordinary shares (subsequently ADSs) to satisfy the exercise of options under the Company's share-based incentive schemes.

No funding was loaned to the EBT by the Company during the year ended December 31, 2021 (2020: nil). During the year ended December 31, 2021, no ordinary shares were purchased by the EBT (2020: 7). A total of 31,205 ADSs (2020: nil) held by the EBT were used in the year-ended December 31, 2021 to satisfy the exercise of options under the Company's share-based incentive schemes. As of December 31, 2021 the EBT holds 216,251 ADSs (2020: 247,456) along with £17,866 in cash (2020: £21,762).

Indemnity Agreements

We have entered into deeds of indemnity with each of our directors. See "Item 6. Directors, Senior Management and Employees—C. Board practices—Composition of the Mereo Board—Insurance and Indemnification."

Related Person Transaction Policy

Our Board has a written related person transaction policy, which sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, any transaction or proposed transactions between us and a related person that are material to us or the related person, including without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit and risk committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction.

7.C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

8.A. Consolidated Statements and Other Financial Information

See "Item 18. Financial Statements."

Legal Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Mereo is aware) that may have, or have had in the recent past (covering the 12 months immediately preceding the date of this annual report), significant effects on Mereo's financial position or profitability.

Dividend Policy

Mereo has never paid or declared any cash dividends on its ordinary shares, and does not anticipate paying any cash dividends on its ordinary shares in the foreseeable future. Mereo intends to retain all available funds and any future earnings to fund the development and expansion of its business. Under English law, among other things, Mereo may only pay dividends if it has sufficient distributable reserves (on a non-consolidated basis), which are calculated as Mereo's accumulated realized profits that have not been previously distributed or capitalized less its accumulated realized losses, so far as such losses have not been previously written off in a reduction or reorganization of capital.

8.B. Significant changes

Except as disclosed elsewhere in this annual report, there have been no other significant changes since December 31, 2021.

Item 9. The Offer And Listing

9.A.4 Offer and Listing Details

Our ADSs, each representing five of our ordinary shares, nominal value £0.003 per share, have been listed on the Nasdaq Global Market since April 24, 2019. Our ADSs trade under the symbol "MREO." Prior to that date, there was no public trading market for our ADSs. The Company's ordinary shares were previously admitted to trading on the AIM market of London Stock Exchange plc with admission canceled with effect from December 18, 2020.

9.B. Plan of Distribution

Not applicable.

9.C. Markets

Our ADSs are listed on the Nasdaq Global Market under the symbol "MREO".

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

10.A. Share Capital

Not applicable.

10.B. Memorandum and Articles of Association

The information in response to this item is contained under the caption "10.B Memorandum and Articles of Association" in our registration statement filed with the SEC on January 25, 2019 and is incorporated herein by reference.

10.C. Material Contracts

For a description of our material contracts, please see "Item 4. Information on the Company—B. Business Overview—Material Agreements."

10.D. Exchange Controls

There are no governmental laws, decrees, regulations or other legislation in the United Kingdom that may affect the import or export of capital, including the availability of cash and cash equivalents for use by Mereo, or that may affect the remittance of dividends, interest, or other payments by Mereo to non-resident holders of our ADSs, other than withholding tax requirements. There is no limitation imposed by English law or in the Articles on the right of non-residents to hold or vote shares.

10.E. Taxation

Material U.S. Federal Income Tax Considerations

The following is a discussion of the material U.S. federal income tax consequences to U.S. Holders (as defined below) of owning and disposing of the ADSs or ordinary shares, but it does not purport to be a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire the ADSs or ordinary shares. This discussion applies only to a U.S. Holder that holds the ADSs or ordinary shares as capital assets for U.S. federal income tax purposes. In addition, it does not describe all of the tax consequences that may be relevant in light of the U.S. Holder's particular circumstances, including any estate, gift, alternative minimum or Medicare contribution tax consequences, any U.S. state, local, or non-U.S. tax considerations, and any tax consequences applicable to U.S. Holders subject to special rules, such as:

- banks, insurance companies and other financial institutions;
- real estate investment trusts or regulated investment companies;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding our ADSs or ordinary shares as part of a straddle, integrated transaction or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes and their partners or investors;
- tax-exempt entities, "individual retirement accounts" or "Roth IRAs";
- S corporations;
- former citizens or residents of the United States;
- a person that is subject to special tax accounting rules under section 451(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code");
- persons that own or are deemed to own 10% or more of our stock by vote or value; or
- persons holding our ADSs or ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns the ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partner and the partnership. Partnerships owning the ADSs or ordinary shares and partners in such partnerships should consult their tax advisers as to the particular U.S. federal income tax consequences of owning and disposing of the ADSs or ordinary shares.

Persons that own or are deemed to own 10% or more of our stock by vote or value should consult their tax advisers regarding the application of the "controlled foreign corporation" rules to their ownership of our ADSs or ordinary shares.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury regulations, all as of the date hereof, any of which is subject to change, possibly with retroactive effect.

We have not sought and do not intend to seek any ruling from the Internal Revenue Service (the "IRS") with respect to the U.S. federal income tax consequences described herein and there can be no assurance that the IRS or a court will not take a contrary position.

As used herein, a "U.S. Holder" is a person that, for U.S. federal income tax purposes, is a beneficial owner of our ADSs or ordinary shares and is:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (i) is subject to the primary supervision of a court within the United States and subject to the control of one or more U.S. persons for all substantial decisions or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of our ADSs or ordinary shares in their particular circumstances.

For U.S. federal income tax purposes, a beneficial owner of our ADSs generally will be treated as the owner of the underlying ordinary shares represented by such ADSs. Accordingly, gain or loss will generally not be recognized if a U.S. Holder exchanges our ADSs for the underlying ordinary shares.

Passive Foreign Investment Company Rules

Special U.S. tax rules apply to U.S. Holders of stock in a company that are considered to be a passive foreign investment company (a "PFIC"). In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income (the "income test") or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income (the "asset test"). For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, dividends, gains from certain property transactions, rents and royalties (other than certain rents or royalties derived in the active conduct of a trade or business). Cash is a passive asset for PFIC purposes. Goodwill (the value of which may be determined by reference to the company's market capitalization) is generally treated as an active asset to the extent attributable to activities intended to produce active income.

Based on our gross income, the average value of our assets, including goodwill, and the nature of the current stage of our business, we do not believe we were a PFIC for the year ended December 31, 2021. There can be no assurance regarding our PFIC status for the current year or any particular year in the future because PFIC status is factual in nature, depends upon factors not wholly within our control, generally cannot be determined until the close of the taxable year in question and is determined annually. Whether we will be a PFIC in the current or any future taxable year is uncertain because, among other things, we currently own a substantial amount of passive assets, including cash, and because the valuation of our assets that generate non-passive income for PFIC purposes, including our goodwill and other intangible assets, is uncertain and may vary substantially over time. In addition, the composition of our assets and income may vary substantially over time. The average quarterly value of our assets for purposes of determining our PFIC status for any taxable year (to the extent applicable) will generally be determined in part by reference to our market capitalization, which has fluctuated and may continue to fluctuate significantly over time. Accordingly, there can be no assurance that we will not be a PFIC in the current or for any future taxable year. Accordingly, U.S. Holders should invest in our ADSs only if they are willing to bear the U.S. federal income tax consequences associated with investments in PFICs.

If we are a PFIC for any taxable year and any of our non-U.S. subsidiaries or other companies in which we own equity interests were also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the subsequent paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders had not received the proceeds of those distributions or dispositions.

Generally, if we were a PFIC for any taxable year during which a U.S. Holder holds our ADSs or ordinary shares and the U.S. Holder does not make a valid QEF Election or a mark-to-market election (described below), gain recognized upon a disposition (including, under certain circumstances, a pledge) of our ADSs or ordinary shares by the U.S. Holder will be allocated ratably over the U.S. Holder's holding period for such ADSs or ordinary shares. The amounts allocated to the taxable year of disposition and to years before we became a PFIC will be taxed as ordinary income. The amounts allocated to each other taxable year will be subject to tax at the highest rate in effect for that taxable year for individuals or corporations, as applicable, and an interest charge will be imposed on the resulting tax liability for each relevant taxable year. Further, to the extent that any distribution received by a U.S. Holder on our ADSs or ordinary shares exceeds 125% of the average of the annual distributions received on such securities during the preceding three years or the U.S. Holder's holding period, whichever is shorter (an "excess distribution"), such excess distribution will be subject to taxation in the same manner. If we are a PFIC for any taxable year during which a U.S. Holder owns our ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which such U.S. Holder owns our ADSs or ordinary shares, even if we cease to meet the threshold requirements for PFIC status. If we are a PFIC for any taxable year but cease to be PFIC for subsequent years, U.S. Holders should consult their tax advisers regarding the advisability of making a "deemed sale" election that would allow them to eliminate the continuing PFIC status under certain circumstances.

To avoid the foregoing rules, a U.S. Holder can make a qualified electing fund election (a "QEF Election") to treat us and each Lower-tier PFIC as a qualified electing fund in the first taxable year that the entity is treated as a PFIC with respect to the U.S. Holder. A U.S. Holder must make the QEF Election for each PFIC by attaching a separate properly completed IRS Form 8621 for that PFIC to the U.S. Holder's timely filed U.S. federal income tax return. A U.S. Holder making a QEF election other than for the first taxable year in which it owns (or is treated as owning) an equity interest in a PFIC would continue to be subject to the rules described in the preceding paragraph with respect to such PFIC, unless the U.S. Holder makes a "deemed sale" election with respect to the PFIC and recognizes gain taxed under the general PFIC rules described above with respect to the PFIC stock's appreciation before the year for which the QEF Election is made.

We will provide the information necessary for a U.S. Holder to make a QEF election with respect to us and we will also use our best efforts to cause each Lower-tier PFIC (as defined below) that we control to provide such information. We intend to provide this information for any taxable year during which our only income is interest income or income from financial investments and for any other taxable year for which we determine that we were a PFIC. However, no assurance can be given that such QEF information will be available for any Lower-tier PFIC that we do not wholly-own. We will post the information necessary to make QEF Elections on our website. If we are a PFIC for any taxable year, the consequences to any U.S. Holder will depend in part on whether the U.S. Holder makes a valid QEF Election or mark-to-market election as described below.

If a U.S. Holder makes a QEF Election with respect to a PFIC, the U.S. Holder will be taxed on its *pro rata* share of the PFIC's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each taxable year that the entity is a PFIC. If a U.S. Holder makes a QEF Election with respect to us, any distributions we pay out of our earnings and profits that were previously included in the U.S. Holder's income under the QEF Election would not be taxable to the U.S. Holder. A U.S. Holder will increase its tax basis in its ADSs or ordinary shares by an amount equal to any income included under the QEF Election and will decrease its tax basis by any amount distributed on the ADSs or ordinary shares that is not included in the U.S. Holder's income. In addition, a U.S. Holder will recognize capital gain or loss on the disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the ADSs or ordinary shares, as determined in U.S. dollars. A. U.S. Holder will not be taxed on the ordinary income and net capital gain under the QEF rules for any year that we are not a PFIC.

Based on the nature of our expected income, the expected composition of our assets, and our business prospects, we do not currently expect to have significant ordinary earnings or net capital gain in any taxable year in which we may be a PFIC. However, it is difficult to predict the nature and composition of our income and assets and the value of our assets in light of the volatile nature of earnings patterns of emerging pharmaceutical or biotechnology companies such as us. Accordingly, U.S. Holders should note that if they make QEF Elections with respect to us and our subsidiaries, they may be required to pay U.S. federal income tax with respect to their ADSs or ordinary shares for any taxable year in which we have a positive amount of earnings or net capital gains even if we do not make any distributions in such year. U.S. Holders should consult their tax advisers regarding the advisability of making QEF Elections in their particular circumstances.

Alternatively, if we are a PFIC for any taxable year and if our ADSs or ordinary shares are "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election that will result in tax treatment different from the general tax treatment described in the two preceding paragraphs. Our ADSs and/or ordinary shares will be treated as "regularly traded" in any calendar year in which more than a *de minimis* quantity of the ADSs and/or ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. NASDAQ, on which the ADSs are listed, is a qualified exchange for this purpose. The Internal Revenue Service has not identified specific non-U.S. exchanges that are "qualified" for this purpose. If a U.S. Holder makes a valid mark-to-market election, the U.S. Holder generally will recognize as ordinary income any excess of the fair market value of its ADSs or ordinary shares at the end of each taxable year over the adjusted tax basis of such ADSs or ordinary shares, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of its ADSs or ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in our ADSs or ordinary shares will be adjusted to reflect these income or loss amounts. Any gain recognized on the sale or other disposition of our ADSs or ordinary shares in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a valid mark-to-market election is made for any year in which we are a PFIC, distributions will be treated as described below under "—Taxation of Distributions" except that the preferential tax rates on dividends paid to non-corporate U.S. Holders will not apply. U.S. Holders will not be able to make a mark-to-market election with respect to Lower-tier PFICs, if any. U.S. Holders should consult their tax advisers as to the availability and desirability of a mark-to-market election in their particular circumstances if we are a PFIC for any taxable year.

If a U.S. Holder owns our ADSs or ordinary shares during any year in which we are a PFIC, the U.S. Holder generally will be required to file annual reports on IRS Form 8621 (or any successor form) with respect to us and any Lower-tier PFIC, generally with the U.S. Holder's U.S. federal income tax return for that year. U.S. Holders should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in our ADSs or ordinary shares.

Taxation of Distributions

This discussion under "—Taxation of Distributions" is subject to the PFIC rules described in "—Passive Foreign Investment Company Rules" above. Distributions paid on ADSs or ordinary shares, other than certain pro rata distributions of our ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will be treated first as a tax-free return of capital to the extent of the U.S. Holder's basis in the ADSs or ordinary shares and then as capital gain. For any taxable year in which we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that any distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be eligible for taxation at a preferential tax rate provided that we were not a PFIC for the taxable year in which the dividend is paid or the prior taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this preferential rate in the light of the discussion in "—Passive Foreign Investment Company Rules" above and in their particular circumstances.

If dividend payments in respect of our ADSs or ordinary shares are made in a currency other than the U.S. dollar, the amount of the dividend distribution that a U.S. Holder must include in income will be the U.S. dollar value of the payments made in such other currency, determined at the spot U.S. dollar exchange rate on the date the dividend distribution is includible in income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, if the foreign currency received as a dividend is not converted into U.S. dollars on the date of receipt, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date the payment is actually converted into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. U.S. Holders are urged to consult their tax advisers regarding the tax consequences of receiving, converting or disposing of any non-U.S. currency, received or deemed received as dividends on our ADSs or on the sale or retirement of an ADS or an ordinary share.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of our ADSs, the depositary's, receipt. Dividends generally will be income from non-U.S. sources, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation. Subject to certain conditions and limitations, non-U.S. tax withheld, if any, on dividends may be deducted from such U.S. Holder's taxable income or credited against such U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes

of income. For this purpose, dividends that we distribute generally should constitute "passive category income," or, in the case of certain U.S. Holders, "general category income." A foreign tax credit for foreign taxes imposed on distributions may be denied if a U.S. Holder does not satisfy certain minimum holding period requirements. The rules relating to the determination of the foreign tax credit are complex, and U.S. Holders are urged to consult their tax advisors to determine whether and to what extent such U.S. Holder will be entitled to a foreign tax credit.

Sale or Other Taxable Disposition

Except as described under "—Passive Foreign Investment Company Rules" above, a U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of our ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder's tax basis in the ADSs or ordinary shares disposed of, in each case as determined in U.S. dollars. A U.S. Holder's initial tax basis in the ordinary shares or ADSs will generally equal the cost of such ordinary shares or ADSs. If a U.S. Holder used foreign currency to purchase the ordinary shares or ADSs, the cost of the ordinary shares or ADSs will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, translated at the spot rate of exchange on that date. Any such gain or loss will be long-term capital gain or loss if at the time of the sale or disposition the U.S. Holder has owned our ADSs or ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders may be subject to a tax rate that is lower than the rate applicable to ordinary income. The deductibility of capital losses is subject to limitations. Any capital gain or loss recognized upon the sale or disposition of ADSs or ordinary shares will generally be treated as U.S.-source income for foreign tax credit limitation purposes. U.S. Holders should consult their tax advisers regarding the proper treatment of gain or loss, the availability of a foreign tax credit, and for U.S. Holders that sell the ADSs or ordinary shares for an amount denominated in a currency other than the U.S. dollar should consult their tax advisers regarding any potential foreign currency gain or loss that may have to be recognized.

Information Reporting and Backup Withholding

In general, payments of dividends and proceeds from the sale or other disposition of our ADSs or ordinary shares that are made within the United States or through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding, unless (i) in the case of information reporting, the U.S. Holder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder generally will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisers regarding the application of the information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of our ADSs or ordinary shares, or non-U.S. accounts through which our ADSs or ordinary shares are held, subject to certain exceptions. Penalties and potential other adverse tax consequences may be imposed if a U.S. Holder is required to submit such information to the IRS and fails to do so. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to our ADSs or ordinary shares.

Material United Kingdom Tax Considerations

The following is a description of the material U.K. tax considerations relating primarily to the ownership and disposal of our ADSs by the U.S. Holders described above. The U.K. tax comments set out below are based on current U.K. tax law as applied in England and Wales, and HMRC practice (which may not be binding on HMRC) as at the date of this summary, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide and, save where otherwise stated, only apply to you if you are not resident in the U.K. for U.K. tax purposes and do not hold our ADSs for the purposes of a trade, profession or vocation that you carry on in the U.K. through a branch, agency or permanent establishment in the U.K. and if you hold our ADSs as an investment for U.K. tax purposes and are not subject to special rules.

This summary does not address all possible tax consequences relating to an investment in our ADSs. In particular it does not cover the U.K. inheritance tax consequences of holding our ADSs. It assumes that DTC has not made an election under section 97A(1) of the Finance Act 1986. It assumes that we do not (and will not at any time) derive 75% or more of our

qualifying asset value, directly or indirectly, from U.K. land, and that we are and remain solely resident in the U.K. for tax purposes. This summary is for general information only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder. Holders of our ADSs are strongly urged to consult their tax advisers in connection with the U.K. tax consequences of their investment in our ADSs.

U.K. Taxation of Dividends

Mereo will not be required to withhold amounts for or on account of U.K. tax at source when paying a dividend in respect of its ordinary shares.

Holders who hold our ADSs as an investment, who are not resident in the U.K. for U.K. tax purposes and who do not hold their ADSs in connection with any trade, profession or vocation carried on by them in the U.K. through a branch, agency or permanent establishment in the U.K. should not be subject to U.K. tax in respect of any dividends on our ordinary shares.

U.K. Taxation of Capital Gains

An individual holder who is not resident in the U.K. for U.K. tax purposes should not be liable to U.K. capital gains tax on capital gains realized on the disposal of their ADSs unless such holder carries on a trade, profession or vocation in the U.K. through a branch or agency in the U.K. to which ADSs are attributable.

Any such individual holder of our ADSs who is temporarily non-resident for U.K. tax purposes will, in certain circumstances, become liable to U.K. tax on capital gains in respect of gains realized while they were not resident in the U.K.

A corporate holder of our ADSs which is not resident in the U.K. for U.K. tax purposes should not be liable for U.K. corporation tax on chargeable gains realized on the disposal of our ADSs unless it carries on a trade in the U.K. through a permanent establishment in the U.K. to which our ADSs are attributable.

Stamp Duty and Stamp Duty Reserve Tax

The following statements apply to all holders, regardless of their jurisdiction of tax residence.

No stamp duty is payable on the issue of our ordinary shares into a depositary receipt system (such as, Mereo understands, that operated by Citibank) or a clearance service (such as, Mereo understands, DTC). Based on current published HMRC practice and case law, no stamp duty reserve tax (“SDRT”) should be payable on the issue of our ordinary shares into a depositary receipt system or a clearance service. Accordingly, no stamp duty or SDRT should be payable on the creation and issue of our ADSs pursuant to the issue of our ordinary shares to Citibank’s custodian.

Transfers of ordinary shares to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts or to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services, will generally be regarded by HMRC as subject to stamp duty or SDRT at 1.5% of the amount or value of the consideration or, in certain circumstances, the value of the ordinary shares transferred. In practice, this liability for stamp duty or SDRT is in general borne by such person depositing the relevant shares in the depositary receipt system or clearance service.

No SDRT or stamp duty should be payable on paperless transfers of, or agreements to transfer, our ADSs through the facilities of DTC.

The transfer on sale of ordinary shares by a written instrument of transfer will generally be liable to U.K. stamp duty at the rate of 0.5% of the amount or value of the consideration for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer ordinary shares outside a depositary receipt system or a clearance service will generally give rise to a liability on the purchaser to SDRT at the rate of 0.5% of the amount or value of the consideration. Such SDRT is payable on the seventh day of the month following the month in which the charge arises, but where an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement, (i) any SDRT that has not been paid ceases to be payable, and (ii) any SDRT that has been paid may be recovered from HMRC, generally with interest.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We are subject to certain of the information reporting requirements of the Exchange Act. As a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act, with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC, within four months after the end of each fiscal year, an annual report on Form 20-F containing financial statements audited by an independent accounting firm. We publish unaudited interim financial information after the end of the second quarter. We furnish this half-year financial information to the SEC under cover of a Form 6-K.

The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of this website is http://www.sec.gov. The Company's website is www.mereobiopharma.com.

10.I. Subsidiary Information

Not applicable.

Item 11. Quantitative And Qualitative Disclosures About Market Risk

We are exposed to a variety of financial risks. Our overall risk management program seeks to minimize potential adverse effects of these financial risks on our financial performance. Further information relating to quantitative and qualitative disclosures about market risk can be found within Note 24 (Financial and capital risk management and fair value measurement) of our annual consolidated financial statements, incorporated by reference into this document.

Interest Rate Risk

We manage interest rate risk by monitoring short and medium-term interest rates and placing cash on deposit for periods that optimize the amount of interest earned while maintaining access to sufficient funds to meet day-to-day cash requirements. Interest payable on our convertible loan notes is fixed. In December 2020, we repaid the outstanding principal and accrued interest of our credit facility in full. Consequently, there is no material exposure to interest rate risk in respect of interest payable.

Credit Risk

We consider all of our material counterparties to be creditworthy. We consider the credit risk for each of our major counterparties to be low. We are, however, dependent on a number of third parties for the delivery of our programs and, where required, we pay upfront deposits and fees in advance of the delivery of services. We continue to assess credit risk as part of its management of these third-party relationships.

Liquidity Risk

We manage our liquidity risk by maintaining adequate cash reserves at banking facilities and invested in short-term deposits, and by continuously monitoring our cash forecasts, our actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Foreign Currency Risk

Foreign currency risk reflects the risk that the value of a financial commitment or recognized asset or liability will fluctuate due to changes in foreign currency rates. The majority of our operating costs are denominated in pound sterling, U.S. dollars and Euros. Our financial position, as expressed in pound sterling, is exposed to movements in foreign exchange rates, principally against the U.S. dollar and Euro.

We are exposed to foreign currency risk as a result of operating transactions, translation of foreign currency bank accounts and short-term deposits as well as funding arrangements with our subsidiary.

In addition, the assets and liabilities of our subsidiaries are translated into pound sterling at exchange rates in effect at each balance sheet date and operations accounts are translated using the average exchange rate for the relevant period (where the functional currency of the subsidiary is not pound sterling). Foreign currency translation adjustments are accounted for as a component of comprehensive income and reflected in the foreign exchange translation reserve and in comprehensive income on the consolidated statement of changes in equity.

We monitor our exposure to foreign exchange risk. We have not entered into foreign exchange contracts to hedge against foreign exchange fluctuations but maintain cash and short-term deposits in U.S. dollars to cover anticipated forward commitments. For the year ended December 31, 2021, we recorded a net foreign exchange loss of £1.0 million, compared to a £1.8 million loss for the year ended December 31, 2020.

Item 12. Description of Securities Other Than Equity Securities

12.A. Debt Securities

Not applicable.

12.B. Warrants and Rights

Not applicable.

12.C. Other Securities

Not applicable.

12.D. American Depositary Shares

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Service	Fee
Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares or upon a change in the ADS(s)-to-ordinary shares ratio), excluding ADS issuances as a result of distributions of ordinary Shares	Up to $5.00 per 100 ADSs (or fraction thereof) issued
Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property or upon a change in the ADS(s)-to-ordinary shares ratio)	Up to $5.00 per 100 ADSs (or fraction thereof) cancelled
Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to $5.00 per 100 ADSs (or fraction thereof) held
Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to $5.00 per 100 ADSs (or fraction thereof) held
Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to $5.00 per 100 ADSs (or fraction thereof) held
ADS Services	Up to $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the depositary
Registration of ADS Transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to $5.00 per 100 ADSs (or fraction thereof) transferred
Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and vice versa)	Up to $5.00 per 100 ADSs (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary, or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex, and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depositary in the conversion of foreign currency;
- the fees and expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs, and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges payable upon (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person to whom the ADSs are issued (in the case of ADS issuances) and to the person whose ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the holders of ADSs whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain of the depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

PART TWO

Item 13. Defaults, Dividend Arrearages And Delinquencies

None.

Item 14. Material Modifications To The Rights Of Security Holders And Use Of Proceeds

Not applicable.

Item 15. Controls And Procedures

(a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and regulations promulgated thereunder) as of December 31, 2021, or the Evaluation Date. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, our management concluded that, as of December 31, 2021, our internal control over financial reporting was effective.

(c) Attestation Report of the Registered Public Accounting Firm

Not applicable.

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this annual report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit Committee Financial Expert

Our board has determined that Mr. Michael S. Wyzga qualifies to serve as an "audit committee financial expert" as defined under the SEC rules, and has the requisite financial sophistication as defined under the applicable Nasdaq rules and regulations. Mr. Wyzga also qualifies as an independent director under the corporate governance standards of the Nasdaq listing requirements and the audit committee independence requirements of Rule 10A-3 of the Exchange Act. For more information see "Item 6. Directors, Senior Management and Employees—C. Board Practices—Committees of the Mereo Board—Audit and Risk Committee."

Item 16B. Code of Ethics

Code of Business Conduct and Ethics and Anti-Bribery and Anti-Corruption Policy

We have adopted a Code of Business Conduct and Ethics and an Anti-Bribery and Anti-Corruption Policy applicable to all of our directors, executive officers and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a code of ethics as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Business Conduct and Ethics and the Anti-Bribery and Anti-Corruption Policy can be found on our website at www.mereobiopharma.com. Information contained on, or that can be accessed through, our website does not constitute a part of this report and is not incorporated by reference herein. If we make any amendment to the Code of Business Conduct and Ethics or the Anti-Bribery and Anti-Corruption Policy or grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller and relates to standards promoting any of the values described in Item 16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

Item 16C. Principal Accountant Fees and Services

Our consolidated financial statements have been prepared in accordance with IFRS and were audited by BDO LLP, our independent registered public accounting firm registered with the Public Company Accounting Oversight Board in the United States.

BDO LLP has served as our independent registered public accounting firm for the year ended December 31, 2021. Ernst & Young LLP served as our independent registered public accounting firm for the year ended December 31, 2020.

The following table provides information regarding fees paid by us to BDO LLP for all services, for the year ended December 31, 2021 and to Ernst & Young LLP for all services for the year ended December 31, 2020:

	Year Ended December 31,	
	2021	2020
	(in thousands of pounds)	
Audit fees(1)	461	498
Audit related fees(2)	—	318
Other fees	—	—
Total fees	**461**	**816**

(1) Includes professional services rendered in connection with the audit of our annual financial statements, review of our interim financial statements and audits of our subsidiary accounts.

(2) In 2020, includes professional services rendered in connection with planned equity fundraising, and the acquisition of OncoMed in 2019.

Audit Committee Pre-Approval Policies and Procedures

Our audit committee's specific responsibilities in carrying out its oversight of the quality and integrity of the accounting, auditing and reporting practices of Mereo include the approval of audit and non-audit services to be provided by the independent auditor before the auditor is engaged to render such services. The audit committee approves in advance the particular services or categories of services to be provided to Mereo during the following yearly period and also sets forth a specific budget for such audit and non-audit services. Additional non-audit services may be pre-approved by the audit committee.

Item 16D. Exemptions From The Listing Standards For Audit Committees

None.

Item 16E. Purchases of Equity Securities By The Issuer And Affiliated Purchasers

In the years ending December 31, 2021 and 2020 Mereo's Employee Benefit Trust ("EBT") purchased no ordinary shares and 7 ordinary shares, respectively. In December 2020, the EBT converted its ordinary shares into 247,456 ADS's. As at December 31, 2021 a total cash balance of £17,866 was held by the EBT. Mereo utilizes the EBT to hold ADSs to satisfy the exercise of options under the Mereo's share-based incentive schemes.

	Total Number of Ordinary Shares Purchased	Average Price Paid Per Ordinary Share	Total Number of Ordinary Shares Purchased as Part of Publicly Announced Plans or Programs(1)	Maximum Number of Ordinary Shares that May Yet Be Purchased Under the Plans or Programs
Month #1 (October 1, 2018 – October 31, 2018)	131,487	£ 1.90	—	—
Month #2 (December 1, 2018 – December 31, 2018)	31,513	£ 1.80	—	—
Month #3 (May 1, 2019 – May 31, 2019)	1,074,274	£ 0.93	—	—
June 4, 2020	7	£ 0.17	—	—
Total	1,237,274	£ 1.88	—	—

(1) The ordinary shares were not purchased as part of a publicly announced plan or program

Item 16F. Change In Registrant's Certifying Accountant

On July 20, 2021, the Company's Board of Directors, following the recommendation of the Audit and Risk Committee of the Company's Board of Directors, appointed BDO LLP as the Company's independent registered public accounting firm for the year ending December 31, 2021, effective immediately replacing Ernst & Young LLP.

The reports of Ernst & Young LLP on the Company's consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except as follows:

"As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of IFRS 16 (Leases)."

Those reports have not been withdrawn or modified.

For the years ended December 31, 2020 and 2019 and through July 20, 2021, there were no (a) disagreements with Ernst & Young LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to its satisfaction, would have caused Ernst & Young LLP to make reference to the subject matter thereof in connection with its reports for such years; or (b) reportable events that would be required to be described under Item 16F(a)(1)(v) of Form 20-F in connection with the Company's annual report on Form 20-F, except that, in connection with the preparation of the Company's unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2020, management identified a material weakness in its internal controls as described in Item 15(b) of the Company's Annual Report on Form 20-F for the year ended December 31, 2020. This material weakness was remediated as of December 31, 2020.

During the fiscal years ended December 31, 2020 and 2019 and the subsequent period through July 20, 2021, the Company did not consult with BDO LLP regarding the application of accounting principles to a specified transaction or the type of audit opinion that might be rendered by BDO LLP on its consolidated financial statements. Further, BDO LLP did not provide any written or oral advice as to any such accounting, auditing or financial reporting matter or any matter being the subject of disagreement or defined as a reportable event or any other matter as defined in Item 16F(a)(1)(v) of Form 20-F.

The Company provided a copy of this disclosure to Ernst & Young LLP and requested that they furnish us with a letter addressed to the SEC stating whether Ernst & Young LLP agrees with the above statements, and if not, stating the respects in which it does not agree. A copy of the letter from Ernst & Young LLP addressed to the SEC, dated July 20, 2021, was filed as Exhibit 16.1 to the Report on Form 6-K filed with the SEC on July 21, 2021.

Item 16G. Corporate Governance

Foreign Private Issuer Exemption

As a "foreign private issuer," as defined by the SEC, Mereo is permitted to follow home country corporate governance practices, instead of certain corporate governance practices required by Nasdaq for U.S. domestic issuers. While Mereo intends

to follow most Nasdaq corporate governance rules, it intends to follow U.K. corporate governance practices in lieu of Nasdaq corporate governance rules as follows:

- Mereo does not intend to follow Nasdaq Rule 5620(c) regarding quorum requirements applicable to meetings of shareholders. Such quorum requirements are not required under English law. In accordance with the U.K. Companies Act 2006, Mereo's Articles provide alternative quorum requirements that are generally applicable to meetings of shareholders.
- Mereo does not intend to follow Nasdaq Rule 5605(b)(2), which requires that independent directors regularly have scheduled meetings at which only independent directors are present.
- Mereo does not intend to follow Nasdaq Rule 5635, which generally requires an issuer to seek shareholder approval in connection with certain private placements of equity securities. Mereo intends to follow the requirements of the U.K. Companies Act 2006 with respect to any requirement to obtain shareholder approval to authorize Mereo's directors to allot shares and to disapply statutory pre-emption rights prior to any private placements of equity securities.

Although Mereo may rely on certain home country corporate governance practices, Mereo must comply with Nasdaq Rule 5640 Notification of Noncompliance and Rule 5640 Voting Rights. Further, Mereo must have an audit committee that satisfies Rule 5605(c)(3), which addresses audit committee responsibilities and authority, and that consists of committee members that meet the independence requirements of Rule 5605(c)(2)(A)(ii).

Mereo intends to take all actions necessary for it to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and the Nasdaq corporate governance rules and listing standards.

Because Mereo is a foreign private issuer, Mereo's directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. Mereo will, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Mereo Shareholder Rights Under U.K. Law

The rights of the holders of our ordinary shares are governed by the laws of England and Wales and Mereo's Articles. The rights of the holders of our ADSs are governed by the deposit agreement.

Purchase and Redemption Rights

Under the U.K. Companies Act 2006, a public limited company may issue redeemable shares if authorized by its articles of association, subject to any conditions stated therein. No redeemable shares may be issued at a time when there are no issued shares of the company existing which are not redeemable. Mereo is empowered to issue redeemable shares under its Articles.

Under the U.K. Companies Act 2006, a company may redeem shares only if the shares are fully paid and, in the case of public limited companies, only out of: (1) distributable profits; or (2) the proceeds of a new issue of shares made for the purpose of such redemption.

Preemptive Rights

Under the U.K. Companies Act 2006, the issuance of "equity securities" (being (1) shares in a company other than shares that, with respect to dividends and capital, carry a right to participate only up to a specified amount in a distribution or (2) rights to subscribe for, or to convert securities into, such shares) that are to be paid for wholly in cash must be offered first to the existing holders of Mereo Shares in proportion to the respective nominal values (i.e., par values) of their holdings on the same or more favorable terms, unless an exception applies or a special resolution to the contrary has been passed or the articles of association otherwise provide, in each case in accordance with the provisions of the U.K. Companies Act 2006 and Mereo's Articles. An exclusion of pre-emptive rights can be granted for a maximum of five years from the date that Mereo's directors are granted authority to allot the relevant Mereo ordinary shares, after which shareholders' approval would be required to renew such exclusion.

Inspection Rights

Under English law, a company must retain and keep available for inspection by shareholders, free of charge, and by any other person on payment of a prescribed fee, its register of members. It must also keep available for inspection by shareholders, free of charge, records of all resolutions passed by and minutes of meetings of shareholders for a period of at least ten years from the date of the relevant resolution or meeting, and for a fee, provide copies of such records to shareholders who request them.

Appraisal Rights

There is no mandatory provision in English law for appraisal rights. Such rights could, in theory, be provided for in the articles of association or in a shareholders' agreement. Mereo's Articles do not provide for appraisal/dissenters' rights. However, English law provides dissenters' rights which would permit a shareholder to object to a court of England and Wales in the context of the compulsory acquisition of minority shares.

Votes on Certain Transactions

The U.K. Companies Act 2006 provides for schemes of arrangement, which are arrangements or compromises between a company and any class of shareholders or creditors and used in certain types of reconstructions, amalgamations, capital reorganizations or takeovers. These arrangements require: (1) the approval, at a shareholders' or creditors' meeting convened by order of a court of England and Wales, of a majority in number representing 75% in value of the creditors or class of creditors or members or class of members (as the case may be) present and voting, either in person or by proxy; and (2) the approval of a court of England and Wales.

Amendment of Corporate Governance Documents

Under the U.K. Companies Act 2006, a company incorporated in England and Wales may amend its articles of association by way of a special resolution.

Shareholder Action by Written Consent

Under the U.K. Companies Act 2006, a resolution of the members (or of a class of members) of a public company must be passed at a general meeting of the members. Written resolutions are not permitted.

Notwithstanding the foregoing: (1) English law currently provides that certain matters could be effected by a company otherwise than by passing a resolution where it can be shown that all shareholders of that company have provided unanimous informed consented to the relevant matter; and (2) under the U.K. Companies Act 2006, rights attached to a class of the company's shares may, where the company's articles contain no provision for the variation of the relevant rights, be carried by consent in writing from the holders of at least three-quarters in nominal value of the issued shares of that class.

Shareholder Meetings

The U.K. Companies Act 2006 requires that a public limited company, such as Mereo, must convene an annual general meeting within six months following its accounting reference date.

Subject to the notice requirements of the U.K. Companies Act 2006 outlined below and Mereo's Articles, a general meeting of the shareholders of Mereo may be called by the Mereo Board whenever and at such times and places as it shall determine.

A general meeting may also be convened by the Mereo Board on the requisition of two or more Mereo shareholders who hold at least 5% of the paid-up capital of Mereo carrying voting rights at a general meeting.

General meetings at which special resolutions are proposed and passed generally involve proposals to change the name of the company, permit the company to issue new shares for cash without the shareholders' pre-emptive right, amend the company's articles of association, or carry out other matters where either the company's articles of association or the U.K. Companies Act 2006 prescribe that a special resolution is required.

Other proposals relating to the ordinary course of the company's business, such as the election of directors, would generally be the subject of an ordinary resolution.

Under the U.K. Companies Act 2006, 21 clear days' notice must be given for an annual general meeting and any resolutions to be proposed at that meeting. At least 14 clear days' notice is required for any other general meeting.

In addition, certain matters, such as the removal of directors or auditors, require special notice, which is 28 clear days' notice.

Shareholder Proposals and Shareholder Nomination of Directors

Under the U.K. Companies Act 2006, shareholders of a company may require the directors to call a general meeting of the company and may specify the text of a resolution to be voted on at that meeting if the request is made by two or more shareholders holding at least 5% of the paid-up capital of Mereo carrying voting rights at a general meeting.

In certain circumstances, shareholders may also require the company to circulate to shareholders that are entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to (1) a matter referred to in a proposed resolution to be dealt with at that meeting, or (2) other business to be deal with at that meeting. A company is required to circulate a statement once it has received requests to do so from (1) two or more shareholders representing at least 5% of the total voting rights of all shareholders who have a relevant right to vote, or (2) by at least 100 shareholders who have a relevant right to vote and hold shares in the company on which there has been paid up an average sum, per shareholder, of at least £100.

Resolutions to appoint or re-appoint directors to a public limited company such as Mereo must generally be put to shareholders on the basis of one resolution for each nominated director.

Number of Directors

Under the U.K. Companies Act 2006, a public limited company must have at least two directors being natural persons.

Classification of the Board

Under the U.K. Companies Act 2006, a company may not enter into a service contract with a fixed term of more than two years with a director or (where the director is a director of a holding company) with a member of the group consisting of that company and its subsidiaries unless such contract has been approved by an ordinary resolution of the shareholders of the company or (in the case of a director of a holding company) of the shareholders of the holding company. Such a resolution must not be passed unless a memorandum setting out the proposed contract incorporating the provision is made available to members of the company both (1) at the company's registered office for not less than 15 days ending with the date of the meeting; and (2) at the meeting itself.

Removal of Directors

Under the U.K. Companies Act 2006, a company may remove a director without cause at a general meeting by way of an ordinary resolution of shareholders, irrespective of any provision of any agreement or service contract between the director and the company, provided that 28 clear days' notice of the proposed resolution to remove the director is given and certain other procedural requirements under the U.K. Companies Act 2006 are followed (such as allowing the director to make representations against his or her removal either at the meeting or in writing).

Limitation of Director Liability

Under the U.K. Companies Act 2006, any provision (whether contained in a company's articles of association or any contract or otherwise) that purports to exempt a director of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void, and any provision where the company is seeking to indemnify a director for such liability is also void except as allowed by the provision of insurance.

Directors and Officers Indemnity

Any provision by which Mereo directly or indirectly provides an indemnity (to any extent) for a director of the company or of an "associated company" (i.e., a company that is a parent, subsidiary or sister company of Mereo) against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he or she is a director is void except as permitted by the U.K. Companies Act 2006, which provides exceptions for Mereo to:

- purchase and maintain director and officer insurance insuring its directors or the directors of an associated company against any liability attaching in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he or she is a director;
- provide a "qualifying third party indemnity," which is an indemnity against liability incurred by Mereo's directors and directors of an associated company to a person other than Mereo or an associated company. Such indemnity must not cover criminal fines, penalties imposed by regulatory bodies, the defense costs of criminal proceedings where the director is found guilty, the defense costs of civil proceedings successfully brought against the director by the company or an associated company, or the costs of unsuccessful applications by the director for relief from liabilities for such matters; and

- provide a "qualifying pension scheme indemnity," which is an indemnity against liability incurred in connection with the company's activities as trustee of an occupational pension plan. Such indemnity must not cover a fine imposed in criminal proceedings, or sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), or any liability incurred by the director in defending criminal proceedings in which he or she is convicted.

The U.K. Companies Act 2006 also provides that Mereo may lend a director of Mereo funds to meet expenditure incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to Mereo or an associated company, or in connection with an application for certain specified relief, subject to the requirement that the loan must be on terms that it is to be repaid if the defense or the application for relief is unsuccessful.

Derivative Suits and Class Action Suits

Under English law, generally, the company, rather than its shareholders, is the proper claimant in an action in respect of a wrong done to the company or where there is an irregularity in the company's internal management. Notwithstanding this general position, the U.K. Companies Act 2006 provides that (1) a court may allow a shareholder to bring a derivative claim (that is, an action in respect of and on behalf of the company) in respect of a cause of action arising from a director's negligence, default, breach of duty or breach of trust and (2) a shareholder may bring a claim for a court order on the ground that the company's affairs have been or are being conducted in a manner that is unfairly prejudicial to the interests of its shareholders generally or of some of its shareholders, or that an actual or proposed act or omission of the company is or would be so prejudicial.

The U.K. Limitation Act 1980 imposes a limitation period, with certain exceptions, of civil claims. The period is six years in respect of actions in contract and tort, and 12 years for "actions on a specialty," such as a breach of any obligation contained in a deed. The limitation period begins to run from the date on which the action accrued. In the case of contract, this is the date on which the breach of contract occurred, and in tort this is the date on which the damage is suffered.

Conflicts of Interest Transactions

Under English law, a director is under a duty to avoid conflicts of interest, and is obliged to declare his or her interest (whether direct or indirect) in a proposed transaction with the company to the other directors. It is an offense to fail to declare an interest (whether direct or indirect) in an existing transaction with the company.

The duty to avoid a conflict of interest is not infringed if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest or if the matter has been authorized by the directors.

Other U.K. Law Considerations

See "Item 10. Additional Information—B. Memorandum and Articles of Association—Other U.K. Law Considerations" for other applicable corporate governance practices.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART THREE

Item 17. Financial Statements

We have elected to provide financial statements pursuant to Item 18.

Item 18. Financial Statements

Our audited consolidated financial statements are included in this annual report beginning at page F-1.

Item 19. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
1.1*	Articles of Association of Mereo BioPharma Group plc (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 24, 2019 (File No. 333-229351)).
2.1*	Form of American Depositary Receipt of Mereo BioPharma Group plc (incorporated into this Form 20-F by reference to Mereo's Form F-4/A filed March 15, 2019 (File No. 333-229351)).
2.2*	Description of Securities Registered under Section 12 of the Exchange Act. (incorporated into this Form 20-F by reference to exhibit 2.2 to Mereo's Form 20-F for the year ended December 31, 2020 filed with the SEC on March 31, 2021)
4.1*	Agreement and Plan of Merger and Reorganization, dated December 5, 2018, by and among Mereo BioPharma Group plc, Mereo US Holdings Inc., Mereo MergerCo One Inc. and OncoMed Pharmaceuticals, Inc. (incorporated into this Form 20-F by reference to Mereo's Form F-4/A filed March 15, 2019 (File No. 333-229351)).
4.9*†	BCT197 Asset Purchase Agreement, dated July 28, 2015, by and between Mereo BioPharma 1 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).

Exhibit No.	Description
4.9.1*	Amendment Agreement for BCT197, dated October 19, 2018, by and between Mereo BioPharma 1 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.9.2*	Addendum to the Asset Purchase Agreement, dated October 4, 2017, by and between Mereo BioPharma 1 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.9.3*	Addendum to the Asset Purchase Agreement, dated April 12, 2016, by and between Mereo BioPharma 1 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.10*†	BGS649 Asset Purchase Agreement, dated July 28, 2015, by and between Mereo BioPharma 2 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.10.1*	Amendment Agreement for BGS649, dated October 19, 2018, by and between Mereo BioPharma 2 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.10.2*	Addendum to the Asset Purchase Agreement, dated August 17, 2017, by and between Mereo BioPharma 2 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.11*†	BPS804 Asset Purchase Agreement, dated July 28, 2015, by and between Mereo BioPharma 3 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.11.1*†	Amendment Agreement, dated August 10, 2018, by and between Mereo BioPharma 3 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.11.2*	Addendum to the Asset Purchase Agreement, dated December 21, 2016, by and between Mereo BioPharma 3 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.12*†	Sublicense Agreement, dated July 29, 2015, by and between Mereo BioPharma 3 Limited and Novartis Pharma AG (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.13*†	Exclusive License and Option Agreement, dated October 28, 2017, by and between Mereo BioPharma 4 Limited and AstraZeneca AB (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.14*	Form of Deed of Indemnity for members of the board of directors of Mereo BioPharma Group plc (incorporated into this Form 20-F by reference to Mereo's Form F-4 filed January 25, 2019 (File No. 333-229351)).
4.15*	Form of Contingent Value Rights Agreement by and between Computershare, Inc., as rights agent, and Mereo BioPharma Group plc (incorporated into this Form 20-F by reference to Mereo's Form F-4/A filed March 15, 2019 (File No. 333-229351)).

Exhibit No.	Description
4.17**	Form of Letter of Appointment for members of the board of directors of Mereo BioPharma Group plc.
4.19*	Form of Convertible Loan Note Instrument, dated June 3, 2020, relating to Mereo BioPharma Group plc and amended March 29, 2021 (incorporated by reference to Exhibit 10.3 to the registrant's report on Form 6-K filed with the SEC on June 5, 2020 (File No. 001-38452)).
4.20*	Form of Warrant Instrument, dated June 3, 2020, relating to Mereo BioPharma Group plc and amended March 29, 2021 (incorporated by reference to Exhibit 10.4 to the registrant's report on Form 6-K filed with the SEC on June 5, 2020 (File No. 001-384520).
4.21*	Deed of Consent and Amendment to Convertible Loan Note Instrument, dated December 17, 2020 between Mereo BioPharma Group plc. and the Noteholders named therein.
4.22*	Form of Amended Convertible Loan Note Instrument, dated December 18, 2020 relating to Mereo BioPharma Group plc.
4.23*	Form of Amended Convertible Loan Note Instrument, dated February 5, 2021 relating to Mereo BioPharma Group plc.
4.24*	Form of Amended Convertible Loan Note Instrument, dated March 29, 2021 relating to Mereo BioPharma Group plc.
4.25*	Deed of Consent and Amendment to Warrant Instrument, dated March 29, 2021 between Mereo BioPharma Group plc. and the Alpha-1 Project, Inc.
4.26**	Employment Agreement, dated September 1, 2019 between Mereo Biopharma Group plc. and John Richard
4.27*	Employment Agreement, dated July 1, 2020 between Mereo BioPharma Group plc and John Lewicki.
4.28*	Form of Convertible Loan Instrument, dated February 10, 2020 relating to Mereo BioPharma Group plc.
4.29*	Form of Warrant Instrument, dated February 10, 2020 relating to Mereo BioPharma Group plc.
4.30*	Deed of Consent and Amendment to Note Instrument, dated November 24, 2020 between Mereo BioPharma Group plc. and Novartis Pharma AG.
4.31*	Deed of Consent and Amendment to Warrant Instrument, dated November 24, 2020 between Mereo BioPharma Group plc. and Novartis Pharma AG.
4.32*††	Collaboration and License Agreement, dated December 17, 2020, between Mereo BioPharma 3 Limited and Ultragenyx Pharmaceutical Inc.
4.33**	Amended and restated Contract of Employment, dated September 3, 2021, between Mereo BioPharma Group plc and Denise Scots-Knight
4.34**	Amended and restated Contract of Employment, dated September 3, 2021, between Mereo BioPharma Group plc and Christine Fox
4.35**	Amended and restated Contract of Employment, dated September 3, 2021, between Mereo BioPharma Group plc and Alastair Mackinnon
4.36**	Amended and restated Contract of Employment, dated September 3, 2021, between Mereo BioPharma Group plc and Charles Sermon
4.37**	Amended and restated Contract of Employment, dated September 16, 2021, between Mereo BioPharma Group plc and Alexandra (Wills) Hughes-Wilson
4.38**	Employment Agreement, dated December 7, 2020, between Mereo BioPharma Group plc and Suba Krishnan
4.39**	Amended and restated Contract of Employment, dated October 12, 2021], between Mereo BioPharma Group plc and Jackie Parkin
4.40**	Form of Change in Control and Severance Agreement for Executives employed by Mereo Biopharma 5, Inc.
4.44**	Deferred Compensation Plan for Non-Employee Directors, dated January 31, 2022
4.45**†††	License Agreement, dated January 13, 2020, between OncoMed Pharmaceuticals, Inc., Mereo BioPharma Group plc and Oncologie, Inc.
8.1*	List of Subsidiaries of Mereo BioPharma Group plc

Exhibit No.	Description
10.1*	Securities Purchase Agreement, dated February 10, 2020, by and between Mereo BioPharma Group PLC and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the registrant's report on Form 6-K filed with the SEC on February 10, 2020 (File No. 001-38452)).
10.2*	Registration Rights Agreement, dated February 10, 2020, by and between Mereo BioPharma Group PLC and Aspire Capital Fund, LLC (incorporated by reference to Exhibit 10.2 to the registrant's report on Form 6-K filed with the SEC on February 10, 2020 (File No. 001-38452)).
10.3*	Securities Purchase Agreement, dated February 19, 2020, by and between Mereo BioPharma Group PLC and Boxer Capital, LLC (incorporated by reference to Exhibit 10.1 to the registrant's report on Form 6-K filed with the SEC on February 19, 2020 (File No. 001-38452)).
10.4*	Registration Rights Agreement, dated February 19, 2020, by and between Mereo BioPharma Group PLC and Boxer Capital, LLC (incorporated by reference to Exhibit 10.2 to the registrant's report on Form 6-K filed with the SEC on February 19, 2020 (File No. 001-38452)).
10.5*	Form of Securities Purchase Agreement, dated June 3, 2020, by and among Mereo BioPharma Group PLC and the several purchasers named therein (incorporated by reference to Exhibit 10.1 to the registrant's report on Form 6-K filed with the SEC on June 5, 2020 (File No. 001-38452)).
10.6*	Form of Registration Rights Agreement, dated June 3, 2020, by and between Mereo BioPharma Group PLC and the several purchasers named therein (incorporated by reference to Exhibit 10.2 to the registrant's report on Form 6-K filed with the SEC on June 5, 2020 (File No. 001-38452)).
12.1**	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2**	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1***	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2***	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1**	Consent of BDO LLP, Independent Registered Public Accounting Firm
15.2**	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
16.1**	Letter of Ernst& Young , LLP
101	The following materials from this annual report on Form 20-F formatted in XBRL (Extensible Business Reporting Language) are furnished herewith: (i) the Report of Independent Registered Public Accounting Firm, (ii) the consolidated statements of financial position data, (iii) the consolidated statements of comprehensive loss data, (iv) the consolidated statements of changes in shareholders' equity (capital deficiency), (v) the consolidated statements of cash flows, and (vi) the notes to consolidated financial statements, in each case tagged as blocks of text and in detail.
104	Cover Page Interactive Data File

*	Previously filed.
**	Filed herewith.
***	Furnished herewith.
†	Portions of this exhibit are subject to a previously filed confidential treatment order pursuant to Rule 406 under the Securities Act.
††	Confidential portions of this exhibit were redacted pursuant to Item 601(b)(10) of Regulation S-K and the Company agrees to furnish supplementally to the Commission a copy of any omissions upon request.
†††	Certain portions of this exhibit have been omitted because they are not material and they are the type of information that the Registrant treats as private or confidential.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

MEREO BIOPHARMA GROUP PLC

By: /s/ Denise Scots-Knight
Name: Denise Scots-Knight
Title: Chief Executive Officer

Date: March 31, 2022

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors Mereo BioPharma Group plc London, United Kingdom

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Mereo BioPharma Group plc (the "Company") as of December 31, 2021, the related consolidated statements of comprehensive income/(loss), changes in equity, and cash flows for the year ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the year ended December 31, 2021**,** in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO LLP

BDO LLP

We have served as the Company's auditor since 2021.
Reading, United Kingdom
March 31, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Mereo BioPharma Group plc

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Mereo BioPharma Group plc (the Company) as of December 31, 2020, and the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of IFRS 16 (Leases).

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2015.
Reading, United Kingdom
March 31, 2021

MEREO BIOPHARMA GROUP PLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

	Notes	Year ended December 31, 2021 £'000s	2020 £'000s	2019 £'000s
Revenue	6	36,464	—	—
Cost of revenue	6	(17,908)	—	—
Research and development expenses		(23,559)	(16,347)	(23,608)
Administrative expenses		(15,933)	(21,222)	(15,909)
Operating loss		**(20,936)**	**(37,569)**	**(39,517)**
Net income recognized on acquisition of subsidiary		—	—	1,035
Finance income	9	1	44	377
Finance costs	9	(4,022)	(6,383)	(4,371)
Changes in the fair value of financial instruments	9	40,039	(109,849)	875
Gain/(loss) on disposal of intangible assets		113	(10,872)	—
Net foreign exchange loss		(954)	(1,821)	483
Profit/(loss) before tax	**7**	**14,241**	**(166,450)**	**(41,118)**
Taxation	10	(1,516)	2,822	6,274
Profit/(loss) for the year, attributable to equity holders of the parent		**12,725**	**(163,628)**	**(34,844)**
Items that may be reclassified subsequently to profit or loss:				
Currency translation of foreign operations		(191)	349	(499)
Total comprehensive income/(loss) for the year, attributable to equity holders of the parent		**12,534**	**(163,279)**	**(35,343)**
Basic profit/(loss) per share for the year (in £)	**11**	**0.02**	**(0.48)**	**(0.39)**
Diluted loss per share for the year (in £)	**11**	**(0.05)**	**(0.48)**	**(0.39)**

The accompanying notes form an integral part of these consolidated financial statements.

MEREO BIOPHARMA GROUP PLC
CONSOLIDATED BALANCE SHEETS

	Notes	As at December 31, 2021 £'000s	2020 £'000s
Assets			
Non-current assets			
Property, plant and equipment	12	2,530	1,573
Intangible assets	13	24,564	31,648
		27,094	33,221
Current assets			
Prepayments		2,799	1,619
R&D tax credits	10	—	2,818
Other taxes receivable		809	804
Other receivables	15	1,419	1,016
Cash and short-term deposits	16	94,296	23,469
		99,323	29,726
Total assets		**126,417**	**62,947**
Equity and liabilities			
Non-current liabilities			
Provisions	18	1,320	1,216
Convertible loan notes	21	14,384	16,142
Warrant liability	20	8,336	50,775
Lease liability	12	1,754	1,158
Other liabilities		80	62
		25,874	69,353
Current liabilities			
Trade and other payables	17	2,499	3,333
Accruals		3,826	4,178
Current tax liabilities		1,522	—
Provisions	18	2,803	418
Lease liability	12	622	636
Other liabilities	6	1,269	—
		12,541	8,565
Total liabilities		**38,415**	**77,918**
Net assets/(liabilities)		**88,002**	**(14,971)**
Equity			
Issued capital	22	1,755	1,017
Share premium	22	247,460	161,785
Other capital reserves	22	129,835	128,374
Employee Benefit Trust shares		(1,140)	(1,305)
Other reserves	22	7,401	5,001
Accumulated losses	22	(296,968)	(309,693)
Translation reserve		(341)	(150)
Total equity		**88,002**	**(14,971)**

The accompanying notes form an integral part of these consolidated financial statements.

MEREO BIOPHARMA GROUP PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2021 £'000s	2020 £'000s	2019 £'000s
Operating activities				
Profit/(loss) before tax		14,241	(166,450)	(41,118)
Adjustments to reconcile profit/(loss) before tax to net cash flows:				
Depreciation of property, plant and equipment	12	642	1,599	1,577
Share based payments expense	26	3,302	1,558	1,636
Net foreign exchange loss/(gain)		954	1,821	(483)
Increase/(decrease) in provisions and other liabilities		1,385	162	(517)
Finance income	9	(1)	(44)	(377)
Finance costs	9	3,797	6,226	4,606
Other non-cash movements		156	—	—
Modification gain on bank loan		—	—	(456)
Gain on bargain purchase		—	—	(3,681)
Gain on lease modification		—	(957)	—
Fair value remeasurement on contingent consideration		—	—	354
Fair value remeasurement on warrants	9	(40,039)	109,849	(875)
(Gain)/loss on disposal of intangible assets		(113)	10,872	—
Out-license of intangible asset	13	9,457	—	—
Working capital adjustments:				
(Increase)/decrease in receivables and prepayments		(589)	141	(936)
Decrease in trade and other payables and accruals		(1,256)	(3,551)	(6,730)
Tax credits received		2,825	10,433	1,069
Net cash flows used in operating activities		**(5,239)**	**(28,341)**	**(45,931)**
Investing activities				
Acquisition of subsidiary		—	(354)	10,074
Purchase of property, plant and equipment	12	(535)	(16)	(21)
Disposal of intangible assets (net of transaction costs)		113	1,821	—
Proceeds from sale of short-term investments		—	—	32,865
Interest earned	9	1	44	377
Net cash flows (used in)/from investing activities		**(421)**	**1,495**	**43,295**
Financing activities				
Proceeds from issuance of ordinary shares	22	78,532	20,136	—
Transaction costs on issuance of shares	22	(234)	(1,307)	(761)
Proceeds from exercise of employee share options		46	—	—
Proceeds from issuance of convertible loan notes		—	44,375	—
Transaction costs issuance of convertible loan notes		—	(3,598)	—
Repayment of bank loans		—	(19,802)	—
Transaction costs related to loans and borrowings		—	(81)	—
Interest paid on bank loan		—	(2,900)	(1,739)
Purchase of treasury shares		—	—	(998)
Payment of lease liabilities	12	(692)	(2,086)	(2,212)
Net cash flows from/(used in) financing activities		**77,652**	**34,737**	**(5,710)**
Net increase/(decrease) in cash and cash equivalents		**71,992**	**7,891**	**(8,346)**
Cash and cash equivalents at January 1		23,469	16,347	25,042
Effect of exchange rate changes		(1,165)	(769)	(349)
Cash and cash equivalents at December 31	**16**	**94,296**	**23,469**	**16,347**

The accompanying notes form an integral part of these consolidated financial statements.

MEREO BIOPHARMA GROUP PLC
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Issued capital £'000s	Share premium £'000s	Other capital reserves £'000s	Employee Benefit Trust shares £'000s	Other reserves £'000s	Accumulated losses £'000s	Translation reserve £'000s	Total equity £'000s
At December 31, 2018		**214**	**118,492**	**18,593**	**(307)**	**7,000**	**(111,221)**	**—**	**32,771**
Loss for the year		—	—	—	—	—	(34,844)	—	(34,844)
Other comprehensive loss		—	—	—	—	—	—	(499)	(499)
Total		—	—	—	—	—	(34,844)	(499)	(35,343)
Share-based payments – share options	26	—	—	1,543	—	—	—	—	1,543
Share-based payments - LTIPs	26	—	—	93	—	—	—	—	93
Issuance of share capital on April 23, 2019	22	74	—	40,818	—	—	—	—	40,892
Transaction costs related to issuance of share capital on April 23, 2019	22	—	(761)	—	—	—	—	—	(761)
Issuance of share capital on conversion of loan note	22	3	2,366	—	—	—	—	—	2,369
Issuance of share capital on Novartis bonus shares	22	3	1,587	(1,590)	—	—	—	—	—
Equity element of convertible loan note		—	—	(310)	—	—	—	—	(310)
Purchase of treasury shares	22	—	—	—	(998)	—	—	—	(998)
At December 31, 2019		**294**	**121,684**	**59,147**	**(1,305)**	**7,000**	**(146,065)**	**(499)**	**40,256**
Loss for the year		—	—	—	—	—	(163,628)	—	(163,628)
Other comprehensive income		—	—	—	—	—	—	349	349
Total		—	—	—	—	—	(163,628)	349	(163,279)
Share-based payments	26	—	—	1,558	—	—	—	—	1,558
Issuance of share capital, net	22	347	18,715	—	—	(2,125)	—	—	16,937
Conversion of loan notes and warrants	22	375	21,386	34,188	—	—	—	—	55,949
Reclassification of loan notes embedded derivative	19	—	—	33,481	—	—	—	—	33,481
Conversion of warrants		1	—	—	—	126	—	—	127
At December 31, 2020		**1,017**	**161,785**	**128,374**	**(1,305)**	**5,001**	**(309,693)**	**(150)**	**(14,971)**
Profit for the year		—	—	—	—	—	12,725	—	12,725
Other comprehensive income		—	—	—	—	—	—	(191)	(191)
Total		—	—	—	—	—	12,725	(191)	12,534
Share-based payments	26	—	—	3,302	—	—	—	—	3,302
Issuance of share capital, net	22	601	78,609	—	—	—	—	—	79,210
Exercise of share options		—	—	(119)	165	—	—	—	46
Conversion of loan notes and warrants	22	137	7,066	(1,722)	—	2,400	—	—	7,881
At December 31, 2021		**1,755**	**247,460**	**129,835**	**(1,140)**	**7,401**	**(296,968)**	**(341)**	**88,002**

The accompanying notes form an integral part of these consolidated financial statements.

MEREO BIOPHARMA GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Mereo BioPharma Group plc (the "Company" or "Mereo") is a clinical-stage, United Kingdom ("UK") based biopharmaceutical company focused on oncology and rare diseases.

The Company is a public limited company incorporated and domiciled in the UK, and registered in England, with shares publicly traded on the Nasdaq Global Market via American Depositary Shares ("ADSs") under the ticker symbol "MREO". The Company's ordinary shares were previously admitted to trading on the AIM market of London Stock Exchange plc with admission cancelled with effect on December 18, 2020. The Company's registered office is located at Fourth Floor, 1 Cavendish Place, London, W1G 0QF, United Kingdom.

The consolidated financial statements of Mereo BioPharma Group plc and its subsidiaries for the year ended December 31, 2021 were authorized for issue in accordance with a resolution of the Directors on March 31, 2022. The principal activities of the Company are the development and commercialization of innovative therapeutic pharmaceutical products.

2. Significant accounting policies

Basis of preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in pound sterling ("£"), which is the presentational currency of the Company. The functional currencies of consolidated subsidiaries are pound sterling and US dollars ("$"). All amounts disclosed in the consolidated financial statements and notes have been rounded to the nearest thousand, unless otherwise stated. The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Basis of consolidation

The consolidated financial information comprises the financial statements of Mereo BioPharma Group plc and its subsidiaries as at December 31, 2021. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealized gains on transactions between subsidiaries are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

The Company has an employee share trust to facilitate share transactions pursuant to employee share schemes. Although the trust is a separate legal entity from the Company, it is consolidated into the Company's results in accordance with the IFRS 10 rules on special purpose vehicles. The Company is deemed to control the trust principally because the trust cannot operate without the funding the Company provides.

Segmental information

The Company has one operating segment. The Chief Operating Decision Maker ("CODM") is the Chief Executive Officer. The Company has a single portfolio of product candidates, with only direct research and development expenses monitored at a product candidate level. The CODM makes decisions over resource allocation at an overall portfolio level and the Company's financing is managed and monitored on a consolidated basis.

Following the acquisition of Mereo BioPharma 5, Inc. (formerly OncoMed Pharmaceuticals, Inc. or "OncoMed") in 2019, non-current assets held by the Company are located in the United Kingdom and United States. As at December 31, 2021, approximately £0.1 million (2020: £0.5 million) of non-current assets are located in the United States.

MEREO BIOPHARMA GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern

The going concern basis has been applied in these consolidated financial statements as the Company has adequate resources to meet its liabilities as they fall due for the foreseeable future and at least 12 months from the date of these consolidated financial statements.

The Company expects to incur significant operating losses for the foreseeable future as it continues its research and development efforts, seeks to obtain regulatory approval of its product candidates and pursues any future product candidates the Company may develop.

Until such time as the Company can generate significant revenue from product sales, or other commercial revenues, if ever, or through licensing and/or collaboration agreements for its oncology or rare disease product candidates, the Company will seek to finance its operations through a combination of public or private equity or debt financings or other sources.

Summary of significant accounting policies

a) Revenue

The Company's ordinary business activities are the development of product candidates to key clinical milestones and either strategically partnering them or further developing such product candidates through regulatory approval and potentially commercialization. The Company may enter into a range of different agreements with third parties, including but not limited to: (i) licensing agreements where the global rights to a product candidate are licensed to a partner; and (ii) collaboration agreements where rights to a product candidate are licensed to a partner but the Company retains certain rights, for example to further develop or commercialize the product candidate in specified geographical territories. Under both licensing and collaboration agreements, rights to product candidates are provided to a partner typically in exchange for consideration in the form of upfront payments and/or development, regulatory, commercial or other similar milestones, and royalties on commercial sales, should regulatory approval be obtained for the product candidates.

Revenue includes income from licensing and collaboration agreements. Consideration received up front is recognized at the point in time in which the right to use an intangible asset is transferred and further payments received are recognized upon the achievement of specified development, regulatory, commercial or other similar milestones. For agreements with a right to access an intangible asset, revenue is recognized over time, typically on a straight-line basis over the life of the license or collaboration agreement. When there are other performance obligations in such agreements, the consideration is allocated using the residual approach and recognized when the performance obligations are satisfied.

Income from development, regulatory, commercial or similar milestones is recognized when considered highly probable that a significant reversal will not occur. Timing of the recognition of such milestones are considered to be a key judgment, as they are often dependent on third parties. In general, for milestones which are subject to the decisions of third parties (e.g. the acceptance or approval of a filing by a regulatory authority), the Company recognizes milestone income when the decision occurs.

We do not currently have any approved product candidates. Accordingly, we have not generated any commercial sales revenue during the year.

Intangible assets out-licensed under a license or collaboration agreement are recorded within "Cost of revenue" in the Company's consolidated statement of comprehensive income/(loss) based on an allocation of cost or value of the rights that have been out-licensed. Payments to third parties arising as a direct consequence of the income recognized are also recorded within "Cost of revenue" in the Company's consolidated statement of comprehensive income/(loss).

b) Research and development (R&D) expenses

Expenditure on product development is capitalized as an intangible asset and amortized over the expected useful economic life of the product candidate concerned. Capitalization commences from the point at which technical feasibility and commercial viability of the product candidate can be demonstrated and the Company is satisfied that it is probable that future economic benefits will result from the product candidate once completed. Capitalization ceases when the product candidate receives regulatory approval for launch. No such costs have been capitalized to date.

Expenditure on R&D activities that do not meet the criteria for capitalization, including ongoing costs associated with acquired intellectual property rights and intellectual property rights generated internally by the Company, is recognized in the consolidated statement of comprehensive income as incurred. Intellectual property and in-process R&D from asset acquisitions are recognized as intangible assets at cost.

c) Taxation

Tax expense recognized in the consolidated statement of comprehensive income/(loss) comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

MEREO BIOPHARMA GROUP PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted, or substantively enacted, by the end of the reporting period in the jurisdictions in which the Company operates.

Amounts receivable in respect of research and development tax credits are recognized in the consolidated financial statements provided there is sufficient evidence that the amounts are recoverable. These credits are recognized within income tax in the consolidated statement of comprehensive income/(loss).

A provision is recognized for matters in which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the year when the asset or liability is realized, based on tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

d) Foreign currencies

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in pound sterling (“£”), which is the presentational currency of the Company. The functional currencies of consolidated subsidiaries are pound sterling and US dollars (“$”).

Transactions in foreign currencies are initially recorded by the Company at the rate prevailing on the date the transaction first qualifies for recognition. Differences arising on settlement or translation of monetary items as well as gains or losses on the retranslation of foreign currency balances at the period-end are recognized in the consolidated statement of comprehensive income/(loss).

The results and financial position of subsidiaries that have a functional currency different from the presentational currency of the Company are translated into the presentational currency (pound sterling). The assets and liabilities of such entities are translated into pound sterling at the rate of exchange prevailing at the balance sheet date. Income and expenses are translated at the average rate for the period. Fair value adjustments arising on acquisition of such entities are treated as assets and liabilities of the relevant entity and translated into pound sterling at the closing rate. The exchange differences arising on translation for consolidation are recognized in other comprehensive income/(loss).

e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Useful lives of various property, plant and equipment are as follows:

- Leasehold improvements — shorter of lease term or ten years
- Office equipment — five years
- IT equipment — three years

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Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income/(loss) when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

f) Business combinations

Business combinations are accounted for using the acquisition method of accounting. At the date of acquisition, the Company initially recognizes the fair value of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquired business.

The consideration transferred is measured at fair value at the date of acquisition. The excess of the consideration transferred over the fair value of net identifiable assets of the business acquired is recorded as goodwill, unless the amount of consideration transferred is less than the fair value of net identifiable assets of the business acquired in which case the difference is recognized directly in the consolidated statement of comprehensive income/(loss) as a bargain purchase. A valuation is performed of assets and liabilities assumed on each acquisition accounted for as a business combination based on our best estimate of fair value.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value. Contingent consideration is classified either as equity or a financial liability and is recognized at fair value on the acquisition date. Amounts classified as a financial liability are subsequently remeasured to fair value in accordance with IFRS 9 (Financial Instruments), with changes in fair value recognized in the consolidated statement of comprehensive income/(loss) as an administrative expense.

Directly attributable acquisition-related costs are expensed as incurred within the consolidated statement of comprehensive income/(loss).

g) Leases

Effective January 1, 2019, the Company adopted IFRS 16 (Leases) using the modified retrospective approach.

The Company assesses whether a contract is, or contains, a lease at inception of the contract. The Company recognizes a right-of-use asset and a corresponding liability with respect to all lease arrangements in which it is a lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of fixed lease payments, less any lease incentives receivable.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a significant change in lease term, lease payments or if the lease contract is modified and the lease modification is not accounted for as a separate lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability and lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented within property, plant and equipment. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset:

- Right-of-use asset (building) six to nine years
- Right-of-use asset (equipment) one to two years

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

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h) Intangible assets

Intangible assets are initially recorded at cost which has been determined as the fair value of the consideration paid and payable. Assets that have been acquired through a business combination are initially recorded at fair value. The fair value of consideration is regularly reviewed based on the probability of achieving contractual milestones. Refer to policy on provision for deferred cash consideration below.

Where the consideration paid or payable is in shares, the cost is measured in accordance with IFRS 2 (Share Based Payments).

Intangible assets that are not yet available for use are reviewed for impairment at each reporting date by allocating the assets to the cash-generating units to which they relate. The estimated useful life is the lower of the legal duration and economic useful life. The estimated useful lives of intangible assets are reviewed at least annually.

Intangible assets are amortized from the date they are available for commercial use. No amortization has been recognized to date.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

i) Financial instruments

Financial assets and liabilities are recognized in the consolidated balance sheet only when the Company becomes party to the contractual provisions of the instrument.

Financial assets

On initial recognition, a financial asset is classified into one of three primary measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (“FVOCI”); or
- Fair value through profit or loss (“FVTPL”).

The initial classification into a primary measurement category depends on the nature and purpose of the financial asset.

For short-term investments, interest income and impairment gains or losses are recognized directly in the consolidated statement of comprehensive income. The difference between cumulative fair value gains or losses and the cumulative amounts recognized in the consolidated statement of comprehensive income/(loss) is recognized in other comprehensive income until derecognition, when the amounts in other comprehensive income are reclassified to the consolidated statement of comprehensive income/(loss).

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Convertible loan notes

Convertible loan notes are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using a discount rate for an equivalent liability without the conversion feature. This amount is recorded as a liability on an amortized cost basis using the effective

interest method until extinguished upon conversion or at the instrument's maturity date. The difference between the proceeds from the issue of the convertible loan note and the fair value assigned to the liability component is included in equity and not subsequently remeasured. Upon conversion, the amount initially recognized in "Other capital reserves" will be transferred to "Share premium".

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Borrowings (including interest-bearing loans) are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Under the effective interest method, amortization is included as a finance cost in the consolidated statement of comprehensive income/(loss).

Non-substantial modifications to financial liabilities are measured at amortized cost with the associated gain or loss recognized in the consolidated statement of comprehensive income/(loss). The gain or loss is computed as the difference between the original contractual cash flows and the modified cash flows, discounted at the original effective interest rate. For substantial modifications, the existing financial liability is derecognized and a new financial liability is established.

Borrowings are derecognized from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

The warrant instruments are recorded at fair value, with changes in the fair value recognized in the consolidated statement of comprehensive income/(loss), where the terms of the warrant instruments allow for cashless exercise.

j) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

k) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3

- Property, plant and equipment Note 12
- Intangible assets not yet available for use Notes 13 and 14

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At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognized in the consolidated statement of comprehensive income/(loss) in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income/(loss) unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

l) Cash and short-term deposits

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand along with short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

m) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income/(loss) net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Where contingent payments relate to future use of the in-licensed IP, no liability or provision is recognized for variable amounts to be paid to the vendors based on future events unless such arrangements are onerous. The liability (and corresponding expense in the income statement) to the vendors is recognized as an obligation arises.

n) Provision for deferred cash consideration

Provision for deferred cash consideration consists of future payments which are contractually committed but not yet certain. In respect of products which are not yet approved, such deferred cash consideration excludes potential milestones, royalties or other payments that are deemed to be so uncertain as to be unquantifiable. Deferred cash consideration is recognized as a liability with the amounts calculated as the risk adjusted net present value of anticipated deferred payments.

The provision is reviewed at each balance sheet date and adjusted based on the likelihood of contractual milestones being achieved and therefore the deferred payment being settled. Increases in the provision relating to changes in the probability are recognized as an intangible asset. Increases in the provision relating to the unwinding of the time value of money are recognized as a finance expense.

o) Share-based payments

Employees (including executives) and non-executive directors of the Company receive remuneration in the form of share-based payments, whereby employees and non-executive directors render services as consideration for equity instruments (equity settled transactions).

Incentives in the form of shares are provided to employees and non-executive directors under various plans (Note 26). Executive officers also have outstanding shares under a deferred bonus share plan ("DBSP Plan") and a long-term incentive plan ("LTIP Plan").

In accordance with IFRS 2 Share-based Payments ("IFRS 2"), charges for these incentives are expensed through the consolidated statement of comprehensive income/(loss) on a straight-line basis over their vesting period, based on the Company's estimate of shares that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options or awards at the date they were granted. For LTIP shares, the fair value on grant date excludes the impact of any non-market vesting conditions, which are taken into account by adjusting the number of equity instruments included in the measurement of the share-based payment transaction and are adjusted each period until such time as the equity instruments vest.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

In accordance with IFRS 2, the cancellation of share options is accounted for as an acceleration of the vesting period and therefore any amount unrecognized that would otherwise have been charged in future accounting periods is recognized immediately. When options are forfeited, the accounting expense for any unvested awards is reversed.

p) Costs of issuing capital

Incremental costs incurred and directly attributable to the offering of equity securities are deducted from the related proceeds of the offering. The net amount is recorded as share premium in the period when such shares are issued. Where such expenses are incurred prior to the offering they are recorded in prepayments until the offering completes. Other costs incurred in such offerings are expensed as incurred and included in general and administrative expenses.

q) Employee Benefit Trust

The Company operates an Employee Benefit Trust ("EBT"), the Mereo BioPharma Group plc Employee Benefit Trust.

The EBT holds ADS's to satisfy the exercise of options under the Company's share-based incentive schemes (Note 26). The EBT is a Jersey-based trust which was initially funded by a loan from the Company, which it utilized to purchase shares in sufficient quantity to fulfill the envisaged awards. The Company will issue ordinary shares to a custodian for conversion by a depositary bank to ADS's and delivery to the EBT. These ordinary shares will be deducted from the shareholders' funds on the consolidated balance sheet at their nominal value.

Shares held by the EBT are included in the consolidated balance sheet as a reduction in equity.

r) Pension contribution costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

3. Significant judgments, estimates and assumptions

The preparation of these consolidated financial statements requires the management of the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. The Company bases its estimates and judgments on historical experience and on various other assumptions that it considers to be reasonable. Actual results may differ from these estimates under different assumptions or conditions.

Judgments

a) Revenue

Judgment is required to determine the appropriate accounting policy for the license and collaboration agreement with Ultragenyx Pharmaceutical, Inc. ("Ultragenyx"). Management has determined that the upfront proceeds from the license and collaboration agreement represent proceeds from the Company's ordinary business activities and, therefore, represent revenue within the scope of IFRS 15, Revenue from Contracts with Customers. Judgment is also required to determine the portion of the carrying amount of the intangible asset to derecognize, relative to the value retained, as a result of the license and collaboration agreement with Ultragenyx.

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b) Impairment of intangible assets and property, plant and equipment

An assessment was made in respect of indicators of impairment in the carrying value of the Company's intangible assets (see Note 14), right-of-use assets, leasehold improvements, office equipment and IT equipment as at December 31, 2021.

If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognized as an impairment in the consolidated statement of comprehensive income/(loss). The assessment of intangible assets involves a number of significant judgments regarding the likelihood of successful product approval, the costs of attaining approval, the estimated useful life of intangible assets following commercialization and the subsequent commercial profitability of the product once approved.

c) Incremental borrowing rate and lease modification

Future lease payments are discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the incremental borrowing rate. IFRS 16 (Leases) defines the incremental borrowing rate as the rate of interest a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment.

For the year ended December 31, 2020, the determination of an appropriate discount rate has a significant effect on the lease liabilities recognized. For the current lease portfolio, the incremental borrowing rate was determined based on relevant and available information as the interest rate implicit in the lease arrangements cannot be readily determined.

In addition to the determination of an appropriate discount rate, the Company was also required to assess the lease term for qualifying leases. The determination of the lease term is judgmental as for certain qualifying leases held by the Company, the contract includes an extension option beyond the non-cancellable period for which the Company has the right to use the underlying asset. In applying this judgment, the Company considered the period over which it was reasonably certain to make use of the extension option.

In August 2020, a lease for office space was modified to reduce the size of the office space leased. At the time of this lease modification, judgment was applied in determining the new lease term and remeasuring the lease liability by discounting the revised lease payments using a revised incremental borrowing rate.

d) Identification and classification of financial instruments

On June 3, 2020, the Company completed a private placement transaction (Note 19) which comprised the issue of ordinary shares, Loan Notes and Warrants. Judgment is applied under IAS 32 (Financial instruments: Presentation) in determining the features of the identified financial instruments on both the transaction date and the date of the general meeting at which Resolutions relating to the private placement were voted on by the Shareholders, to determine the appropriate recognition in accordance with IAS 32. In applying this judgment, management considered the probability of passing the Resolutions at the general meeting and the likelihood of a change of control prior to the passing of the Resolutions, which impact the settlement terms of the financial instruments, and the classification of the financial instruments as liabilities or equity. Management concluded that a change of control event was uncertain and outside of the Company's control, and therefore the conversion feature on the Loan Notes at the transaction date represented a financial liability with an embedded derivative for the conversion option. On the passing of the Resolutions, judgment was applied to determine that the effective terms of the Loans Notes changed and the embedded derivative financial liability representing the conversion option was reclassified to equity at its fair value, with no associated gain or loss recognized in profit or loss.

e) Business combination

On April 23, 2019, the Company obtained a 100% controlling interest in Mereo BioPharma 5, Inc. (formerly OncoMed), a company based in the United States ("US"). The value of the net identifiable assets acquired was £44.6 million. Total consideration paid, being the fair value of 24.8 million ordinary shares of the Company, was £40.9 million. As the Company acquired Mereo BioPharma 5, Inc. for an amount less than the fair market value of the net assets acquired, a gain on bargain purchase of £3.7 million was recognized.

Judgment was applied under IFRS 3 (Business Combinations) in determining whether a transaction meets the definition of a business combination, and so accounted for in accordance with its requirements. In applying this judgement, management has considered the underlying economic substance of the transaction in addition to the contractual terms. Our assessment is that Mereo BioPharma 5, Inc. meets the definition of a 'business' and the transaction has therefore been accounted for as a business combination.

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Estimates and assumptions

a) Deferred consideration

Deferred consideration represents contingent cash consideration and is recognized as a provision at each balance sheet date, to the extent its amount is quantifiable at the inception of the arrangement (see Note 18). The amount provided is based on estimates regarding the timing and progress of the related research and development activities (see Note 24).

Deferred consideration in the form of shares is recognized as a share-based payment when it is probable that shares will be transferred.

b) Fair value of financial instruments

As part of the private placement transaction (Note 19), the Company performed a valuation of the fair value of the identified financial instruments including the embedded derivative and the warrants on the transaction date and the general meeting date. For qualifying financial instruments, the fair value is reassessed at each balance sheet date. Specific consideration was applied to the estimation of implied share price on the transaction date, the volatility, credit spread and discount rate (see Note 24).

c) Contingent consideration

The Company makes a provision for the estimated fair value of amounts payable to the former shareholders of Mereo BioPharma 5, Inc. under the Contingent Value Rights Agreement (“CVR”), which is accounted for as a contingent consideration liability.

At December 31, 2021, the Company estimates the fair value of the contingent consideration liability to be £nil (2020: nil). Total potential payments under the CVR on a gross, undiscounted basis, are approximately £58.6 million ($80.0 million).

The estimated contingent consideration payable is based on a risk-adjusted, probability-based scenario. Under this approach the likelihood of future payments being made to the former shareholders of Mereo BioPharma 5, Inc. under the CVR is considered. The estimate could materially change over time in line with the development plan and potential subsequent commercialization of the product.

4. Changes in accounting policies

a) New standards, interpretations and amendments adopted from January 1, 2021

In the current year, the Company has applied the below amendments to IFRS issued by the IASB that are effective for an annual period that begins on or after January 1, 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements:

- Amendments to IFRS 4 Insurance Contracts
- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – Phase 2
- Amendments to IFRS 16 Covid-19 related rent concessions

b) New standards, interpretations and amendments not yet effective

At the date of authorization of these consolidated financial statements, the Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

Effective January 1, 2022

- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- Amendments to IAS 16 – Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to IFRS 3

Effective January 1, 2023

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 17 – Insurance Contracts
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies

The Company does not expect the adoption of these IFRS amendments will have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

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5. Group information

Information about subsidiaries

The consolidated financial statements of the Company include:

Name	Principal activities	Country of incorporation	% Equity interest December 31, 2021	% Equity interest December 31, 2020
Mereo BioPharma 1 Limited	Pharmaceutical R&D	UK	100	100
Mereo BioPharma 2 Limited	Pharmaceutical R&D	UK	100	100
Mereo BioPharma 3 Limited	Pharmaceutical R&D	UK	100	100
Mereo BioPharma 4 Limited	Pharmaceutical R&D	UK	100	100
Mereo BioPharma Ireland Limited	Pharmaceutical R&D	Ireland	100	100
Mereo BioPharma 5, Inc.	Pharmaceutical R&D	U.S.	100	100
Navi Subsidiary, Inc.	Pharmaceutical R&D	U.S.	100	100
Mereo US Holdings, Inc.	Holding company	U.S.	100	100
Mereo BioPharma Group plc Employee Benefit Trust	Employee share scheme	Jersey	–	–

The registered office of Mereo BioPharma 1 Limited, Mereo BioPharma 2 Limited, Mereo BioPharma 3 Limited and Mereo BioPharma 4 Limited is located at Fourth Floor, 1 Cavendish Place, London W1G 0QF. The registered office of Mereo BioPharma Ireland Limited is Rocktwist House, Block 1, Western Business Park, Shannon, County Clare, V14 FW97, Republic of Ireland.

Mereo US Holdings Inc. was incorporated on December 3, 2018 for the sole purpose of effecting the business combination with Mereo BioPharma 5, Inc. (formerly OncoMed Pharmaceuticals, Inc.) on April 23, 2019. The registered office of Mereo US Holdings Inc., Mereo BioPharma 5, Inc. and its wholly owned subsidiary, Navi Subsidiary, Inc., is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808, US.

6. Revenue

The Company recognized upfront proceeds of £36.5 million ($50.0 million) from the license and collaboration agreement with Ultragenyx for setrusumab as revenue in the year ended December 31, 2021. The variable consideration relating to future milestones and sales royalties will be recognized in the statement of comprehensive income/(loss) when the milestones are achieved or the underlying commercial sales are made, in the event regulatory approval is achieved.

As a consequence of the license and collaboration agreement with Ultragenyx and in accordance with terms of the 2015 asset purchase with Novartis, the Company made a payment to Novartis of £7.2 million ($10.0 million). The payment included a deduction for costs of £2.4 million which was deferred and will be recognized in the statement of comprehensive income/(loss) when the associated costs are incurred. In the year ended December 31, 2021, £1.1 million of these deductions were recognized within “Cost of revenue” in the consolidated statement of comprehensive income/(loss). As of December 31, 2021 the remaining balance to be recognized of £1.3 million is included within “Other liabilities” in the consolidated balance sheet. See Note 13 for additional details.

7. Profit/(loss) before tax

Profit/(loss) before tax is stated after charging:

	Year ended December 31,		
	2021 £’000s	2020 £’000s	2019 £’000s
Fees payable to the Company’s Auditor for the audit of the consolidated accounts	358	449	514
Fees payable to the Company’s Auditor for other services:			
Audit of subsidiary accounts	46	49	45
Audit-related assurance services	57	318	311
Gain on modification of lease	–	(957)	–
Income from sub-lease	–	(646)	(855)
Depreciation of right-of-use assets	570	1,531	1,505
Depreciation (excluding right-of-use assets)	72	68	52

Gain on modification of lease, sub-lease income and transaction costs associated with lease modification are included within administrative expenses within the consolidated statement of comprehensive income/(loss).

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8. Employees

The average monthly number of persons employed by the Company during the year was:

	Year ended December 31,		
	2021	2020	2019
By activity:			
Administrative	26	22	28
Research and development	19	17	18
Total	**45**	**39**	**46**

Total compensation costs for persons employed by the Company (including Directors) during the year was:

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Included in research and development expenses:			
Salaries	4,126	3,046	2,824
Social security costs	402	397	110
Pension contributions	73	66	62
Share-based payment expenses	1,210	446	152
Included in administrative expenses:			
Salaries	3,763	4,832	3,384
Social security costs	418	681	(124)
Pension contributions	99	89	114
Share-based payment expenses	2,092	1,112	1,485
Total	**12,183**	**10,669**	**8,007**

Total compensation costs for Directors during the year was:

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Salaries and fees	810	1,114	1,106
Benefits in kind	9	14	17
Pension contributions	58	61	25
Bonus	239	538	294
Total	**1,116**	**1,727**	**1,442**

During 2021, one Director was a member of a defined contribution pension scheme (2020: one, 2019: two). Further details concerning the remuneration of key management personnel can be found in Note 27.

9. Other income/expenses and adjustments

Finance income

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Bank interest earned	1	5	42
Interest earned on short-term investments	–	–	141
Gain on short-term investments	–	39	194
Total	**1**	**44**	**377**

Finance costs

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Interest on convertible loan notes	(3,549)	(2,241)	(20)
Interest on bank loan	–	(2,900)	(1,739)
Interest on lease liabilities	(227)	(1,085)	(1,314)
Accreted interest on bank loan	–	–	(1,523)
Modification gain on bank loan	–	–	456
Discounting of provision for deferred cash consideration	(225)	(157)	(221)
Other	(21)	–	(10)
Total	**(4,022)**	**(6,383)**	**(4,371)**

Changes in the fair value of financial instruments

	Year ended December 31,		
	2021 £'000s	2020 £'000s	2019 £'000s
Changes in the fair value of warrants – private placement	39,535	(45,977)	–
Changes in the fair value of warrants – bank loan	504	(714)	875
Changes in the fair value of embedded derivative	–	(63,158)	–
Total	**40,039**	**(109,849)**	**875**

10. Taxation

	Year ended December 31,		
	2021 £'000s	2020 £'000s	2019 £'000s
Tax charge	(1,516)	–	–
UK corporation tax R&D credit	–	2,822	5,149
Other tax income	–	–	1,125
Total	**(1,516)**	**2,822**	**6,274**

U.K. income tax

The Company is entitled to claim tax credits in the United Kingdom under the U.K. R&D small or medium-sized enterprise ("SME") scheme, which provides additional taxation relief for qualifying expenditure on R&D activities, and includes an option to surrender a portion of tax losses arising from qualifying activities in return for a cash payment from HM Revenue & Customs ("HMRC"). The claims in respect of the year ended December 31, 2020 have been received by the Company.

U.S. income tax

As at December 31, 2021, £0.8 million is receivable related to Alternative Minimum Tax ("AMT") credits, recognized as other taxes recoverable within the consolidated balance sheet. The Company generates R&D tax credits for U.S. federal and state purposes. In respect of these R&D tax credits, no deferred tax assets have been recognized in any periods presented. As of December 31, 2021, the Company had an uncertain tax position of £2.6 million, representing approximately 20% of these historic R&D tax losses claimed.

Reconciliation of effective tax rate

	Year ended December 31,		
	2021 £'000s	2020 £'000s	2019 £'000s
Profit/(loss) on ordinary activities before income tax	14,241	(166,450)	(41,118)
Tax on profit at standard U.K. rate of 19%	(2,706)	31,626	7,812
Expenses not deductible for income tax purposes (permanent differences)	(708)	(13,270)	(317)
Income not taxable	78	4	–
Temporary timing differences	(65)	–	(343)
R&D relief uplift	1,435	1,214	2,540
Losses (unrecognized)	(345)	(14,479)	(4,380)
Deferred income from MBG loan guarantee costs	–	–	(54)
Foreign tax	505	184	–
Differences in overseas tax rates	286	261	340
Derecognition of deferred tax	–	(2,686)	–
Gain on bargain purchase	–	–	699
Other	4	(32)	(23)
Tax (charge)/credit for the year	**(1,516)**	**2,822**	**6,274**

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Deferred tax

The analysis of unrecognized deferred tax is set out below:

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Losses	44,683	37,021	19,443
Loan relationships	73	421	–
U.S. tax credits	10,557	9,880	10,032
Accruals	–	–	947
Fixed assets	–	414	400
Share options	151	55	–
Other U.S. deferred tax	31	86	–
Other	–	137	202
Temporary differences	56	18	4
Net deferred tax asset (unrecognized)	**55,551**	**48,032**	**31,028**

The analysis of recognized deferred tax is set out below:

	At January 1, 2021 £'000s	**Recognized in income £'000s**	**At December 31, 2021 £'000s**
Deferred tax liabilities			
Intangible asset and right-of-use asset	(96)	76	(20)
Deferred tax asset			
Net operating losses and lease liability	96	(76)	20
Net deferred tax asset/(liability)			

A deferred tax asset on losses has been recognized up to the level of the deferred tax liability, resulting in a net deferred tax liability of £nil.

The remaining deferred tax assets, as set out in the table above, have not been recognized as there is uncertainty regarding when suitable future profits against which to offset the accumulated tax losses will arise.

U.K. deferred tax

The deferred tax assets have not been recognized as there is uncertainty regarding when suitable future profits against which to offset the accumulated tax losses will arise. There is no expiration date for the accumulated tax losses.

The standard rate of corporation tax applied to the reported profit/(loss) before tax is 19% (2020: 19%). The Finance Act 2021, which was substantively enacted on May 24, 2021, included provisions to increase the standard rate of tax from 19% to 25%, effective from April 1, 2023. As a result, U.K. deferred tax assets and liabilities have been measured at a rate of 25%.

At December 31, 2021, the Company had U.K. tax losses to be carried forward of approximately £122.6 million.

U.S. deferred tax

U.S. deferred tax assets and liabilities are calculated at a blended rate of approximately 21%.

For Mereo BioPharma 5, Inc, with respect to accumulated tax losses carried forward prior to its acquisition by the Company, there is a change of control restriction which will limit the amount available in any one year.

At December 31, 2021, the Company had U.S. federal tax losses to be carried forward of approximately £65.6 million, of which £59.4 million can be carried forward indefinitely and £6.2 million which will begin to expire in 2022. At December 31, 2021, the Company had U.S. state tax losses to be carried forward of approximately £3.5 million which begin to expire in 2027.

11. Earnings per share

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable for the year to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted loss per share is based on dividing the profit attributable for the year, adjusted for the effect of diluted ordinary shares, by ordinary share equivalents, which includes the weighted average number of ordinary shares outstanding and the effect of dilutive ordinary share equivalents.

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	Year ended December 31,		
	2021	2020	2019
Numerator – Basic earnings per share (£'000s):			
Profit/(loss) attributable to equity holders of the parent	12,725	(163,628)	(34,844)
Denominator – Basic earnings per share:			
Weighted average number of ordinary shares	527,818,648	338,953,141	89,424,476
Profit/(loss) per share – basic (£)	0.02	(0.48)	(0.39)
Numerator – Diluted earnings per share (£'000s):			
Profit/(loss) attributable to equity holders of the parent	12,725	(163,628)	(34,844)
Effect of dilutive ordinary shares	(38,523)	—	—
Numerator – Diluted earnings per share	(25,798)	(163,628)	(34,844)
Denominator – Diluted earnings per share:			
Number of ordinary shares used for basic earnings per share	527,818,648	338,953,141	89,424,476
Weighted average effect of dilutive ordinary shares	27,457,163	—	—
Weighted average number of diluted ordinary shares outstanding	555,275,811	338,953,141	89,424,476
Loss per share – diluted (£)	(0.05)	(0.48)	(0.39)

For the year ended December 31, 2021, the effect of dilutive ordinary shares, net of current year tax charge, is related to Company's outstanding warrants. For the years ended December 31, 2020 and 2019, share options, convertible loan notes and warrants were considered to be anti-dilutive as they would have decreased the loss per share and were therefore excluded from the calculation of diluted loss per share. Therefore, the weighted average shares outstanding used to calculate both the basic and diluted per share was the same.

12. Property, plant and equipment

	Right-of-use asset (buildings) £'000s	Right-of-use asset (equipment) £'000s	Leasehold improvements £'000s	Office equipment £'000s	IT equipment £'000s	Total £'000s
Cost or valuation						
At January 1, 2021	**1,848**	**1,169**	**164**	**71**	**132**	**3,384**
Additions	923	—	393	109	48	1,473
Lease modification	133	30	—	—	—	163
Disposals	—	(868)	—	(7)	—	(875)
Currency translation effects	(1)	(36)	—	—	—	(37)
At December 31, 2021	**2,903**	**295**	**557**	**173**	**180**	**4,108**
Depreciation						
At January 1, 2021	**(531)**	**(1,023)**	**(85)**	**(65)**	**(107)**	**(1,811)**
Disposals	—	868	—	7	—	874
Depreciation for the year	(494)	(76)	(39)	(11)	(22)	(642)
At December 31, 2021	**(1,025)**	**(231)**	**(124)**	**(69)**	**(129)**	**(1,578)**
Net book value						
At January 1, 2021	1,318	146	79	6	25	1,573
At December 31, 2021	**1,878**	**64**	**433**	**104**	**51**	**2,530**

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	Right-of-use asset (buildings) £'000s	Right-of-use asset (equipment) £'000s	Leasehold improvements £'000s	Office equipment £'000s	IT equipment £'000s	Total £'000s
Cost or valuation						
At January 1, 2020	**11,877**	**1,024**	**164**	**71**	**116**	**13,252**
Additions	—	—	—	—	16	16
Lease modification	(10,220)	149	—	—	—	(10,071)
Currency translation effects	191	(4)	—	—	—	187
At December 31, 2020	**1,848**	**1,169**	**164**	**71**	**132**	**3,384**
Depreciation						
At January 1, 2020	**(996)**	**(509)**	**(69)**	**(30)**	**(90)**	**(1,694)**
Lease modifications	1,482	—	—	—	—	1,482
Depreciation for the year	(1,017)	(514)	(16)	(35)	(17)	(1,599)
At December 31, 2020	**(531)**	**(1,023)**	**(85)**	**(65)**	**(107)**	**(1,811)**
Net book value						
At January 1, 2020	10,881	515	95	41	26	11,558
At December 31, 2020	**1,318**	**146**	**79**	**6**	**25**	**1,573**

In June 2021, the Company entered into a new lease agreement for additional office space in London, UK. The Company also extended the lease term of the existing office space, which resulted in the modification of the right-of-use asset.

In August 2020, the Company modified the scope of the leased office space in the US included in the right-of-use asset (building). The revised lease payments were allocated between lease and non-lease components, determining a new lease term, and remeasuring the lease liability using a revised discount rate. This resulted in a reduction in the right-of-use asset of £8.7 million and a reduction in lease liability of £9.5 million, with the associated gain on modification of £0.7 million recognized in the consolidated statement of comprehensive income/(loss). Related transaction costs of £2.5 million were also recognized in the consolidated statement of comprehensive income/(loss).

The Company leases office space and equipment for use in research and development activities. In the year-ended December 31, 2021, the Company made lease payments of £0.7 million (2020: £2.1 million). The maturity of lease liabilities as of December 31, 2021 are as follows:

	Within 1 year £'000s	Between 1 and 3 years £'000s	Between 3 and 5 years £'000s	Over 5 years £'000s	Total £'000s
Maturity of lease liabilities	622	972	782	—	**2,376**

Further details on the movements within lease liability are included in Note 23.

13. Intangible assets

	Acquired development programs £'000s
Cost	
At January 1, 2020	**45,527**
Disposals	(13,386)
Currency translation effects	864
At December 31, 2020	**33,005**
At December 31, 2021	**33,005**
Revisions to estimated value	
At January 1, 2020	**(1,071)**
Revisions to estimated value	(286)
At December 31, 2020	**(1,357)**
Revisions to estimated value	2,373
Out-license of intangible asset	(9,457)

At December 31, 2021	**(8,441)**
Net book value	
At January 1, 2020	44,456
At December 31, 2020	31,648
At December 31, 2021	**24,564**

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The Company's strategy is to acquire and develop clinical-stage development programs for the treatment of oncology and rare diseases.

On January 25, 2021, the Company's license and collaboration agreement with Ultragenyx for the development and commercialization of setrusumab for OI became effective. Under the terms of the agreement, the Company received an upfront payment of £36.5 million ($50 million). Additionally, the Company will be eligible to receive up to $254 million in future milestones and royalties. The license and collaboration agreement grants Ultragenyx an exclusive license to develop and commercialize setrusumab in the US and rest of the world, excluding Europe where the Company retains commercial rights. As a result, intangible assets with a carrying value of £9.5 million were derecognized and recorded within "Cost of revenue" in the Company's consolidated statement of comprehensive income/(loss).

In October 2017, the Company acquired the exclusive license for alvelestat and included the option to acquire certain assets from AstraZeneca AB ("AstraZeneca"). On that date the fair value of alvelestat was measured at £7.2 million, which consisted of upfront cash and equity payments as well as deferred cash and equity consideration. The provision for deferred cash consideration is re-measured to fair value at each balance sheet date and recognized as an increase to, or reduction of, the intangible asset. During the year, the provision for deferred cash consideration has increased by £2.4 million (2020: decrease of £0.3 million) due to changes in timelines and the probability of contractual milestones being achieved. Refer to Note 18 and Note 24 for additional information.

During the year the Company did not revise the value of any other intangible assets. As the intangible assets remain under development, no amortization charge has been recognized (2020: £nil).

On April 23, 2019, the Company acquired an intangible asset of £12.7 million following the acquisition of Mereo BioPharma 5, Inc. The intangible asset represented the intellectual property associated with etigilimab and navicixizumab, among others, for which the fair value at acquisition was fully attributed to navicixizumab. On January 13, 2020, the Company entered into a license agreement with OncXerna under which an exclusive worldwide license was granted in respect of intellectual property rights for the development and commercialization of navicixizumab. Under the terms of the license agreement, the Company received an upfront gross payment of £3.1 million ($4 million), and derecognized the associated intangible asset, recording a loss on disposal of £10.9 million.

14. Impairment testing of acquired development programs not yet available for use

Acquired development programs not yet available for use are assessed annually for impairment. The carrying amount of acquired development programs is as follows:

	December 31,	
	2021	2020
	£'000s	£'000s
BPS-804 (setrusumab)	2,159	11,616
MPH-966 (alvelestat)	8,208	5,835
BSG-649 (leflutrozole)	9,886	9,886
BCT-197 (acumapimod)	4,311	4,311
Total	**24,564**	**31,648**

The Company considers the future development costs, the probability of successfully progressing each program to product approval and the likely commercial returns after product approval, among other factors, when reviewing for indicators of impairment. The results of this testing did not indicate any impairment of the acquired products' rights for the year ended December 31, 2021. Management believes that the likelihood of a materially different outcome using different assumptions is remote.

The acquired development programs are assets which are not used in commercialized products. These assets have not yet begun to be amortized but have been tested for impairment by assessing their value in use. Value in use calculations for each program are utilized to calculate the recoverable amount. The calculations use pre-tax cash flow projections covering the period through product development to commercial sales up to the later of loss of patent protection or market exclusivity, which extend beyond five years from the balance sheet date. Approved products are assumed to be out-licensed such that the Company receives upfront payments, milestone receipts and royalties on commercial sales; therefore, the Company does not incur any costs of commercialization after out-licensing except when such terms are agreed.

Key assumptions for the value in use calculations are described as follows:

- Development costs to obtain regulatory approval – costs are estimated net of any contributions expected from collaborative arrangements with future partners. Management have developed cost estimates based on their previous experience and in conjunction with the expertise of their clinical development partners;

- Launch dates of products – these reflect management's expected date of launch for products based on the timeline of development programs required to obtain regulatory approval. The assumptions are based on management's and clinical development partners' prior experience;
- Probability of successful development – management estimates probabilities of success for each phase of development based on industry averages and knowledge of specific programs;
- Out-licensing signature fees, milestones and royalty rates on sales – management estimates these amounts based on prior experience and access to values from similar transactions in the industry, which are collated and accessible from specialist third-party sources;
- Sales projections – these are based on management's internal projections using external market data and market research commissioned by the Company;
- Profit margins and other operational expenses – these are based on the Company's internal projections of current product manufacturing costings, with input from manufacturing partners where applicable, and estimates of operating costs based on management's prior industry experience;
- Cash flow projections – for all assets, cash flows are assessed over an industry-standard asset life of 20 years; and
- Discount rates – the discount rate is estimated on a pre-tax basis reflecting the estimated cost of capital of the Company and is applied consistently across each of the acquired development programs. The cost of capital was calculated at 12.0% (2020: 12.0%).

Where an out-licensing agreement has been reached with a third party, known and observable inputs replace management assumptions if available.

At this stage of product development, the key sensitivity for all development programs is the probability of successful completion of clinical trials in order to obtain regulatory approval necessary for commercial sales. Therefore, full impairment of a development program is expected should such clinical trials be unsuccessful.

15. Other receivables

	December 31,	
	2021	**2020**
	£'000s	**£'000s**
Lease deposits	408	407
VAT recoverable	387	370
Other	624	239
Total	**1,419**	**1,016**

16. Cash and short-term deposits

	December 31,	
	2021	**2020**
	£'000s	**£'000s**
Cash	93,727	22,922
Short-term deposits	569	547
Total	**94,296**	**23,469**

Short-term deposits are available immediately and earn fixed interest at the respective short-term deposit rates and are held in various certificates of deposit.

17. Trade and other payables

	December 31,	
	2021	**2020**
	£'000s	**£'000s**
Trade payables	2,285	3,165
Social security and other taxes	190	146
Other payables	24	22
Total	**2,499**	**3,333**

Trade and other payables are non-interest bearing and have an average term of one month.

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18. Provisions

	December 31,	
	2021	2020
	£'000s	£'000s
Social security contribution on vested share options	—	109
Provision for deferred cash consideration	4,123	1,525
Total	**4,123**	**1,634**
Current	2,803	418
Non-current	1,320	1,216

	Social security contribution on vested share options	Deferred cash consideration
	£'000s	£'000s
At January 1, 2020	**104**	**1,654**
Arising/(released) during the year, net	5	—
Increase in provision due to the unwinding of the time value of money	—	157
Decrease in provision due to a change in estimates relating to timelines and probabilities of contractual milestones being achieved (revision to intangible asset, see Note 13)	—	(286)
At December 31, 2020	**109**	**1,525**
Arising/(released) during the year, net	(109)	—
Increase in provision due to the unwinding of the time value of money	—	225
Increase in provision due to a change in estimates relating to timelines and probabilities of contractual milestones being achieved (revision to intangible asset, see Note 13)	—	2,373
At December 31, 2021	**—**	**4,123**

The provision for social security contributions on share options is calculated based on the number of vested options outstanding at the reporting date that are expected to be exercised. The provision is based on the estimated taxable gain arising on exercise of the share options, using the best estimate of the market price at the balance sheet date.

The deferred cash consideration is the estimate of the quantifiable but not certain future cash payment obligations due to AstraZeneca for the acquisition of certain assets (see Note 13). This provision is calculated as the risk-adjusted net present value of future cash payments to be made by the Company. The payments are dependent on reaching certain milestones based on the commencement and outcome of clinical trials. The likelihood of achieving such milestones is reviewed at the balance sheet date and increased or decreased as appropriate.

19. Private placement

On June 3, 2020, the Company completed a £56 million private placement transaction which comprised of the issuance of 89,144,630 ordinary shares of £0.003 each at a price of £0.174 per share for total proceeds of £15.5 million, and the issue of Tranche 1 convertible loan notes (the "Loan Notes") for total proceeds of £40.5 million. The investors also received conditional warrants to subscribe for an additional 161,048,366 ordinary shares (the "Warrants").

The terms of the Loan Notes and Warrants, and, in particular, their ability to be converted into ordinary shares was conditional on the passing of certain resolutions (the "Resolutions") at a subsequent general meeting of shareholders held on June 30, 2020. At that date, the Resolutions were passed, and the Loan Notes became convertible into ordinary shares.

Loan Notes

The Loan Notes bear interest at a rate of 6% per annum and have an initial maturity date of June 2023. The Loan Notes are convertible into ordinary shares at the discretion of the holder and, if not converted by the initial maturity date, may be extended for an additional seven years, but will cease to bear interest from any extension date. The Loan Notes were initially recognized at their fair value of £38.6 million (debt host instrument in the amount of £26.7 million and the embedded derivative in the amount of £11.9 million, before transaction costs).

Loan Notes in an aggregate principal amount of £40.5 million were issued on June 3, 2020 and became convertible upon the passing of the Resolutions. As a result, on June 30, 2020, Loan Notes in an aggregate principal amount of £21.8 million, together with accrued interest, were automatically converted into 125,061,475 ordinary shares, and Loan Notes in an aggregate principal amount of £18.9 million remained outstanding as of December 31, 2020. See Note 21.

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During the year ended December 31, 2021, the Company issued and allotted 40,397,976 ordinary shares at a price of £0.174 per share on conversion of Loan Notes. As of December 31, 2021, Loan Notes in an aggregate principal amount of £12.4 million remain outstanding.

Warrants

Participants in the private placement transaction received conditional warrants to subscribe for further ordinary shares in an aggregate number equal to 50 percent of both the ordinary shares purchased and the ordinary shares issuable upon conversion of the Loan Notes. A total of 161,048,366 Warrants were issued. The fair value of the warrants at inception was £4.1 million.

The Warrants have an exercise price of £0.348 per share and are exercisable at any time until their expiry in June 2023. The Warrants can be exercised for cash or on a cashless basis at the discretion of the warrant holder. Certain Warrants outstanding at the expiry date may be converted into Tranche 2 Notes, with an expiry date of up to seven years from conversion, and do not bear interest. See Note 20.

The Loan Notes and the Warrants were recognized as separate financial instruments. Transaction costs directly attributable to the private placement transaction were apportioned across the ordinary shares, Loan Notes and Warrants.

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20. Warrant liability

	December 31,	
	2021	2020
	£'000s	£'000s
January 1	50,775	131
Issued during the year	—	4,080
Settled during the year	(2,400)	(127)
Fair value changes during the year	(40,039)	46,691
At December 31	**8,336**	**50,775**

The change in fair value of the warrant liability represents an unrealized gain in the year ended December 31, 2021.

Warrants – private placement

As a part of the private placement transaction on June 3, 2020, the participating investors received conditional warrants entitling them to subscribe for an aggregate of 161,048,366 ordinary shares in the Company. The warrants were conditional on certain Resolutions being passed at the Company's general meeting on June 30, 2020. On the passing of the Resolutions, the warrants entitled the investors to subscribe for ordinary shares at an exercise price of £0.348 per warrant and are exercisable until June 2023. The warrants are classified as liabilities as the Company does not have an unconditional right to avoid redeeming the instruments for cash. The fair value of the warrant liability was £8.0 million as of December 31, 2021 (£49.9 million as of December 31, 2020). The change in the fair value of £39.5 million was recognized as a gain in the consolidated statement of comprehensive income/(loss). During the year-ended December 31, 2021, 15,414,626 warrants were exercised (2020: 690,205). Refer to Note 22 for details of the warrant exercises.

Warrants – bank loan

As of December 31, 2021 and 2020, the former lenders of the Company have warrants outstanding to purchase a total of 1,243,908 ordinary shares at an exercise price of £2.95 per share and a total of 1,243,908 ordinary shares at an exercise price of $0.4144 per share.

At December 31, 2021, the fair value of these warrants were £0.3 million (2020: £0.8 million). There were no warrants exercised during the year ended December 31, 2021.

Total outstanding warrants

At December 31, 2021, a total of 147,431,351 warrants are outstanding (2020: 162,845,977). The warrants outstanding are equivalent to 25% of the issued ordinary share capital of the Company (2020: 48%).

The following table lists the weighted average inputs to the models used for the fair value of warrants:

	December 31,	
	2021	2020
Expected volatility (%)	75	84-85
Risk-free interest rate (%)	0.9	0.25-(0.05)
Expected life of warrants (years)	1.5	3
Market price of ADS ($)	$ 1.60	$ 3.58
Model used	Black-Scholes	Black-Scholes

21. Convertible loan notes

	December 31,	
	2021	2020
	£'000s	£'000s
Novartis Loan Note	3,771	3,196
Loan Notes – private placement	10,613	12,946
Total	**14,384**	**16,142**
Current	—	—
Non-current	14,384	16,142

Convertible loan notes

On February 10, 2020, the Company entered into a convertible equity financing with Novartis Pharma (AG) (“Novartis”) under which Novartis purchased a £3.8 million convertible loan note (the “Novartis Loan Note”).

The Novartis Loan Note is convertible at the discretion of the holder, at a fixed price of £0.265 per ordinary share and bears an interest rate of 6% per annum with a maturity date of February 2025. In connection with the Novartis Loan Note, the Company issued 1,449,614 warrants which are exercisable until February 2025 at an exercise price of £0.265.

Loan Notes – private placement

The initial issuance of Loan Notes in an aggregate principal amount of £40.5 million were issued on June 3, 2020 and formed part of the private placement transaction (Note 19) were classified as a financial liability on initial recognition. Non-closely related embedded derivatives relating to the conversion feature, term-extension and change of control features were bifurcated and accounted for at FVTPL, with the debt host contract being measured at amortized cost.

The fair value of the embedded derivative liability was £11.9 million on initial recognition and the fair value of the liability component was £24.4 million (net of transaction costs). In 2020, between initial recognition and the passing of the Resolutions (Note 19), changes in the fair value of the embedded derivative totaling £63.2 million were recognized as an expense in the consolidated statement of comprehensive income/(loss).

The Loan Notes were not convertible until certain Resolutions were passed at the Company's general meeting on June 30, 2020, following which Loan Notes in an aggregate principal amount of £21.7 million (together with accrued interest) were automatically converted into 125,061,475 ordinary shares. Accordingly, a reduction in interest bearing loans of £13.3 million together with the derecognition of the embedded derivative relating to the conversion feature of £41.6 million was recognized; no gain or loss was recognized on conversion. The remaining portion of the embedded derivative relating to the conversion feature attributable to the Loan Notes outstanding of £33.5 million was reclassified to equity to reflect the effective change in the terms of the feature following the passing of the Resolutions.

The movements in the carrying value of the liability component of the Loan Notes is included in the table below. Refer to Note 22 for details of Loan Notes converted to equity.

	Year ended December 31,	
	2021	2020
	£'000s	£'000s
January 1	12,946	—
Issued	—	24,417
Interest charge	2,974	1,803
Converted to equity	(5,307)	(13,274)
December 31	**10,613**	**12,946**

The movements in the carrying value of the embedded derivative relating to the conversion feature in the year-ended 2020 is included in the table below. There were no movements in the carrying value of the embedded derivative in the year-ended December 31, 2021 following the reclassification to equity on June 30, 2020.

	Year ended December 31,
	2020
	£'000s
January 1	—
Arising during the year	11,913
Change in fair value	63,158
Reclassified to equity	(75,071)
December 31	**—**

The change in fair value of the embedded derivative liability represented an unrealized loss (recognized within fair value changes on derivative financial instruments held at FVTPL) in the consolidated statement of comprehensive income/(loss) in the year ended December 31, 2020.

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The fair value of the embedded derivative was determined by comparing the fair value of the hybrid instrument and the fair value of the host debt, which excludes the conversion features, using a discounted cash flow model as well as Black-Scholes model for the hybrid contract. Inputs into the models used to fair value the embedded derivative at inception (June 3, 2020), at conversion (June 30, 2020) and at the balance sheet date are as follows:

	December 31, 2020	June 30, 2020	June 3, 2020
Expected volatility	—	61	61
Risk-free interest rate (%)	—	0.19	0.27
Credit spread %	—	1.86	2.01
Expected life	—	3	3
Market price of ordinary shares (£)	—	0.46	0.19
Probability of resolutions passing (%)	—	100	90
Models used	—	Discounted cash flow/Black-Scholes model	Discounted cash flow/Black-Scholes model

Volatility was estimated by reference to the one-month historical volatility of the share price of the Company. The credit spread was determined based on the estimate of an implied credit rating of the Company between B and C. The volatility and credit spread are key unobservable inputs that require significant judgment and, therefore, the embedded derivatives were categorized within level 3 of the fair value hierarchy.

22. Issued capital and reserves

	Ordinary Shares Number	Ordinary Share capital £'000s	Share premium £'000s
As at January 1, 2019	**71,240,272**	**214**	**118,492**
Issued on April 23, 2019	24,783,320	74	—
Issued on June 21, 2019	1,936,030	6	3,953
Transaction costs for issued share capital	—	—	(761)
As at December 31, 2019	**97,959,622**	**294**	**121,684**
Issued on February 11, 2020	14,295,520	43	2,511
Issued on February 20, 2020	12,252,715	37	2,267
Issued on June 4, 2020	89,144,630	267	15,244
Issued on June 30, 2020	125,061,475	375	21,386
Issued on December 23, 2020	239,179	1	—
Transaction costs for issued share capital	—	—	(1,307)
As at December 31, 2020	**338,953,141**	**1,017**	**161,785**
Issued during the year	245,955,098	738	85,909
Transaction costs for issued share capital	—	—	(234)
As at December 31, 2021	**584,908,239**	**1,755**	**247,460**

Since January 1, 2019, the following alterations to the Company's share capital have been made. For each share issuance, ordinary shares of £0.003 in nominal value in the capital of the Company were issued.

- On April 23, 2019, the Company issued and allotted 24,783,320 ordinary shares as consideration for the acquisition of Mereo BioPharma 5, Inc. The fair value of the ordinary shares, measured on the date of acquisition, was £1.65;
- On June 21, 2019, Novartis converted £2.4 million of loan notes dated June 3, 2016 into 1,071,042 ordinary shares at a fixed conversion price of £2.21 per share. Under the terms of the notes, Novartis also received 864,988 bonus shares.

- On February 11, 2020, the Company issued and allotted 11,432,925 ordinary shares at a price of £0.20 per share to Aspire Capital Fund, LLC (“Aspire Capital”). Gross cash received was £2.3 million. Aspire Capital has also committed to subscribe for up to an additional $25 million of ordinary shares exchangeable for ADSs from time to time during a 30-month period at the Company’s request. In consideration for this, the Company paid Aspire Capital a commission satisfied through a non-cash transaction wholly by the issue of a further 2,862,595 of the Company’s ordinary shares (equivalent to 572,519 ADSs) at a price of £0.08.
- On February 20, 2020, the Company issued and allotted 12,252,715 ordinary shares at a price of £0.19 per share. Gross cash received was £2.3 million;
- On June 4, 2020, the Company issued and allotted 89,144,630 ordinary shares at a price of £0.174 per share to investors. Gross cash received was £15.5 million. The ordinary shares were in substance issued at a discount to the gross cash received. The fair value of the consideration of the ordinary shares was determined to be £13.4 million and therefore the ordinary shares were in substance issued at a discount of £2.1 million, which was recorded as a reduction to other reserves (other reserves represent amounts that relate to changes to the Company’s paid up equity and which are not capital reserves) in the consolidated statement of changes in equity. The incremental directly attributable transaction costs in relation to the issue of the ordinary shares were included within share premium;

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- On June 30, 2020, the Company issued and allotted 125,061,475 ordinary shares at a price of £0.174 per share to investors on conversion of the Loan Notes. The legal proceeds were £21.8 million;
- On December 23, 2020, 690,205 Warrants (equivalent to 138,041 ADSs) were exercised. This transaction was completed by way of a cashless exercise resulting in 47,835 ADSs being issued at the aggregate nominal value of the ordinary shares underlying the ADSs issued, in place of the exercise price of £0.348 per ordinary share.
- On February 12, 2021, the Company issued and allotted 198,375,000 ordinary shares of the Company with a nominal value of £0.003 at a price of £0.395 per share, equivalent to 39,675,000 ADS at a price of $2.726 per ADS, after underwriting discounts and commissions, resulting in proceeds of £78.4 million. Transaction costs incurred for the issuance of share capital was £0.2 million.
- During the year ended December 31, 2021, 14,954,491 warrants (equivalent to 2,990,898 ADSs) were exercised by way of a cashless exercise resulting in 4,621,147 ordinary shares (924,229 ADSs) being issued at the aggregate nominal value of the ordinary shares underlying the ADSs issued, in place of the exercise price of £0.348 per ordinary share. A further 460,135 warrants (equivalent to 92,027 ADSs) were exercised on a cash basis at the exercise price of £0.348, which resulted in aggregate proceeds of £0.2 million.
- On May 4, 2021, the Company issued and allotted 2,100,840 ordinary shares of £0.003 in nominal value in the capital of the Company at a price of £0.517 per share to Cancer Focus Fund, as part of a non-cash, equity-settled transaction where the Company entered into partnership with Cancer Focus Fund for a Phase 1b/2 study of etigilimab in Clear Cell Ovarian Cancer to be conducted at The University of Texas MD Anderson Cancer Center. The study will be financed by Cancer Focus Fund, in exchange for upfront consideration of $1.5 million (£1.09 million) of the Company's ordinary shares and additional payments based on the achievement of certain milestones. The Company initially recognized a prepayment of £1.09 million with reference to fair value of the ordinary shares granted, of which £0.2 million was subsequently recorded in the consolidated statement of comprehensive income/(loss) during the year ended December 31, 2021.
- During the year ended December 31, 2021, the Company issued and allotted 40,397,976 ordinary shares of £0.003 in nominal value in the capital of the Company at an exercise price of £0.174 per share on non-cash conversion of Loan Notes.

Other capital reserves

	Shares to be issued	Share-based payments	Equity component of convertible loan notes	Other warrants issued	Merger reserve	Other reserve	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At January 1, 2019	**1,590**	**16,649**	**310**	**44**	**—**	**—**	**18,593**
Acquisition of Mereo BioPharma 5, Inc.	—	—	—	—	40,818	—	40,818
Shares issued during the year	(1,590)	—	—	—	—	—	(1,590)
Convertible loan conversion	—	—	(310)	—	—	—	(310)
Share based payments expense during the year	—	1,636	—	—	—	—	1,636
At December 31, 2019	**—**	**18,285**	**—**	**44**	**40,818**	**—**	**59,147**
Share based payments expense during the year	—	1,558	—	—	—	—	1,558
Novartis convertible loan note instrument and warrants	—	—	1,084	—	—	—	1,084
Conversion of Loan Notes	—	—	—	—	—	33,104	33,104
Reclassification of the embedded derivative	—	—	33,481	—	—	—	33,481
At December 31, 2020	**—**	**19,843**	**34,565**	**44**	**40,818**	**33,104**	**128,374**
Share based payments expense during the year	—	3,302	—	—	—	—	3,302
Share options exercised	—	(119)	—	—	—	—	(119)
Conversion of Loan Notes	—	—	(1,722)	—	—	—	(1,722)
At December 31, 2021	**—**	**23,026**	**32,843**	**44**	**40,818**	**33,104**	**129,835**

Shares to be issued

At January 1, 2019, a maximum of 864,988 shares were remaining to be issued to Novartis pro-rata to their percentage shareholding as and when the Company issued further ordinary shares. The fair value of these shares was £1.84 per share.

On June 21, 2019, the remaining 864,988 shares were issued to Novartis as fully paid up bonus shares for £nil consideration. There were no movements in this reserve in 2020 and 2021 and the balance as at December 31, 2019, 2020 and 2021 was £nil.

Share-based payments

The Company has various share option schemes under which options to subscribe for the Company's shares have been granted to certain executives, non-executive directors ("NEDs") and employees.

The share-based payment reserve is used to recognize (i) the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration and (ii) deferred equity consideration. Refer to Note 26 for further details.

Equity component of convertible loan instrument

The convertible loan notes issued to Novartis are a compound instrument consisting of a liability and an equity component. The value of the equity component (cost of the conversion option) as at December 31, 2021 is £1.08 million (December 31, 2020: £1.08 million).

On June 30, 2020, the Loan Notes in an aggregate principal amount of £21.8 million (together with accrued interest) were automatically converted into 125,061,475 ordinary shares. This resulted in £33.5 million recognized in other reserves in equity as a difference between the share capital and share premium recognized on conversion and the carrying value of the embedded derivative financial liability extinguished. See Note 19.

Other warrants issued

The funding arrangements with The Alpha-1 Project are a compound instrument consisting of a liability and an equity component. The value of the equity component (consideration received for the warrants) as at December 31, 2021, 2020 and 2019 is less than £ 0.1 million.

Merger reserve

The consideration paid to acquire Mereo BioPharma 5, Inc. was 24,783,320 ordinary shares with an acquisition date fair value of £40.9 million, based on the Company's quoted share price. The nominal value of the issued capital was £0.1 million with the excess, £40.8 million, classified within other capital reserves as a 'Merger reserve'.

Other reserves

On June 30, 2020, the Company issued and allotted 125,061,475 ordinary shares of £0.003 in nominal value in the capital of the Company at a price of £0.174 per share to investors following the partial conversion of the Loan Notes. The legal proceeds were £21.8 million. This resulted in £33.1 million recognized in other reserves as a difference between the carrying value of the financial liability extinguished and the legal proceeds.

Accumulated loss

	Year ended December 31,		
	2021 £'000s	**2020 £'000s**	**2019 £'000s**
Other reserves	7,401	5,001	7,000
Accumulated losses	(296,968)	(309,693)	(146,065)

Other reserves represent a capital reduction undertaken in 2016 which created a reserve of £7.0 million. On June 3, 2020, the Company issued and allotted 89,144,630 ordinary shares to investors. The difference between the gross proceeds, £15.5 million, and the fair value of the consideration of the ordinary shares, £13.4 million, of £2.1 million, was recognized as a reduction to other reserves. During the year ended December 31, 2021, 15,414,626 private placement warrants were exercised, resulting in a £2.4 million reduction in the warrant liability which was recognized as an addition to "Other reserves."

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23. Changes in liabilities arising from financing activities

	Contingent consideration £'000s	Lease liability £'000s	Bank loan £'000s	Novartis Loan Note £'000s	Warrant liability £'000s	Deferred cash consideration £'000s	Loan Notes – private placement £'000s	Other £'000s	Total £'000s
Carrying value at January 1, 2020	354	11,904	20,512	—	131	1,654	—	44	34,599
Settled during the year	(354)	—	(23,412)	—	(127)	—	—	—	(23,893)
Financing cash flows	—	(2,086)	—	2,758	—	—	36,330	18	37,020
Issuance of warrants	—	—	—	—	4,080	—	—	—	4,080
Interest expense	—	1,085	2,900	438	—	—	1,803	—	6,226
Lease modification	—	(9,547)	—	—	—	—	—	—	(9,547)
Changes in fair values	—	—	—	—	46,691	(129)	63,158	—	109,720
Changes in foreign exchange	—	438	—	—	—	—	—	—	438
Reclassified to equity	—	—	—	—	—	—	(88,345)	—	(88,345)
Carrying value at December 31, 2020	**—**	**1,794**	**—**	**3,196**	**50,775**	**1,525**	**12,946**	**62**	**70,298**
Financing cash flows	—	(692)	—	—	—	—	—	—	(692)
Non-cash changes									
Settled during the year	—	—	—	—	(2,400)	—	(5,307)	—	(7,707)
Interest expense	—	230	—	575	—	206	2,974	18	4,003
Lease addition	—	910	—	—	—	—	—	—	910
Lease modification	—	163	—	—	—	—	—	—	163
Changes in fair values	—	—	—	—	(40,039)	2,373	—	—	(37,666)
Changes in foreign exchange	—	(29)	—	—	—	19	—	—	(10)
Carrying value at December 31, 2021	**—**	**2,376**	**—**	**3,771**	**8,336**	**4,123**	**10,613**	**80**	**29,299**

24. Financial and capital risk management and fair value measurement

Capital risk management

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern and ensure that sufficient capital is in place to fund the Company's R&D activities and operations. The Company's principal methods of adjusting the capital available are through issuing new shares, licensing and/or collaboration agreements or arranging suitable debt financing. The Company's share capital and share premium are disclosed in Note 22. The Company's convertible loans are disclosed in Note 21. The Company monitors the availability of capital with regards to its committed and forecasted future expenditure on an ongoing basis.

The Company has an Employee Benefit Trust which holds ADSs to satisfy exercises of options under the Company's share option schemes (see Note 26).

Financial risk management objectives and policies

The Company seeks to maintain a balance between equity capital and convertible debt to provide sufficient cash resources to execute the business plan. In addition, the Company maintains a balance between cash held on deposit and short-term investments in pound sterling and other currencies to reduce its exposure to foreign exchange fluctuations in respect of its planned expenditure.

Company's principal financial instruments comprise warrants, convertible loan notes and trade payables which arise directly from its operations. The Company has various financial assets, including receivables and cash and short-term deposits.

Interest rate risk

The Company's policy in relation to interest rate risk is to monitor short and medium-term interest rates and to place cash on deposit for periods that optimize the amount of interest earned while maintaining access to sufficient funds to meet the cost of is operating activities and future research and development activities.

The Company's interest payable on convertible loan notes is fixed. Consequently, there is no material exposure to interest rate risk in respect of interest payable.

Credit risk

The Company is dependent on a number of third parties for the delivery of its programs and, where required, pays upfront deposits and fees in advance of the delivery of services. The Company considers all of its material counterparties to be creditworthy and the credit risk for each of its major counterparties to be low, but continues to assess credit risk as part of its management of these third-party relationships. The Company's maximum exposure to credit risk for the components of the balance sheet at December 31, 2021 are the carrying amounts.

Liquidity risk

The Company's policy is to maintain adequate cash reserves at highly rated banks and financial institutions and also seeks to invest in short-term deposits to achieve a competitive rate of return. The Company's liquid resources are invested with regard to the timing of payments to be made in the ordinary course of business, while monitoring its funding requirements through preparation of short-term, mid-term and long-term forecasts.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments at December 31, 2021:

	Up to 1 year £'000s	1-3 years £'000s	3-5 years £'000s	Over 5 years £'000s	Total £'000s
Leases	781	1,222	835	—	2,838
Trade and other payables	2,499	—	—	—	2,499
Accruals	3,826	—	—	—	3,826

The Company does not face a significant liquidity risk with regards to its lease liabilities.

The Company may incur potential payments upon achievement of clinical, regulatory and commercial milestones, as applicable, or royalty payments that may be required to be made under license agreements the Company entered into with various entities pursuant to which the Company has in-licensed certain intellectual property, including license agreements with Novartis and AstraZeneca. Due to the uncertainty of the achievement and timing of the events requiring payment under these agreements, the amounts to be paid are not fixed or determinable at this time and no such amounts are included herein.

Foreign currency and market risk

Foreign currency risk arises from R&D activities, commercial transactions and recognized assets and liabilities in foreign currencies, with the principal currency exposure being fluctuations in pound sterling, U.S. dollars and Euros.

The functional currency of the Company and all subsidiaries is pound sterling, except for Mereo BioPharma 5, Inc. whose functional currency is U.S. dollars. The Company incurs expenditures in foreign currencies and is exposed to the risks of foreign exchange rate movements, with the impact recognized in the consolidated statement of comprehensive income/(loss).

Funding secured in 2021 and 2020 was principally in U.S dollars and, although the Company currently has no revenue from product sales, proceeds received from upfront milestones under its licensing and collaboration agreements are denominated in U.S. dollars, while the majority of operating costs are denominated in pound sterling, U.S. dollars and Euros.

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The Company seeks to minimize this exposure by passively maintaining foreign currency cash balances at levels appropriate to meet foreseeable foreign currency expenditures. The Company does not hedge potential future cash flows or income.

The table below shows analysis of the pound sterling equivalent of period-end cash and short-term deposits balances by currency:

	December 31,	
	2021	2020
	£'000s	£'000s
Pound sterling	92,104	17,809
U.S. dollars	2,018	5,586
Swiss francs	9	9
Euro	165	65
Total	**94,296**	**23,469**

The table below shows those transactional exposures that give rise to net currency gains and losses recognized in the consolidated statement of comprehensive income/(loss). Such exposures comprise the net monetary assets and monetary liabilities of the Company that are not denominated in the functional currency of the relevant subsidiary. As at December 31, these exposures were as follows:

	December 31,	
	2021	2020
Net foreign currency assets/(liabilities):	£'000s	£ '000s
U.S. dollars	920	4,088
Swiss francs	9	9
Euro	(142)	(513)
Total	**787**	**3,584**

The most significant currencies in which the Company transacts, other than pound sterling, are the U.S. dollar and the Euro. The Company also transacts in other currencies as necessary.

The following table illustrates the sensitivity to a 10% weakening or strengthening in the period-end rate in the U.S. dollar and the Euro against pound sterling:

December 31, 2021	**U.S. dollar**	**Euro**
	£'000s	**£'000s**
Profit before tax	(84)	13
Equity	(84)	13

December 31, 2020	**U.S. dollar**	**Euro**
	£'000s	**£'000s**
Profit before tax	(372)	47
Equity	(372)	47

Financial instruments by category

	Fair value through profit or loss December 31,		Amortized cost December 31,	
	2021	2020	2021	2020
Financial assets	£ '000s	£ '000s	£ '000s	£ '000s
Cash and short-term deposits	—	—	94,296	23,469
Other receivables	—	—	1,032	646
Total financial assets	**—**	**—**	**95,328**	**24,919**
Financial liabilities				
Provisions	4,123	1,634	—	—
Convertible loan notes	—	—	14,384	16,142
Warrant liability	8,336	50,775	—	—

Trade and other payables	—	—	2,309	3,187
Accruals	—	—	3,826	4,178
Lease liability	—	—	2,376	1,794
Total financial liabilities	**12,459**	**52,409**	**22,895**	**25,301**

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The carrying values of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements are approximately equal to their fair values.

Fair value hierarchy

			Fair value measurement using		
Liabilities measured at fair value	**Date of valuation**	**Total**	**Quoted prices in active markets (level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		£'000s	**£'000s**	**£'000s**	**£'000s**
Provision for deferred consideration (Note 18)	December 31, 2021	4,123	—	—	4,123
Warrant liability (Note 20)	December 31, 2021	8,336	—	341	7,995

			Fair value measurement using		
Liabilities measured at fair value	**Date of valuation**	**Total**	**Quoted prices in active markets (level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		£'000s	**£'000s**	**£'000s**	**£'000s**
Provision for deferred consideration (Note 18)	December 31, 2020	1,525	—	—	1,525
Warrant liability (Note 20)	December 31, 2020	50,775	—	845	49,930

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2021 and 2020.

The following table presents the changes in Level 3 items for the periods ended December 31, 2021 and December 31, 2020:

	Provision for deferred cash consideration	Provision for contingent consideration	Warrant liability
	£'000s	**£'000s**	**£'000s**
January 1, 2020	1,654	354	—
Issued during the year	—	—	4,080
Settled during the year	—	(354)	(127)
Unwinding of the time value of money (recognized as a finance cost)	157	—	—
Change in estimate relating to probabilities (revision to intangible asset, see Note 13)	(286)	—	—
Change in fair value	—	—	45,977
December 31, 2020	**1,525**	**—**	**49,930**
Settled during the year	—	—	(2,400)
Unwinding of the time value of money (recognized as a finance cost)	225	—	—
Change in estimate relating to probabilities (revision to intangible asset, see Note 13)	2,373	—	—
Change in fair value	—	—	(39,535)
December 31, 2021	4,123	—	7,995

The following methods and assumptions were used to estimate the fair values:

- The fair value of the provision for deferred cash consideration is estimated by discounting future cash flows using rates currently available for debt on similar terms and credit risk. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the deferred cash consideration is also sensitive to a reasonably possible change in the probability of reaching certain

milestones. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

- At December 31, 2021, the Company estimates the fair value of the contingent consideration liability to be £nil. An amount of £0.4 million was paid in 2020 relating to the Navi milestone received. The estimated contingent consideration payable is based on a risk adjusted, probability-based scenario. Under this approach the likelihood of future payments being made to the former shareholders of Mereo BioPharma 5, Inc. under the CVR arrangement is considered. The estimate could materially change over time as the development plan and subsequent commercialization of the Navi product progresses.
- The warrant liability is estimated using a Black-Scholes model, taking into account appropriate amendments to inputs in respect of volatility, remaining expected life of the warrants and rates of interest at each reporting date.

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at December 31, 2021 and 2020 are as follows:

	Valuation technique	Significant unobservable inputs	Input range (weighted average)	Sensitivity of the input to fair value
Provision for deferred cash consideration	Discounted cash flow	WACC	2021: 12%	1% increase/decrease would result in a decrease/increase in fair value by £31,000
		WACC	2020: 12%	1% increase/decrease would result in a decrease/increase in fair value by £25,000
		Probability of success	2021:40.6% - 81.2%	10% increase/decrease would result in an increase/decrease in fair value by £0.5 million
		Probability of success	2020: 13.8%–95%	10% increase/decrease would result in an increase/decrease in fair value by £0.4 million
Contingent consideration liability	Discounted cash flow	Ongoing uncertainty in the clinical development of the Navi product		Total potential payments future payments relating to the contingent consideration liability on a gross, undiscounted basis are approximately $80 million.
		Regulatory approval and commercialization risks		Sensitivity of the input to fair value is primarily driven by uncertainty in the clinical development of the Navi product. Future potential payments under the CVR arrangement are contingent on i) future development milestones and ii) future sales of the Navi product, following regulatory approval and commercialization. In January 2020, the Company entered into the license agreement as detailed in Note 13. Although pursuant to the license agreement the Company is entitled to additional payments of up to $302 million, there continues to be significant uncertainty in respect of any milestone and royalty payments under the license agreement.

Warrant liability related to the private placement	Black-Scholes model	Expected volatility	2021:75.1%	Volatility was estimated by reference to the 1.4 years historical volatility of the historical share price of the Company, matching the maturity of the instrument. If the volatility is decreased to 67.4% based on 1-year historical volatility, the carrying value of the warrants as of December 31, 2021 would decrease to £6.7 million.
		Expected volatility	2020: 85.1%	Volatility was estimated by reference to the six-month historical volatility of the historical share price of the Company. If the volatility is increased to 93.8% based on three-month historical volatility, the carrying value of the warrants as of December 31, 2020 would have increased to £52.9 million.

25. Commitments and contingencies

Each of Mereo BioPharma 1 Limited, Mereo BioPharma 2 Limited and Mereo BioPharma 3 Limited (together, the "Subsidiaries") issued to Novartis loan notes (which were assigned by Novartis to the Company in exchange for ordinary shares pursuant to the Subscription Agreement) and each of the Subsidiaries agreed to make future payments to Novartis comprising amounts equal to ascending specified percentages of tiered annual worldwide net sales (beginning at high single digits and reaching into double digits at higher sales) by such Subsidiary of products that include the assets acquired. The levels of ascending percentages of tiered annual worldwide net sales are the same for each Subsidiary under the respective Purchase Agreements.

Each Subsidiary further agreed that in the event it transfers, licenses, assigns or leases all or substantially all of its assets, it will pay Novartis a percentage of the proceeds of such transaction. The Company will retain the majority of the proceeds from such a transaction. Such percentage is the same for each Subsidiary under the respective Purchase Agreements. The payment of a percentage of proceeds is not payable with respect to any transaction involving equity interests of Mereo BioPharma Group plc, a merger or consolidation of Mereo BioPharma Group plc, or a sale of any assets of Mereo BioPharma Group plc.

In October 2017, the Company's wholly owned subsidiary Mereo BioPharma 4 Limited entered into an exclusive license and option agreement ("the License Agreement"), to obtain from AstraZeneca an exclusive worldwide, sub-licensable license under AstraZeneca's intellectual property rights relating to alvelestat, with an option to acquire such intellectual property rights following commencement of a pivotal trial and payment of related milestone payments ("the Option"), together with the acquisition of certain related assets. Upon entering into the License Agreement, the Company made a payment of $3.0 million and issued 490,798 ordinary shares to AstraZeneca, for an aggregate upfront payment equal to $5.0 million. In connection with certain development and regulatory milestones, the Company has agreed to make payments of up to $115.5 million in the aggregate and issue additional ordinary shares to AstraZeneca for licensed products containing alvelestat. In addition, the Company has agreed to make payments to AstraZeneca based on specified commercial milestones of the product. The Company has also agreed to pay a specified percentage of sub-licensing revenue to AstraZeneca and to make royalty payments to AstraZeneca equal to ascending specified percentages of tiered annual worldwide net sales by the Company of licensed products (subject to certain reductions), ranging from the high single digits to low double digits. Royalties will be payable on a licensed-product-by-licensed-product and country-by-country basis until the later of ten years after the first commercial sale of such licensed product in such country and expiration of the last patent covering such licensed product in such country that would be sufficient to prevent generic entry. The Company has agreed to use commercially reasonable efforts to develop and commercialize at least one licensed product.

The License Agreement will expire on the expiry of the last-to-expire royalty term with respect to all licensed products. Upon the expiration of the royalty term for a licensed product in a particular country, the licenses to the Company for such product in such country will become fully paid and irrevocable. Prior to exercise of the Option, if at all, the Company may

terminate the License Agreement upon prior written notice. Either party may terminate the agreement upon prior written notice for the other party's material breach that remains uncured for a specified period of time or insolvency.

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The Company enters into contracts in the normal course of business with contract research organizations ("CROs"), contract manufacturing organizations ("CMOs") and other third parties to assist in the performance of research and development activities and other services and products for operating purposes. The contracts with CROs generally provide for termination on notice, and therefore, are cancellable contracts and not included herein. The Company has manufacturing commitments with CMOs of £1.4 million as of December 31, 2021.

26. Share-based payments

The charge for share-based payments arises across the following schemes:

	Year ended December 31,		
	2021	**2020**	**2019**
	£'000s	**£'000s**	**£'000s**
2019 Equity Incentive Plan	2,860	922	635
2019 NED Equity Incentive Plan	499	167	160
2015 Plan	—	3	63
Mereo BioPharma Group plc Share Option Plan	68	376	685
Long Term Incentive Plan	(125)	90	93
Total	**3,302**	**1,558**	**1,636**

2019 Equity Incentive Plan ("EIP") and 2019 Non-Executive Director Equity Incentive Plan ("NED EIP")

The 2019 EIP and 2019 NED EIP were adopted on April 4, 2019, and subsequently amended on February 3, 2020 and January 15, 2021. The 2019 EIP provides for the grant of market value options over ADSs (each ADS is represented by 5 ordinary shares) to executive directors and employees. The 2019 NED EIP provides for the grant of market value options over ADSs to non-executive directors.

During the years ended December 31, 2021, 2020 and 2019, market value options were granted to executive directors and employees under the 2019 EIP. Subject to the executive director or employees continued employment, one-fourth of each such market value option grant shall vest on the first anniversary of the grant date and the remainder shall vest in equal monthly installments over the three-year period following the first anniversary. No performance conditions apply to such market value options.

During the years ended December 31, 2021, 2020 and 2019, market value options were granted to non-executive directors ("NEDs") under the 2019 NED EIP. Subject to the NEDs holding their current office (or being otherwise employed) through each applicable vesting date, such awards shall vest in equal monthly installments over a one-year period following the grant date. No performance conditions apply to such market value options.

The fair value of share options granted were estimated at the date of grant using a Black-Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The fair value calculation does not include any allowance for dividends as the Company has no available profits for distribution.

The exercise price of the share options will be equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is 10 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, options for the 2019 EIP and 2019 NED EIP during the year-ended December 31, 2021:

	2019 EIP		2019 NED EIP	
	Options over ADS Number	**WAEP $**	**Options over ADS Number**	**WAEP $**
Outstanding at January 1, 2021	1,567,873	2.94	149,416	3.06
Granted during the year	2,696,960	2.83	296,000	2.81
Cancelled during the year	(253,277)	2.66	(23,625)	2.72
Forfeited during the year	(28,521)	5.37	—	—
Exercised during the year	(39,333)	2.11	—	—
Outstanding at December 31, 2021	**3,943,702**	**2.88**	**421,791**	**2.90**
Exercisable at December 31, 2021	727,698	3.16	386,623	2.91

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The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, options for the 2019 EIP and 2019 NED EIP during the year-ended December 31, 2020:

	2019 EIP		2019 NED EIP	
	Options over ADS Number	WAEP $	Options over ADS Number	WAEP $
Outstanding at January 1, 2020	798,050	4.29	77,000	4.20
Granted during the year	1,167,836	2.00	77,000	1.84
Cancelled during the year	(406)	5.40	—	—
Forfeited during the year	(397,607)	2.87	(4,584)	1.84
Exercised during the year	—	—	—	—
Outstanding at December 31, 2020	**1,567,873**	**2.94**	**149,416**	**3.06**
Exercisable at December 31, 2020	259,829	4.42	138,412	3.15

The weighted average remaining contractual life for the share options outstanding as at December 31, 2021 for the 2019 EIP was 8.7 years (2020: 8.9 years) and for the 2019 NED EIP was 8.6 years (2020: 8.9 years).

The weighted average fair value of options granted during the year was $2.50 per ADS (2020: $2.23 per ADS).

Options outstanding at the end of the year had an exercise price of between $1.76 and $5.40.

The 2015 Plan

Under the Mereo BioPharma Group Limited Share Option Plan (the "2015 Plan"), the Company, at its discretion, granted share options to employees, including executive management and NEDs. Share options vest over four years for executive management and employees and over three years for NEDs. No share options were granted during the year under the 2015 Plan and no further share option grants are envisaged.

	2021		2020	
	Number	WAEP £	Number	WAEP £
Outstanding at January 1, 2021	8,923,600	1.32	8,923,600	1.32
Forfeited during the year	(625,906)	1.29	—	—
Outstanding at December 31, 2021	8,297,694	1.31	8,923,600	1.32
Exercisable at December 31, 2021	8,297,694	1.31	8,923,600	1.32

The weighted average remaining contractual life for the share options outstanding as at December 31, 2021 was 3.6 years (2020: 4.6 years). Options outstanding at the end of the year had an exercise price of between £1.28 and £2.19.

The Mereo BioPharma Group plc Share Option Plan

The Mereo BioPharma Group plc Share Option Plan ("Share Option Plan") provides for the grant of options to acquire ordinary shares to employees, executive directors and executive officers. Options may be granted to all eligible employees on commencement of employment and may be granted on a periodic basis after that. Under the Share Option Plan, the Board of Directors may determine if the vesting of an option will be subject to the satisfaction of a performance condition. Following the introduction of the EIP and NED EIP, no further share option grants under the Share Option Plan are envisaged.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, options for the Option Plan during the year:

	2021		2020	
	Number	WAEP £	Number	WAEP £
Outstanding at January 1, 2021	1,411,395	3.14	1,524,065	3.07
Forfeited during the year	(87,430)	3.11	(112,670)	3.03
Outstanding at December 31, 2021	1,323,965	3.04	1,411,395	3.14
Exercisable at December 31, 2021	1,323,965	3.04	1,210,410	3.01

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The weighted average remaining contractual life for the share options outstanding as at December 31, 2021 was 5.6 years (2020: 6.6 years). Options outstanding at the end of the year had an exercise price of between £2.73 and £3.22.

Long Term Incentive Plan

Under the Company's Long Term Incentive Plan (LTIP), initiated in 2016, the Company, at its discretion, may grant nil-cost options to acquire shares to employees. Under the LTIP rules, vesting of 75% of the options issued to employees is subject to a share price performance condition (the "Share Price Element") and vesting of 25% of the options is subject to achievement of strategic operational targets (the "Strategic Element"). Share options vest over a maximum of five years, dependent upon achievement of these targets.

The fair value of the LTIP Share Price Element is estimated at the date of grant using a Monte Carlo pricing model, taking into account the terms and conditions upon which the share options were granted. The fair value of the LTIP Strategic Element is estimated at the date of grant using a Black- Scholes pricing model, taking into account the terms and conditions upon which the share options were granted, and the expense recorded is based upon the expected level of achievement of non-market based performance measures (strategic targets).

The fair value calculations do not include any allowance for dividends as the Company has no available profits for distribution. The contractual term of the LTIP options is five years.

	2021 Number	2020 Number
Outstanding at January 1	482,748	910,072
Lapsed during the year	(482,748)	(427,324)
Outstanding at December 31	—	482,748
Exercisable at December 31	—	—

All LTIP options lapsed during the year ended December 31, 2021. The weighted average remaining contractual life for the LTIP options outstanding as at December 31, 2020 was 0.5 years.

No LTIP options were granted during the years ended December 31, 2020 and 2021 and no further grants are envisaged.

Deferred Bonus Share Plan

Under the previous terms of the Company's Deferred Bonus Share Plan (DBSP), 30% of the annual bonus for 2017 for the senior management team was payable in deferred shares, which are governed by the DBSP plan rules. At the date of grant of the awards, the monetary bonus amount was divided by the closing share price to give the number of shares issued to the employee under the DBSP. The number of shares is fixed and not subject to adjustment between the issue date and vesting date. Under the DBSP, awards vest after three years from the date of the award.

There are no further performance conditions attached to the award, nor any service conditions (including no requirement for continued employment once the awards have been made).

Since the awards are issued at nil cost, they will be satisfied by the issue of ADSs from the Employee Benefit Trust.

62,183 options lapsed during the year ended December 31, 2021. The outstanding number of options as at December 31, 2021 is 100,817 all of which were exercisable. The outstanding number of options as at December 31, 2020 was 163,000, of which 62,170 were exercisable.

The weighted average remaining contractual life for the DBSP options outstanding as at December 31, 2021 was 0.1 years (2020: 0.6 years).

For the 2018 and 2019 financial years, under the Deferred Bonus Plan ("2019 DBP"), 100% of the annual bonus was paid in cash, of which 30% of amounts granted to the senior management team (after deduction of income tax and the relevant employee's national insurance contributions) was required to be utilized to acquire shares in the Company in the open market within 12 months of the grant of the award. No further grants under the DBSP are envisaged.

Deferred equity consideration

In October 2017, the Company's wholly owned subsidiary Mereo BioPharma 4 Limited entered into an exclusive license and option agreement (the "License Agreement") to obtain from AstraZeneca an exclusive worldwide, sub-licensable license under AstraZeneca's intellectual property rights relating to MPH-966, with an option to acquire such intellectual property

rights following commencement of a pivotal trial and payment of related milestone payments (the “Option”), together with the acquisition of certain related assets.

Under the agreement with AstraZeneca, the Company may issue up to 1,349,693 ordinary shares which are dependent on achieving certain milestones.

Weighted average inputs

The following table includes the weighted average inputs to the models used for the fair value of share options granted during the year ended December 31, 2021:

	2019 EIP	2019 NED EIP
Expected volatility (%)	97	98
Risk-free interest rate (%)	1.15	1.09
Expected life of share options (years)	10	10
Market price of ADS's ($)	2.83	2.81
Model used	Black-Scholes	Black-Scholes

During the year ended December 31, 2021, no grants were issued under any other scheme.

The following table includes the weighted average inputs to the models used for the fair value of share options granted during the year ended December 31, 2020:

	2019 EIP	2019 NED EIP
Expected volatility (%)	67	68
Risk-free interest rate (%)	0.59	0.64
Expected life of share options (years)	10	10
Market price of ADS's ($)	1.99	1.84
Model used	Black-Scholes	Black-Scholes

During the year ended December 31, 2020, no grants were issued under any other scheme.

27. Related party disclosures

Compensation of key management personnel of the Company

The remuneration of key management personnel of the Company is set out below in aggregate:

	Year ended December 31,		
	2021	2020	2019
	£'000s	£'000s	£'000s
Short-term benefits	4,018	4,479	3,488
Post-employment benefits	173	144	64
Share-based payment charge	2,559	875	1,152
Total	**6,750**	**5,498**	**4,704**

The amounts disclosed in the table above are the amounts recognized as an expense during the reporting period related to key management personnel. In 2021, key management personnel of the Company consisted of the executive director (the Chief Executive Officer), non-executive directors, and other members of senior executive management (the Chief Financial Officer, the General Counsel, the Chief Portfolio Management and Pipeline Strategy, Chief Business Officer, Chief Scientific Officer and the Chief Patient Access and Commercial Planning).

Employee Benefit Trust

In 2016 the Company set up an Employee Benefit Trust ("EBT"). The EBT holds ADS's to satisfy the exercise of options under the Company's share-based incentive schemes (Note 26).

No funding was loaned to the EBT by the Company during the year ended December 31, 2021 (2020: nil). During the year ended December 31, 2021, no ordinary shares were purchased by the EBT (2020: 7). A total of 31,205 ADSs (2020: nil) held by the EBT were used in the year-ended December 31, 2021 to satisfy the exercise of options under the Company's share-based incentive schemes. As of December 31, 2021, the EBT holds 216,251 ADSs (2020: 247,456) along with £17,866 in cash (2020: £21,762).

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28. Events after the reporting period

In February 2022, the Company received a milestone payment of $2.0 million under the Navi License Agreement with OncXerna which resulted in a payment to CVR holders of a total of approximately $0.9 million, after deductions of costs, charges and expenditures.

PRIVATE AND CONFIDENTIAL

[*name*]
[*address*]

[*date*]

Dear [*name*],

Restated Letter of Appointment

The Board of Directors (**Board**) of Mereo BioPharma Group plc (**Company**) is pleased to confirm your appointment as an independent non-executive [director][chairman] effective as of [*date*] (**Effective Date**). Your restated terms pursuant to this letter will become effective on the Effective Date.

This letter sets out the main terms of your appointment from the Effective Date. By accepting this appointment, you agree that this letter is a contract for services and is not a contract of employment and you confirm that you are not subject to any restrictions which prevent you from holding office as a director of the Company.

1. FEES AND EXPENSES

1.1 You shall be paid an annual fee of £[ ] gross, which shall be paid in equal instalments monthly in arrears through the payroll after deduction of any taxes and other amounts that are required by law. This fee covers all duties but does not include fees for service on any Board committee and any Boards of the Company's subsidiaries which will be notified to you separately in writing.

1.2 The Company shall reimburse you for all reasonable and properly documented expenses that you incur in performing the duties of your office including travel and sundry expenses, in accordance with the Company's expense reimbursement policies.

1.3 On termination of your appointment, you shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred before that date.

2. ROLE AND DUTIES

2.1 The Board as a whole is collectively responsible for the success of the Company. Subject to and without limitation on the Company's articles of incorporation, bylaws and any charter or similar authorisation to the Board or any committee of the Board, the Board's role is to seek to:

(a) promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society;

(b) act with integrity;

(c) ensure that the necessary resources are in place for the Company to meet its objectives, and measure performance against them;

(d) establish a framework of prudent and effective controls, which enable risk to be assessed and managed; and

(e) ensure that policies and practices are consistent with the Company's values and support its long-term sustainable success.

2.2 As a non-executive director you shall have the same general legal responsibilities to the Company as any other director. You are expected to perform your duties (whether statutory, fiduciary or common law) faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.

2.3 You shall exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006 and, where applicable, the Market Abuse Regulation (596/2014/EU), the rules of the Securities and Exchange Commission, the Nasdaq Stock Market and Delaware General Corporation Law.

2.4 You shall have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the Company's employees;

(c) the need to foster the Company's business relationships with suppliers, customers and others;

(d) the impact of the Company's operations on the community and the environment;

(e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between the members of the Company.

2.5 If and when applicable, you shall have particular regard to the Nasdaq's Listed Company Rules and the Delaware General Corporation Law provisions applicable to the board of directors and committees thereof and their respective members and advisers.

[ ] [In addition to the general legal responsibilities to the Company as any other director, in your role as chairman, you should seek to fulfil the following list of responsibilities:

(a) chair the Board and general meetings of the Company and relevant committees of the Board and relevant Board and general meetings of any subsidiaries of the Company;

(b) in consultation with the Chief Executive, set the Board's agenda (primarily focused on strategy, performance, value creation and accountability) and strive to ensure that issues relevant to these areas are reserved for board decision and adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) create the conditions for overall board and individual director effectiveness, s etting clear expectations concerning the style and tone of Board discussions;

(d) ensure that the Board determines the nature and extent of the significant risks that the Company is willing to embrace in implementing its strategy;

(e) ensure that the Board has effective decision-making processes and applies sufficient challenge to major proposals;

(f) ensure that all directors are aware of their responsibilities and are able to discharge their statutory duties;

(g) ensure that Board committees are properly structured with appropriate terms of reference and that committee membership is periodically refreshed;

(h) encourage all Board members to engage in Board and committee meetings by drawing on their skills, experience and knowledge;

(i) ensure that sufficient time is allowed at the board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken;

(j) hold meetings with the non-executive directors without the executives present to facilitate a full and frank airing of views;

(k) develop productive working relationships with all executive directors and the chief executive to gain a detailed understanding of the business;

(l) demonstrate ethical leadership and promote the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;

(m) ensure that the Board receives accurate, timely and clear information;

(n) demonstrate objective judgement and facilitate constructive board relations and the effective contribution of all non-executive directors;

(o) ensure that the new directors participate in a full, formal and tailored induction programme;

(p) ensure that the performance of the Board, its committees and individual directors is evaluated at least once a year, select an effective approach and act on the results of such evaluation; and

(q) periodically review, with the company secretary, whether the Board and Company's governance processes are fit for purpose and consider any improvements and initiatives that could strengthen the governance.]

2.6 In your role as a non-executive director, it is expected that you shall also be required to fulfil the following list of responsibilities, in the course of your good faith performance of services to the Company and in the exercise of your reasonable business judgment:

(a) provide constructive challenge, strategic guidance, offer specialist advice hold management to account and help develop proposals on strategy;

(b) monitor the performance of senior management in meeting agreed goals and objectives and monitor the reporting of performance;

(c) satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;

(d) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;

(e) insist on receiving high-quality information sufficiently in advance of Board meetings and seek clarification or amplification if you consider the information provided is inadequate or lacks clarity;

(f) make sufficient time available to discharge your responsibilities effectively;

(g) exercise relevant powers under, and abide by, the Articles;

(h) disclose the nature and extent of any direct or indirect interest you may have in any matter being considered at a Board or committee meeting and, except as permitted under the Articles you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest;

(i) immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Chair of the Audit Committee;

(j) exercise your powers as a director in accordance with the Company's policies and procedures and the Bribery Act 2010; and

(k) not do anything that would cause you to be disqualified from acting as a director.

2.7 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of or with the Company.

2.8 You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary to enable you to discharge your duties.

2.9 If you are required to register yourself or your personal service company with HM Revenue and Customs as a "Trust or Company Service Provider" under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, you will be responsible for effecting such registration and for compliance with other requirements of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and applicable legislation.

2.10 Notwithstanding anything to the contrary in this Article 2, you acknowledge and agree that in your capacity as director, you will have such duties, authorities and responsibilities and other obligations as provided under the Company's articles of incorporation and bylaws and charter documents, in each case, as in effect from time to time, and you will act in compliance with the applicable rules and regulations promulgated by the SEC and Nasdaq.

2.11 You acknowledge and agree that in your capacity as director, you are acting solely as an independent contractor and not as an employee, legal representative or agent of the Company.

3. CONFIDENTIALITY

3.1 You acknowledge that all information acquired during your appointment is confidential to the Company and should not be released, communicated or disclosed to third parties or used for any reason other than in the interests of the Company, either during your appointment or following termination (by whatever means), without prior clearance from the Board (or a committee thereof). This restriction shall cease to apply to any confidential information which may (other than by reason of your breach) become available to the public generally.

3.2 You acknowledge the need to hold and retain Company information (in whatever format you may receive it) under appropriately secure conditions.

3.3 Nothing in this paragraph 3 shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act and you have complied with the Company's policy from time to time in force regarding such disclosures.

3.4 Nothing in this Agreement shall be construed to prohibit you from reporting or disclosing information or reporting possible violations of federal or state law or regulations to any governmental agency or self-regulatory organisation with oversight responsibility for the Company, or making other disclosures that are protected under whistleblower or other provisions of any applicable federal or state law or regulations (it being understood that prior authorisation of the Company is not required to make any such reports or disclosures, and you are not required to notify the Company that you have made such reports or disclosures).

4. TIME COMMITMENT

4.1 You will be expected to devote such time as is necessary for the proper performance of your duties. This will include attendance at Board meetings, Board committee meetings, the AGM, meetings with the other non-executive directors, meetings with shareholders, meetings forming part of the Board evaluation process and updating. In addition, you will be required to consider all relevant papers before each meeting.

4.2 The nature of the role makes it impossible to be specific about the maximum time commitment. You may be required to devote additional time to the Company in respect of preparation time and ad hoc matters which may arise, and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings.

4.3 The overall time commitment stated in paragraph 4.1 will increase if you become a committee member or chair, or if you are given additional responsibilities, such as being appointed as non-executive director on the boards of any of the Company's subsidiaries. Details of the expected increase in time commitment will be covered in any relevant communication confirming the additional responsibility.

4.4 By accepting this appointment, you confirm that, taking into account all of your other commitments, you are able to allocate sufficient time to the Company to discharge your responsibilities effectively. You should obtain the agreement of the Chairman and the Nomination Committee before accepting additional commitments that might affect the time you are able to devote to your role as a non-executive director of the Company.

5. APPOINTMENT

5.1 Subject to the provisions of this letter, including but not limited to clauses 5.2 and 5.4 below, your appointment shall be for a term of three years commencing on the Effective Date until the conclusion of the Company's annual general meeting (**AGM**) occurring approximately three years from that date, unless terminated earlier by either party giving to the other three months' prior written notice.

5.2 Your appointment is subject to the Company's articles of association, as amended from time to time (**Articles**). Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as a director of the Company. Your appointment is subject to confirmation by the shareholders at the next AGM, and at any subsequent AGM as required by the Articles or as the Board resolves.

5.3 Continuation of your appointment is contingent on your continued satisfactory performance and any relevant statutory provisions relating to removal of a director. If the shareholders do not re-elect you as a director, or you are retired from office under the Articles, your appointment shall terminate automatically, with immediate effect and without compensation , other than earned but unpaid fees and unreimbursed business expense reasonably incurred, and except as otherwise provided in any equity compensation plan or award.

5.4 Any term renewal is subject to Board review and AGM re-election. Notwithstanding any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period.

5.5 You may be required to serve on one or more Board committees. You will be provided with the relevant terms of reference on your appointment to such a committee. You may be required to serve as a non-executive director on the board of any of the Company's subsidiaries and will be provided with the relevant terms of reference on your appointment to such board(s). Except as otherwise determined by the Board or an authorised Board committee, you will not receive any additional compensation for service on any such Board committee or any subsidiary board.

5.6 Notwithstanding paragraph 5.1 to paragraph 5.5, the Company may terminate your appointment with immediate effect if you have:

(a) committed a material breach of your obligations under this letter;

(b) committed any serious or repeated breach or non-observance of your obligations to the Company (which include an obligation not to breach your statutory, fiduciary or common-law duties);

(c) been guilty of any fraud or dishonesty or acted in any manner which, in the Company's opinion, brings or is likely to bring you or the Company into disrepute or is materially adverse to the Company's interests;

(d) been convicted of an arrestable criminal offence other than a road traffic offence for which a fine or non-custodial penalty is imposed;

(e) been declared bankrupt or have made an arrangement with or for the benefit of your creditors, or if you have a county court administration order made against you under the County Court Act 1984;

(f) been disqualified from acting as a director; or

(g) not complied with the Company's anti-corruption and bribery policy and procedures.

5.7 On termination of your appointment, you shall, at the Company's request, resign from your office as non-executive director of the Company and any offices you hold in any of the Company's group companies.

5.8 If matters arise which cause you concern about your role, you should discuss these matters with the Chief Executive and Chairman (who may determine that discussion with the Board (or a committee thereof) is appropriate). If you have any concerns which cannot be resolved, and you choose to resign for that, or any other, reason, you should provide an appropriate written statement to the Chief Executive for circulation to the Board.

6. INDEPENDENT PROFESSIONAL ADVICE

In some circumstances you may consider that you need professional advice in the furtherance of your duties as a non-executive director and it may be appropriate for you to seek advice from independent advisers at the Company's expense. A copy of the Board's agreed procedure under which directors may obtain such independent advice is available from the Company's General Counsel. The Company shall reimburse the reasonable cost of expenditure incurred by you in accordance with its policy. For the avoidance of doubt, nothing in this paragraph 6 shall be construed to limit any right of the Board or any committee thereof, under any charter document or rule of any stock exchange or regulatory authority or otherwise, to retain and/or receive the advice of outside compensation consultants, legal counsel and other advisers or limit any obligation of the Company to provide appropriate funds for the compensation of any such outside advisers.

7. OUTSIDE INTERESTS

7.1 You have already disclosed to the Board the significant commitments you have outside your role in the Company. You must inform the Chief Executive or the Nomination Committee in advance of any changes to these commitments. In certain circumstances, you may have to seek the Board's agreement before accepting further commitments which either might give rise to a conflict of interest or a conflict with any of your duties to the Company, or which might impact on the time that you are able to devote to your role at the Company.

7.2 It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. If you become aware of any further potential or actual conflicts of interest, these should be disclosed to the Chairman, the Chief Executive and the Nomination Committee as soon as you become aware of them and again you may have to seek the agreement of the Board.

8. INSIDE INFORMATION AND DEALING IN THE COMPANY'S SHARES

8.1 Your attention is drawn to the requirements under both law and regulation as to the disclosure of inside information, in particular to the Market Abuse Regulation (596/2014/EU), section 52 of the Criminal Justice Act 1993 on insider dealing, as well as section 10(b) and section 16(b) of the US Exchange Act and SEC Rule 10b-5. You should avoid making any statements or taking any other action that might risk a breach of these requirements. If in doubt, please contact the Chief Executive or General Counsel.

8.2 During your period of appointment you are required to comply with any applicable regulations or laws in relation to dealing in the Company's publicly traded or quoted securities including, section 10(b) and section 16(b) of the US Exchange Act and SEC Rule 10b-5, the Sarbanes-Oxley Act and any other code or policy as the Company may adopt from time to time which sets out the terms for dealings by directors in the Company's securities. A copy of the current share dealing code adopted by the Company will be provided to you separately.

9. REVIEW PROCESS

The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the Chief Executive or the Nomination Committee as soon as you can.

10. INSURANCE AND INDEMNITY

10.1 The Company has directors' and officers' liability insurance and it intends to maintain such cover for the full term of your appointment at a level customary for companies in the pharmaceutical industry of a similar size and stage of development. A copy of the policy document is available from the Company's General Counsel.

10.2 The Company shall grant you a deed of indemnity against certain liabilities that may be incurred as a result of your office to the extent permitted by section 234 of the Companies Act 2006 and Delaware General Corporation Law.

11. CHANGES TO PERSONAL DETAILS

You shall advise the General Counsel promptly of any change in your address or other personal contact details.

12. RETURN OF PROPERTY

On termination of your appointment with the Company however arising, or at any time at the Board's request, you shall immediately return to the Company all documents, records, papers or other property belonging to the Company or any company in the Company's group which may be in your possession or under your control, and which relate in any way to the Company's or a group company's business affairs and you shall not retain any copies thereof.

13. MORAL RIGHTS

You hereby irrevocably waive any moral rights in all works prepared by you, in the provision of your services to the Company, to which you are now or may at any future time be entitled under Chapter IV of the Copyright Designs and Patents Act 1988 or any similar provisions of law in any jurisdiction, including (but without limitation) the right to be identified, the right of integrity and the right against false attribution, and agree not to institute, support, maintain or permit any action or claim to the effect that any treatment, exploitation or use of such works or other materials, infringes your moral rights.

14. DATA PROTECTION

14.1 The Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is available on the intranet or the Company's Human Resources department. All personal data will be treated in accordance with applicable data protection laws and regulations.

15. THIRD PARTY RIGHTS

No one other than you and the Company shall have any rights to enforce the terms of this letter.

16. ENTIRE AGREEMENT

16.1 This letter and any document referred to in it constitutes the entire terms and conditions of your appointment and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and the Company, whether written or oral, relating to its subject matter.

16.2 You agree that you shall have no remedies in respect of any representation, , assurance or warranty (whether made innocently or negligently) that is not set out in this letter and you shall not have any claim for innocent or negligent misrepresentation based on any statement in this letter.

17. VARIATION

No variation of this letter shall be effective unless it is in writing and signed by you and the Company (or respective authorised representatives).

18. GOVERNING LAW AND JURISDICTION

Your appointment with the Company and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales and you and the Company irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this appointment or its subject matter or formation (including non-contractual disputes or claims).

19. TAXES

19.1 Fees payable pursuant to this Appointment may be subject to deductions for UK income tax and National Insurance contributions as required by law. You are responsible for the payment of all federal, state or local taxes payable in any other jurisdictions.

19.2 This letter agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended (**Code**) or an exception thereunder and shall be interpreted, construed and administered in accordance therewith. Notwithstanding the foregoing, the Company makes no representations that the payments or benefits provided under this letter comply with or are exempt from Code Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the you as a result of this letter failing to comply with or be exempt from Code Section 409A. To the extent that any reimbursements are subject to Code Section 409A, any such reimbursement payment due to you shall be paid to you in all events on or before the last day of your taxable year following the taxable year in which the related expense was incurred. The reimbursements are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that you receive in one taxable year shall not affect the amount of such benefits or reimbursements that you receive in any other taxable year.

Please indicate your acceptance of these terms by signing and returning to the attached copy of this letter to Dr. Denise Scots-Knight, Chief Executive, Mereo BioPharma Group plc.

Yours sincerely

_____

For and on behalf of Mereo BioPharma Group plc

I agree to the above terms of my appointment as a non-executive director of Mereo BioPharma Group plc as set out in this letter.

Signed on **by**

_____

[*name*]

Exhibit 4.26

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT ("Agreement") is entered into as of September 1, 2019 (the "Effective Date") by and between Mereo BioPharma Group Plc, a company incorporated in England and Wales (the "Company"), and John Richard ("Employee").

WHEREAs, the Company and Employee entered into that certain employment agreement dated as of February 26, 2018 (the "Previous Employment Agreement"), and that certain consulting agreement dated as of January 23, 2019 as amended as of March 1, 2019 (the "Consulting Agreement");

WHEREAS, Employee desires to continue to be employed by the Company, and the Company desires to continue to employ the Employee;

WHEREAS, the Company and Employee desire to amend and restate in its entirety the Previous Employment Agreement in order to set forth the terms and conditions of Employee's employment by the Company;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions. Certain words or phrases used herein with initial capital letters shall have the meanings ascribed to them in parenthesis or as set forth in Section 9 hereof.

2. Employment; Employment Period. As of the Effective Date, the Company shall continue to employ Employee, and Employee accepts continued employment with the Company upon the terms and conditions set forth in this Agreement and ending as provided in Section 5 (the "Employment Period"). Notwithstanding anything in this Agreement to the contrary, the Company or Employee may terminate Employee's employment with the Company for any reason or for no reason at any time in accordance with Section 5 of this Agreement.

3. Employment Commencement Date, Position, and Duties.

(a) During the Employment Period, Employee shall serve as Head of Corporate Development of the Company and its subsidiaries and related divisions and business lines and shall have the normal duties, responsibilities and authority of an executive serving in such a position, including the specific duties and responsibilities set forth on Schedule 1, attached hereto, in each case, subject to the oversight and direction of the Company's chief executive officer ("CEO").

(b) During the Employment Period, Employee shall report to the CEO.

(c) Best Efforts. During Employee's employment, Employee shall: (i) devote Employee's full professional time and attention to the performance of Employee's duties for the Company and its subsidiaries and related divisions and business lines; (ii) use Employee's best efforts to dutifully, faithfully and efficiently perform his duties hereunder, and obey all reasonable and lawful directions given by or under the authority of the Board; and (iii) refrain from engaging in any other business, profession or occupation for compensation or otherwise which would conflict, directly or indirectly, with the rendition of services to the Company, without the prior written consent of the Board; except that Employee may engage in charitable,

civic and community activities and manage Employee's personal investments provided that such activities do not materially interfere with the performance of his duties hereunder or conflict with the conditions of his employment, all in a manner consistent with his duties and responsibilities. In addition, Employee may continue his consultancy with John Richard & Associates, LLC and continue serving as a director of the companies listed on Schedule 2, attached hereto.

(d) During the Employment Period, Employee shall perform Employee's duties and responsibilities from his office at his Atlanta, Georgia residence but will be required to travel to the extent necessary to perform his employment duties and responsibilities. Employee acknowledges that the Company's agreement to allow Employee to perform his duties and responsibilities at his home office (to the extent the performance of his duties and responsibilities does not require Employee to travel) is for Employee's convenience and not in furtherance of any business purpose of the Company.

4. Compensation and Benefits.

(a) Salary. The Company agrees to pay Employee a salary during the Employment Period, which shall be earned and paid in installments based on the Company's payroll practices as may be in effect from time to time but not less frequently than semi-monthly. Employee's initial salary shall be at the rate of Three Hundred Seventy Thousand Dollars ($370,000) per year (the "Base Salary"). The CEO shall review the Base Salary from time to time for any increases, which shall be in the Company's discretion.

(b) Annual Incentive Compensation. Employee will be considered for a bonus each calendar year ("Annual Bonus"). Whether an Annual Bonus is earned and the amount of any Annual Bonus payable to Employee in respect of a calendar year will be determined by the Company in its discretion. If earned, the Annual Bonus payable to Employee in respect of a calendar pursuant to this Section 4(b) shall be paid no later than 2-1/2 months following the close of the calendar year for which it is earned provided (i) Employee has been in the continuous employment of the Company through and including date on which the Annual Bonus is paid, and (ii) neither the Company nor Employee has given written notice of the Employee's termination or resignation to the other. The terms and conditions of Employee's Annual Bonus opportunity for a calendar year shall be communicated to Employee in writing or, if the terms and conditions of Employee's Annual Bonus opportunity for a calendar year are set forth in an annual bonus plan, a copy of the annual bonus plan shall be provided to Employee.

(c) Equity Compensation. Employee may be offered the opportunity to participate in the Company's equity incentive compensation and/or other long-term incentive compensation plans as they may be in effect from time to time. Any grants of equity incentive compensation and/or other long-term incentive compensation to Employee are discretionary on the part of the Company and, if granted, shall be governed by the terms and conditions of the applicable plan document and award agreement.

(d) Standard Benefits Package. During the Employment Period, Employee shall be entitled to participate, on the same basis as other employees of the Company, in the Company's Standard Benefits Package. The Company's "Standard Benefits Package" means those benefits (including insurance, vacation, sick leave, and other benefits, but excluding any severance pay program or policy of the Company) for which any senior executive and/or substantially all of the corporate salaried employees of the Company are from time to time generally eligible, as determined from time to time by the Board. Employee's prior service as a consultant of the Company shall be counted as service for purposes of participation, vesting and other crediting of service under the Company's employee benefit plans in the United Kingdom except where such crediting would result in a duplication of benefits for the same period of service.

(e) Business Expenses. During the Employment Period, the Company shall reimburse Employee for all reasonable expenses incurred by Employee in the course of performing Employee's duties under this Agreement that are consistent with the Company's policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company's requirements applicable generally with respect to reporting and documentation of such expenses.

(f) Adherence to Company Policies. Employee agrees to abide by such office policies, procedures, and practices as may be established from time to time through office manuals, policy statements, memoranda, or other communications to the Company's employees generally, including without limitation, the Staff Handbook. Employee understands that these policies, procedures, and practices are subject to change, do not constitute contractual rights or obligations, and that no employee has any right to the continuance of any given policy or practice unless specifically set forth herein.

5. Employment Period.

(a) Employee's employment hereunder may be terminated under the following circumstances:

(i) Employee's death;

(ii) a termination of Employee's employment due to Permanent Disability;

(iii) a Termination For Cause;

(iv) a Termination Without Cause; or

(v) a Termination by Employee without Good Reason;

(vi) a Termination by Employee for Good Reason.

A termination pursuant to subsection (i) shall occur automatically upon Employee's death. A termination pursuant to subsection (ii), (iv), or (v) of this Section 5(a) shall require three (3) months' written notice from the terminating party to the other party. A termination pursuant to subsection (iii) of this Section 5(a) may be effected immediately, subject to any applicable notice and cure periods in the definition of "Cause" as set forth in Section 9 of this Agreement. A termination pursuant to subsection (vi) of this Section 5(a) shall be subject to the applicable notice and cure periods in the definition of "Good Reason" set forth in Section 9 of this Agreement. Upon receipt of Employee's written notice of resignation pursuant to subsections (v) or (vi), the Company may, if requested by Employee but in its sole discretion, waive or shorten the notice period, in which case Employee will be permitted to terminate employment immediately or at a time designated by the Company. If the Company waives or shortens the notice period at such Employee's request, then under such circumstances, the Company will not be obliged to pay any amount in lieu of the waived or shortened notice.

(b) Effect of Termination. Upon Employee's termination of employment, the Employment Period will end. If, on the Date of Termination, Employee is a member of the board of directors of the Company or any of its Affiliates, or Employee holds any other office or position with the Company or its Affiliates, Employee shall be deemed to have resigned from all such offices and positions as of the Date of Termination. Employee also hereby covenants that upon and following the Date of Termination, he will take such actions and execute such instruments as the Company determines to be necessary or advisable in order to effect such resignations.

6. Post-Employment Payments. At the end of Employee's employment for any reason (including due to the Employee's death or Permanent Disability), Employee shall cease to have any rights to salary, expense reimbursements or other benefits, except that Employee shall be entitled to (i) any Base Salary which has been earned but is unpaid, any reimbursable expenses which have been incurred but are unpaid, and any unexpired vacation days which have accrued under the Company's vacation policy but are unused, in each such case, as of the end of the Employment Period; (ii) plan benefits which by their terms extend beyond termination of Employee's employment theretofore granted to Employee or any other benefit plan in which Employee has participated as an employee of the Company and excluding any severance pay program or policy of the Company; and (iii) any benefits to which Employee is entitled under Part 6 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, as amended (collectively, "Accrued Compensation").

(a) Termination without Cause or by Employee for Good Reason. If Employee's employment is terminated by the Company without Cause or by Employee for Good Reason during the Employment Period, Employee shall be entitled to the following:

(i) the Accrued Compensation;

(ii) continued payment of Employee's Base Salary for a period of three (3) months following the Date of Termination, payable in approximately equal installments paid over a three (3) month period in accordance with the Company's customary payroll practices; and

(iii) continued coverage of Employee and Employee's eligible dependents under the Company's group health plan in which Employee and his eligible dependents were participants as of the Date of Termination and at the employee premium contribution rates then in effect, for a period that is the lesser of (i) three (3) months following the Date of Termination, or (ii) the date on which Employee and Employee's eligible dependents become covered under another health plan (the amounts payable pursuant to Section 6(a)(ii) and this Section 6(a)(iii) constituting the "Severance").

Notwithstanding any provision of this Agreement to the contrary, the payment of Severance shall be conditioned upon Employee's execution, delivery to the Company, and non-revocation of a general release in favor of the Company and its Affiliates, in a form acceptable to, and prepared by the Company, within sixty (60) days following the Date of Termination (the "Release"). If Employee fails to execute the Release in such timely manner, so as to permit any revocation period to expire prior to the end of the sixty (60) day period or if Employee timely revokes his acceptance of such Release, Employee shall not be entitled to any Severance. Any Severance payment otherwise scheduled to occur prior to the sixtieth (60th) day following the Date of Termination but for the condition of executing the release as set forth herein, shall not be made until the regularly scheduled payroll date following such sixtieth (60th) day.

(b) Other Terminations of Employment. If Employee's employment terminates during the Employment Period other than by the Company without Cause or by Employee for Good Reason, then Employee shall only be entitled to the Accrued Compensation. For the sake of clarity, Employee's termination of employment by reason of his death, due to his Permanent Disability, and Employee's termination without Good Reason, shall not constitute a termination of his employment without Cause.

7. Confidential Information; Ownership of Materials; Duty to Return Company Property. For purposes of this Section 7 and Section 8, the Company shall be deemed to include its subsidiaries and related divisions and business lines. In connection with his employment and continuing on an ongoing basis during the Employment Period, the Company will give Employee access to Confidential Information. Employee acknowledges and agrees that all Confidential Information is confidential and a valuable, special and unique asset of the Company that gives the Company an advantage over its actual and potential, current and future competitors. Employee further acknowledges and agrees that Employee owes the Company a fiduciary duty to preserve and protect all Confidential Information from unauthorized disclosure or unauthorized use, that certain Confidential Information constitutes "trade secrets" under applicable laws, and that unauthorized disclosure or unauthorized use of the Confidential Information would irreparably injure the Company or any Affiliate.

(a) Confidential Information. Employee may not at any time (whether during his employment or after termination) disclose to any unauthorized person, firm or corporation or use or attempt to use for his own advantage or to the advantage of any other person, firm or corporation, any confidential information relating to the business affairs or trade secrets of the Company, or any confidential information about (howsoever obtained) or provided by any third party received during the course of or as a result of his employment (the "Confidential Information"). Confidential Information includes, but is not limited to, information relating to employees, customers and suppliers (former, actual and potential), Company products, contracts, pricing structures, financial and marketing details, business plans, any technical data, designs, formulae, product lines, intellectual property, research activities and any information which may be deemed to be commercially or price sensitive in nature, whether printed, typed, handwritten, videotaped, transmitted or transcribed on data files or on any other type of media, including but not limited to electronic and digital media, whether or not labeled as "confidential." It also includes, without limitation, any information contained in documents marked "confidential" or documents of a higher security classification and other information which, because of its nature or the circumstances in which Employee receives it, Employee should reasonably consider to be confidential. The Company reserves the right to modify the categories of Confidential Information from time to time.

(b) Exclusions. The provisions of this Section 7 shall not apply to:

(i) Information or knowledge which subsequently comes into the public domain other than by way of unauthorized use or disclosure by Employee;

(ii) The discharge by Employee of his duties hereunder or where his use or disclosure of the information has otherwise been properly authorized by the Company;

(iv) Any disclosure required by law or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with jurisdiction to order Employee to disclose or make accessible any information; or

(v) Reporting violations of U.S. federal or state laws or regulations to a relevant government agency or from making disclosures that are protected under U.S. federal and state whistleblower laws and regulations.

Pursuant to the Defend Trade Secrets Act of 2016, Employee understands that:

An individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document

that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to his attorney and use the trade secret information in the court proceeding if the individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

(c) Fiduciary Capacity; Due Care. The Employee shall hold in a fiduciary capacity for the benefit of the Company all Confidential Information that has been obtained by the Employee during the Employee's employment by the Company and which is not public knowledge (other than by acts of the Employee or representatives of the Employee in violation of this Agreement). Employee shall exercise all due care and diligence and shall take all reasonable steps to prevent the publication or disclosure by Employee of any Confidential Information relating, in particular, but not limited to, actual or proposed transactions, of any employee, customer, client or supplier (whether former, actual or potential) of the Company, including partnerships, companies, bodies, and corporations having accounts with or in any way connected to or in discussion with the Company and all other matters relating to such customers, clients or suppliers and connections.

(d) Duty to Return Confidential Information and Other Company Property.

(i) All reports, files, notes, memoranda, e-mails, accounts, documents or other material (including all notes and memoranda of any Confidential Information and any copies made or received by Employee in the course of his employment (whether during or after)) in any form, including but not limited to electronic and digital media, which contain Confidential Information or were created in the scope of Employee's performance of services, are and shall remain the sole property of the Company and, following Employee's termination of employment or at any other time upon the Company's request, to the extent within his possession or control, Employee shall make every effort to surrender to the duly authorized representative of the Company or destroy in accordance with sub-section (ii) below.

(ii) Employee agrees that upon termination of his employment with the Company for any reason, or at any other time upon the Company's request, he will return (or, if contained electronically on a non-Company database or server, delete) to the Company immediately all memoranda, books, papers, plans, information, letters and other data in any form, including but not limited to electronic and digital media, all copies thereof or, in any way relating to the business of the Company, all other property of the Company (including, but not limited to, credit cards, equipment, correspondence, data, disks, tapes, records, specifications, software, models, notes, reports and other documents together with any extracts or summaries, removable drives or other computer equipment, keys and security passes) in his possession or under his control and Employee further agrees that Employee will not retain or use for his own account at any time any trade names, trademark or other proprietary business designation used or owned in connection with the business of the Company. To the extent the Company property in Employee's possession is not an original, and the Company has copies of such Company property, Employee may destroy such Company property and attest to the Company that said property is destroyed as opposed to being returned. Nothing herein shall affect Employee's right to retain his employment and compensation related documentation.

(e) Reasonableness. Employee agrees that the undertakings set forth in this Section 7 and in Section 8 are reasonable and necessary to protect the legitimate business interests of the Company both during, and after the termination of, Employee's employment, and that the benefits Employee receives under this Agreement are sufficient compensation for these restrictions.

8. Competitive Activity; Confidentiality; Non-Solicitation.

(a) In consideration of (i) his access to the Confidential Information provided by the Company pursuant to this Agreement and (ii) the compensation from the Company that Employee will receive under this Agreement, in order to protect the Company's Confidential Information, and the goodwill, customer base, and contractual relationships of the Company, Employee agrees to the provisions of Sections 8(b), 8(c) and 8(d). Employee further agrees that the provisions in Sections 8(b), 8(c) and 8(d), and Employee's obligations in Sections 7 and 8, shall survive the termination of Employee's employment regardless of the reason for or circumstances of such termination (and regardless of whether such termination of employment is voluntary or involuntary on Employee's part).

(b) Non-Solicitation Restriction. To protect the Confidential Information, and in the event of Employee's termination of employment for any reason, it is necessary to enter into the following restrictive covenants which are ancillary to the enforceable promises between the Company and Employee in this Agreement. Employee hereby covenants and agrees that, while employed by the Company and during the Restricted Period, Employee will not, directly or indirectly, either individually or as a principal, owner, partner, agent, consultant, contractor, employee, or as a director or officer of any corporation or other association, or in any other manner or capacity whatsoever, except on behalf of the Company, solicit business, or attempt to solicit business, in products or services competitive with any products or services provided by the Company, from the Company's partners or clients (or any prospective partner or client) as of Employee's employment termination date, or any other Person with whom the Company did business, or had a business relationship with, within the two (2) year period immediately preceding Employee's termination of employment.

(c) No Recruitment Restriction. Employee further agrees that Employee will not, while employed by the Company and during the Restricted Period, in any geographic area or market where (a) the Company or any Affiliate is conducting any business or actively reviewing prospects or (b) the Company or an Affiliate has conducted any business during the previous 12-month period, solicit, directly or indirectly, or cause or permit others to solicit, directly or indirectly, any person (i) formerly employed by the Company during the six (6) month period immediately preceding or following Employee's termination of employment ("Former Employee") or (ii) employed by the Company ("Current Employee"). The term "solicit" includes, but is not limited to, the following (regardless of whether done directly or indirectly): (1) requesting that a Former or Current Employee change employment; (2) informing a Current Employee that an opening exists elsewhere; (3) assisting a Current Employee in finding employment elsewhere; (4) inquiring if a Current Employee "knows of anyone who might be interested" in a position elsewhere; (5) inquiring if a Current Employee might have an interest in employment elsewhere; (6) informing others of the name or status of, or other information about, a Current Employee; or (7) any other similar conduct, the intended or actual effect of which is that a Current Employee leaves the employment of the Company. The term "solicit" shall not include the actions described in subsections (2)-(7) of the previous sentence if undertaken by Employee (whether done directly or indirectly) with respect to a Former Employee.

(d) Non-Competition Restriction. Employee further agrees that, while employed by the Company and during the Restricted Period, Employee shall not, directly or indirectly, anywhere in the Restricted Territory, either individually or as a principal, owner, partner, member, shareholder, agent, consultant, contractor, employee, or as a director or officer of any corporation or other association, engage in any business competitive with the Business or render advice or services to, or otherwise assist, any Person who is engaged, directly or indirectly, in any business that is competitive with the Business. However, nothing in this Section 8(d) shall prohibit Employee and his Affiliates from owning, as passive investors, in the aggregate not more than three (3) percent of equity securities of any public company.

(e) Employee agrees that (i) the covenants contained in Sections 8(b), 8(c) and 8(d) hereof are necessary for the protection of the Business, goodwill of the Company, and Confidential Information, and (ii) the compensation and other consideration received by Employee, including access to Confidential Information, are based on the parties' agreement to such covenants. Employee represents and warrants that the time, scope of activity and geographic area restricted by Sections 8(b), 8(c) and 8(d) are reasonable, especially in view of the scope of the business operations of the Company in Europe and the United States and the nature of the Confidential Information, that the enforcement of those restrictions contained in Sections 8(b), 8(c) and 8(d) would not be unduly burdensome to or impose any undue hardship on Employee, and that Employee will be able to earn a reasonable living while abiding by such covenants. Employee agrees that the restraints and provisions of Sections 8(b), 8(c) and 8(d) are no greater than necessary, and are as narrowly drafted as reasonably possible, to protect the legitimate interests of the Company, including the Confidential Information of the Company, including without limitation its trade secrets. Employee irrevocably waives all defenses to the strict enforcement of the covenants contained in Sections 8(b), 8(c) and 8(d). The parties agree and acknowledge that the nature of the Company's business, including the locations of its projects, vendors, customers, and potential customers, is throughout Europe and the United States. Accordingly, the parties expressly agree that the foregoing restrictions on Employee need to cover the entirety of Europe and the United States in territorial scope to adequately protect the Company's Confidential Information and goodwill, and that such geographic restriction is reasonable in view of the Company's business, Employee's position and responsibilities with the Company, and Employee's access to the Confidential Information of the Company. The parties agree that each provision in this Section 8 is separate, distinct and severable from the other and remaining provisions of this Section 8, and that the invalidity or unenforceability of any provision in this Section 8 shall not affect the validity and enforceability of any other provision or provisions in Section 8. If the scope of any restriction contained in Sections 8(b), 8(c) or 8(d) is deemed by a court to be broader than reasonable, which the parties agree should not be the case, then such restriction shall be enforced to the maximum extent permitted by law, and Employee and the Company hereby agree that such scope may be judicially modified accordingly in any proceeding brought to enforce such restriction.

(f) Employee agrees that, except as permitted by Section 8(h) the terms and conditions of this Agreement shall remain confidential as between the parties and he shall not disclose them to any other person. Without limiting the generality of the foregoing, Employee will not respond to or in any way participate in or contribute to any public discussion, notice or other publicity concerning, or in any way relating to, execution of this Agreement or its terms and conditions. The foregoing notwithstanding, Employee may disclose the terms of this Agreement to his immediate family, attorneys and financial advisors provided he informs them of this confidentiality provision and they agree to abide by it.

(g) Discoveries and Inventions; Work Made for Hire.

(i) Employee agrees that all Inventions are the sole and exclusive property of the Company and hereby assigns all rights to such Inventions to the Company in all countries. Employee agrees, at the Company's expense at any time during his employment or thereafter, to sign all appropriate documents and carry out all such reasonable acts as will be necessary to identify and preserve the legal protection of all Inventions; however, the Company will have no obligation to compensate Employee for

his time spent in connection with any assistance provided unless otherwise required by law. Notwithstanding the foregoing, Employee understands that no provision in this Agreement is intended to require assignment of any of his rights in an invention for which Employee can prove no equipment, supplies, facilities or Confidential Information or trade secret information of the Company was used, which invention was developed entirely on his own time, and which invention Employee can prove: (a) does not relate to the business of the Company or the actual or demonstrably anticipated research or development of the Company; or (b) does not result from any work performed by Employee for the Company. To the extent compatible with applicable state law, these provisions do not apply to any invention which is required to be assigned by the Company to the United States Government. Employee waives all moral rights in all Intellectual Property which is owned by the Company, or will be owned by the Company, pursuant to this Section 8(g).

(ii) For purposes of this section, "Inventions" means all inventions, whether or not patentable, Confidential Information, computer programs, copyright works, mask works, trademarks and other intellectual property made, conceived or authored by Employee, alone or jointly with others, while employed by the Company, whether or not during normal business hours or on the Company's premises, that are within the existing or contemplated scope of the Company's business at the time such Inventions are made, conceived, or authored or which result from or are suggested by any work Employee or others may do for or on behalf of the Company.

(h) Communication of Contents of Agreement. While employed by the Company and during the Restricted Period, Employee may disclose the contents of Section 8 of this Agreement regarding his post-employment obligations to any person, firm, association, partnership, corporation or other entity that Employee intends to be employed by, associated with, or represent.

(i) Confidentiality Information of Former Employers. Employee agrees that Employee shall not disclose to the Company or induce the Company to use any secret or confidential information belonging to Employee's former employers. Except as indicated, Employee warrants that Employee is not bound by the terms of a confidentiality agreement or other agreement with a third party that would preclude or limit Employee's right to work for the Company and/or to disclose to the Company any ideas, inventions, discoveries, improvements or designs or other information that may be conceived during employment with the Company. Employee agrees to provide the Company with a copy of any and all agreements with a third party that preclude or limit Employee's right to engage in any other activities contemplated by Employee's employment with the Company.

(j) Nondisparagement. Employee agrees that while employed by the Company and thereafter, he shall not (and shall cause his Affiliates not to) (i) make any negative or derogatory statement or communication regarding the Company or any of its Affiliates or employees with the intent to harm the Company or its Affiliates or (ii) make any derogatory or disparaging statement or communication regarding the Company or any of its Affiliates or employees. Nothing in this section shall be construed as to limit any rights afforded under the National Labor Relations Act (42 U.S.C. § 151 et seq.), as applicable, or to provide truthful testimony in any legal proceeding.

(k) Cooperation. Employee agrees that, while employed by the Company and for a period of five years following the Date of Termination, upon reasonable notice and without the necessity of the Company obtaining a subpoena or court order, Employee shall provide reasonable cooperation in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), and any investigation and/or defense of any claims asserted against any of Employee and the Company, its respective Affiliates, their respective predecessors and successors, and all of the respective current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, or any claims brought by or on behalf of the Company and its Affiliates which relates to events occurring during Employee's employment with the Company and its Affiliates as to which Employee may have relevant information (including but not limited to furnishing relevant information and materials to the Company or its designee and/or providing testimony at depositions and at trial), provided that with respect to such cooperation occurring following termination of employment, the Company shall reimburse Employee for expenses reasonably incurred in connection therewith, and further provided that in the case of any such cooperation occurring after the termination of Employee's employment (i) Employee's appearances, including appearances via electronic means (such as participation in conference calls and video appearances, shall be scheduled to the extent reasonably practicable so as not to unreasonably interfere with Employee's business or personal affairs, (ii) Employee shall be reimbursed at a reasonable rate for the time expended by him for such appearances

(l) Relief. The Company and Employee agree that it is impossible to measure solely in money the damages which will accrue to the Company by reason of his failure to observe any of the obligations of Section 7 or Section 8 of this Agreement. Therefore, if the Company shall institute any action or proceeding to enforce such provisions, Employee hereby waives the claim or defense that there is an adequate remedy at law and agrees in any such action or proceeding not to interpose the claim or defense that such remedy exists at law. Without limiting any other remedies that may be available to the Company, Employee hereby specifically affirms the appropriateness of injunctive or other equitable relief in any such action, without the necessity of proof of actual damage and without the requirement to post a bond, and acknowledges that nothing contained within this Agreement shall preclude the Company from seeking or receiving any other relief, including without limitation, any form of injunctive or equitable relief. Employee also agrees that, should he violate the provisions of Section 8 and its subsections such that the Company shall be forced to undertake any efforts to defend, confirm or declare the validity of the covenants contained within Section 8 of this Agreement, the time restrictions set forth therein shall be extended for a period of time equal to the pendency of any court proceedings, including appeals.

(m) Reasonableness. Employee acknowledges that Employee's obligations under Sections 7 and 8 are reasonable in the context of the nature of the Company's Business and the competitive injuries likely to be sustained by the Company if Employee were to violate such obligations. Employee further acknowledges that this Agreement is made in consideration of, and is adequately supported by the agreement of the Company to perform their obligations under this Agreement and by other consideration, which Employee acknowledges constitutes good, valuable and sufficient consideration.

9. Definitions.

(a) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, such Person.

(b) "Business" means any business, whether for profit or not-for-profit, that has a significant commercial activity in pharmaceuticals which contain one or more active ingredients that are similar (in drug target specificity and function in relation to modulating that target) to pharmaceutical candidates or products researched, developed, or commercialized by the Company as of the Date of Termination and in which Employee had a material involvement.

(c) "Date of Termination" means the date on which Employee's employment with the Company and all of its Affiliates terminates.

(d) "Good Reason" for resignation means Employee's resignation as an executive of the Company within thirty (30) days after the occurrence of one of the following events, without Employee's prior written consent: (i) a material reduction of Employee's base salary; (ii) any material adverse diminution in Employee's duties, responsibilities, authority, reporting obligations or other terms and conditions of employment; (iii) the relocation of Employee's principal place of employment to a place outside the Atlanta, Georgia metropolitan area; or (iv) any material breach, non-performance or non-observance by the Company of any of the terms of this Agreement. In each such event listed in (i) through (iv) above, Employee must give the Company at least thirty (30) days advance notice of Employee's intention to resign for Good Reason, which shall specify in reasonable detail the circumstances constituting Good Reason, and there shall be no Good Reason with respect to any such circumstances if cured by the Company within thirty (30) days after such notice. If the Company fails to cure the circumstances constituting Good Reason within thirty (30) days after such notice, Employee must resign his employment with the Company within thirty (30) days following the expiration of the cure period.

(e) "Permanent Disability" means that Employee, because of accident, disability or physical or mental illness, is incapable of performing Employee's duties to the Company for (i) a continuous period of 90 days and remains so incapable at the end of such 90 day period or (ii) periods amounting in the aggregate to 180 days within any one period of 365 days and remains so incapable at the end of such aggregate period of 180 days, in either case as determined by a physician mutually agreed upon in writing by Employee (or his designated representative) and the Company.

(f) "Person" means an individual or an entity, including a corporation, limited liability company, general or limited partnership, trust, association or other business or investment entity or any governmental authority.

(g) "Restricted Period" means the 6 (six) month period that begins on the Date of Termination.

(h) "Restricted Territory" means Europe and the United States.

(i) "Staff Handbook" means the staff handbook of Mereo BioPharma Group Plc, as amended from time to time.

(j) "Termination For Cause" means the termination by the Company of Employee's employment with the Company as a result of:

(i) Employee engaging in any act of theft or fraud concerning, or misappropriation of, funds or other assets of the Company or any of its Affiliates, or other acts of dishonesty, willful misconduct or gross negligence involving the property or affairs of the Company or its Affiliates;

(ii) a conviction (by trial, upon a plea or otherwise) of Employee or the admission of guilt via *nolo contendere* by Employee of any felony or misdemeanor involving moral turpitude;

(iii) Employee's willful violation of any material policy or procedure of the Company;

(iv) Employee's material breach of the fiduciary duties owed by an officer of the Company to the Company under applicable law;

(v) Employee's willful failure (other than due to mental or physical incapacity) or refusal to obey and execute all reasonable and lawful directions given by or under the authority of the Board;

(vi) Employee's willful and material breach of any of the terms and conditions of this Agreement; or

(vii) Employee's willful and material breach of any restrictive covenants by which Employee is bound under this Agreement or any other agreement with the Company or any of its Affiliates.

Notwithstanding the foregoing, if there exists a circumstance that constitutes "Cause" as set forth above which is capable of being cured by Employee, the Company will promptly notify Employee in writing of such event (which notification shall specify in reasonable detail the conduct that the Company alleges to constitute Cause and the specific actions, if any, which the Company believes Employee must take to cure such events or conditions) and Employee will have 30 days from the date such written notice is given to cure such events, and, if cured, such events or conditions will be deemed not to constitute Cause hereunder. For the purposes of this Section 8(j), no act or failure to act on Employees part shall be considered "willful" unless it is done or omitted to be done by Employee in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(k) "Termination Without Cause" means the Company termination of Employee's employment with the Company and its Affiliates for any reason other than death, a termination for Permanent Disability or a Termination For Cause.

10. Survival. The respective rights and obligations of the parties hereunder of this Agreement shall survive the Employment Period, Employee's termination of employment, and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

11. Taxes. The Company may withhold, or cause to be withheld, from any amounts payable under this Agreement all federal, state, city or other taxes as the Company or any of its Affiliates, is required to withhold pursuant to any applicable law, regulation or ruling. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to guarantee any particular tax result for Employee with respect to any payment provided to Employee hereunder, and Employee shall be responsible for any taxes imposed on Employee with respect to any such payment.

12. Notices. Any notice provided for in this Agreement shall be in writing and shall be personally delivered, sent by reputable overnight carrier, sent via electronic mail or mailed by first class mail, return receipt requested, to the recipient at the address or email address, as applicable, below indicated:

Notices to Employee:

John Richard
21 West Andrews Drive
Atlanta, GA 30305
USA
Email: jr@mereobiopharma.com

Notices to the Company:

Mereo BioPharma Group plc
One Cavendish Place
London W1G 0QF
United Kingdom
Attention: The General Counsel
Email: legal@mereobiopharma.com

With a copy to:

Charles Sermon
General Counsel
Mereo Biopharma Group plc
1 Cavendish Place
London W1G 0QF
United Kingdom
Email: cs@mereobiopharma.com

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when so delivered (or in the case of electronic mail, when electronic evidence of transmission is received).

13. 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 is held to be invalid or unenforceable in any respect under any applicable law, such invalidity or unenforceability shall not affect any other provision, but this Agreement shall be reformed, construed and enforced as if such invalid or unenforceable provision had never been contained herein.

14. Complete Agreement. This Agreement embodies the complete agreement and understanding between the parties with respect to the subject matter hereof and effective as of its date supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way, including without limitation, the Previous Employment Agreement and the Consulting Agreement.

15. Counterparts. This Agreement may be executed in separate counterparts (including facsimile and other electronically transmitted counterparts), each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

16. Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by Employee and the Company and their respective heirs, executors, personal representatives, successors and permitted assigns, except that no party may assign any rights or delegate any obligations hereunder without the prior written consent of the other parties. Employee hereby consents to the assignment by the Company of all of its rights and obligations hereunder to any successor to the Company by merger or consolidation or purchase of all or substantially all of the Company's assets, provided such transferee or successor assumes the liabilities of the Company hereunder.

17. Choice of Law; Venue; Consent to Jurisdiction; Consent to Service of Process.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware applicable to contracts made and to be performed entirely within that State. The validity, interpretation, construction, and performance of this Agreement in all respects shall be governed by the laws of the State of Delaware without regard to its principles of conflicts of law.

(b) Venue. Except as otherwise specifically provided herein, Employee and the Company each hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the District of Delaware (or, if subject matter jurisdiction in that court is not available, in any state court located in Wilmington, Delaware) over any dispute arising out of or relating to this Agreement. Except as otherwise specifically provided in this Agreement, the parties undertake not to commence any suit, action or proceeding arising out of or relating to this Agreement in a forum other than a forum described in this Section 17; provided, however, that nothing herein shall preclude the Company from bringing any suit, action or proceeding in any other court for the purposes of enforcing the provisions of this Section 17 or enforcing any judgment obtained by the Company. Employee waives any objection to jurisdiction and venue of any action instituted against Employee as provided herein and agrees not to assert any defense based on lack of jurisdiction or venue.

(c) The agreement of the parties to the forum described in this Section 17 is independent of the law that may be applied in any suit, action, or proceeding and the parties agree to such forum even if such forum may under applicable law choose to apply non-forum law. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in this Section 17, and the parties agree that they shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court. The parties agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in Section 17(a) shall be conclusive and binding upon the parties and may be enforced in any other jurisdiction.

(d) Consent to Service of Process. The parties hereto irrevocably consent to the service of any and all process in any suit, action or proceeding arising out of or relating to this Agreement by the mailing of copies of such process to such party at such party's address specified in Section 12.

18. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Employee, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

20. Personal Information. Employee acknowledges and agrees that the Company is permitted to hold personal information about him as part of its personnel and other business records and, in accordance with applicable law, may use such information in the course of the Company's business.

21. Advice of Counsel. Each party represents and warrants that it has had a full opportunity to seek advice and representation by independent counsel of its own choosing in connection with this Agreement and it has either received such advice or, in its business judgment, decided not to seek such advice.

22. Section Headings; Interpretation. The section headings in this Agreement are for convenience of reference only, and they form no part of this Agreement and shall not affect its interpretation. It is the parties' intention that this Agreement not be construed more strictly with regard to the Employee or the Company.

23. Code Section 409A Compliance. The intent of the parties to this Agreement is that payments and benefits under this Agreement comply with or are exempt from Internal Revenue Code Section 409A ("Section 409A") and the regulations and guidance promulgated thereunder to the extent applicable, and accordingly, to the maximum extent permitted, this Agreement will be interpreted and administered in compliance therewith.

(a) Subject to Employee's consent, this Agreement may be amended by the Company as necessary in an effort to comply with Section 409A. It is hereby agreed and understood that Employee will be solely liable for any and all taxes, interest and/or penalties imposed by any lawful taxing authority relating to taxes due as a result of Section 409A on account of any payments made or deemed to be made to Employee hereunder or pursuant to any Company arrangements that may be deemed to be deferred compensation under Section 409A, and the Company will not indemnify Employee against any and all taxes, interest and/or penalties that may be imposed by any taxing authority in the event of a determination of non-compliance with Section 409A.

(b) Notwithstanding anything herein to the contrary, to the extent required by Section 409A, upon a termination of Employee's employment (other than as a result of death), if Employee is at the time a "specified employee" (within the meaning of Section 409A), distributions under this Agreement determined, in whole or in part, to constitute "nonqualified deferred compensation" within the meaning of Section 409A and payable to Employee on account of Employee's termination of employment or other "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Code and the Treasury regulations issued thereunder) will be delayed until six months after such termination of employment, and such distributions will be made at the beginning of the seventh month following the date of such termination of employment or other separation from service. For purposes of this Agreement, "termination of employment" and similar terms shall be interpreted to mean "separation from service" as defined above and any amount constituting deferred compensation that is payable to Employee upon Employee's termination of employment will only be paid (and will be paid) if such termination constitutes a "separation from service" as defined above.

(c) The determination of whether and when the Employee's separation from service from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Section 23, "Company" shall include all persons with whom the Company would be considered a single employer as determined under Treasury Regulation Section 1.409A-1(h)(3).

(d) Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment will be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period will be within the sole discretion of the Company. If, under this Agreement, an amount constituting deferred compensation is to be paid to Employee in two or more installments, for purposes of Section 409A, each installment will be treated as a separate payment.

(e) All reimbursements and in-kind benefits provided under this Agreement, including any relocation assistance provided pursuant to the Company's relocation assistance policy, shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirements that (i) any reimbursement is for expenses incurred during the Employee's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

[SIGNATURES ON FOLLOWING PAGE]

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

THE COMPANY:

MEREO BIOPHARMA GROUP PLC

By:
Name: _____
Title: _____

EMPLOYEE:

_____
John Richard

[*Signature Page to Employment Agreement*]

Schedule 1

Specific Duties and Responsibilities

Employee's duties and responsibilities as Head of Corporate Development include the following specific duties and responsibilities:

- Advising on the Company's business development strategy
- Negotiating the structure and terms of business transactions involving the Company's products, including the in-licensing, out-licensing, purchase, and acquisition of product candidates
- Meeting with senior management of pharmaceutical companies to discuss including the in- licensing, out-licensing, purchase, and acquisition of product candidates
- Attend key conferences to discuss the in-licensing, out-licensing, purchase, and acquisition of product candidates
- Manage the individuals reporting to you as Head of Corporate Development

Exhibit 4.33

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **DENISE SCOTS-KNIGHT**, [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 1st July 2015

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Chairman of the Board, Peter Fellner

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 12 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is 'Chief Executive Officer' and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company's electronic communications systems for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company's anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 on each week day, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £398,807.76 per annum (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your UK bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Financial Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chairman of the Board engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company. Nothing in this clause 11.3 will prevent you from continuing with your activities relating to Phase4 Partners Limited.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 25 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company’s records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your "qualifying days" for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company's expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company's notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company's group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of

the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company's pension scheme an amount equal to 10% of your Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual

property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film, sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall

promptly disclose to the Chief Financial Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge

in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 12 months or the statutory minimum notice, whichever is the greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any

Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Financial Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group plc acting by:

_____

in the presence of

_____

Signature of witness

_____

Name of witness

_____

Address of witness

Signed as a deed by

_____

in the presence of

_____

Signature of witness

_____

Name of witness

_____

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee's duties and responsibilities shall be as follows:-

- To lead, in conjunction with the Board, the development of the Company's strategy proposing changes in the strategy when appropriate for discussion with the board.
- To lead and oversee the execution of the Company's long and short-term plans in accordance with its strategy.
- To ensure the Company is appropriately organised and resourced to execute on the plans.
- To act as a liaison between the executive management team and the Board and ensure the board has sufficient interaction with the executive management team.
- To recruit and monitor performance of the executive management team and to make recommendations to the Compensation Committee and the Board on the remuneration of the executive management team members.
- To communicate effectively with shareholders, employees, Government authorities, other stakeholders, and the public.
- Provide strategic input and leadership on decision making issues affecting the organization; specifically relating to the evaluation of potential mergers, acquisitions, or partnerships.
- Optimize banking relationships and work closely with CFO to foster and grow strategic financial partnerships.
- Work with finance team to develop the annual budget of the Company and ensure once authorized by the board, the annual expenditures are within this budget.
- Act as a strategic advisor on contracts, negotiations, or business deals that the corporation may enter, building the appropriate contacts and relationships with these businesses.
- Evaluate company's operational and financial structures to plan for continual improvements and growth.
- Mentor and interact with members of staff at all levels to foster growth and encourage development among senior executive team and all members of staff.
- To assess the principal risks of the Company and to ensure that these risks are being monitored and managed.
- To ensure appropriate and effective internal controls and management information systems are in place.
- To communicate effectively with shareholders, employees, Government authorities, other stakeholders, and the public.
- To keep abreast of all material undertakings and activities of the Company and all material external factors affecting the Company.
- To ensure that the Directors are properly informed, and that sufficient information is provided to the Board to enable the Directors to form appropriate judgments.
- To ensure the integrity of all public disclosure by the Company.
- In concert with the Chairman, to develop Board agendas and to request that special meetings of the Board be called when appropriate.
- Sit on committees of the Board where appropriate as determined by the Board and seek input from those committees (for example the R&D Committee) as required.

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the eighteen (18)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

Exhibit 4.34

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **CHRISTINE FOX**, [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 4 January 2021.

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Denise Scots-Knight

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 6 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is 'Chief Financial Officer' and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company's electronic communications systems for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company's anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 on each week day, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £250,000 per annum (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your UK bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Executive Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Chief Executive Officer, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Chief Executive Officer, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chief Executive Officer engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 25 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company’s records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your “qualifying days” for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company’s expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company’s notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company’s group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company’s pension scheme an amount equal to 10% of your

Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights.

Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film, sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall promptly disclose to the Chief Executive Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 6 months or the statutory minimum notice, whichever is the greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall

cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and

benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the

Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Executive Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group Plc acting by: _____

in the presence of _____

Signature of witness

_____

Name of witness

_____

Address of witness

Signed as a deed by _____

in the presence of _____

Signature of witness

_____

Name of witness

_____

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee's duties and responsibilities shall be as follows:-

- To manage all aspects of the finance function including management reporting, statutory reporting, taxation, treasury management and compliance and to report on these areas to the Board and any committees of the Board.
- To co-ordinate budget preparation and to manage expenditure against budget.
- To implement and maintain a suitable system of internal financial and non-financial controls, including business continuity procedures and insurance.
- To co-ordinate reporting to investors including annual/interim reports.
- To oversee the operations function, including IT, health and safety and buildings management.
- To help co-ordinate public relations and investor relations activities.
- To manage the HR function including payroll, PAYE/NI compliance, annual returns, share option scheme, life assurance and pension arrangements.
- To provide financial support for business development activities.
- To develop and maintain working relationships with key advisors, including brokers, bankers, auditors and PR advisors.

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the twelve (12)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

Exhibit 4.35

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **ALASTAIR MACKINNON,** [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 1st July 2015

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Denise Scots-Knight

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 6 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is 'Chief Portfolio Management & Pipeline Strategy' and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company's electronic communications systems for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company's anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 on each week day, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £ 295,848.96 per annum (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your UK bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Financial Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chief Executive Officer engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company. Nothing in this clause 11.3 will prevent you from continuing with your activities relating to Phase4 Partners Limited.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 25 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company’s records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your "qualifying days" for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company's expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company's notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company's group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of

the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company's pension scheme an amount equal to 10% of your Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual

property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film, sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall

promptly disclose to the Chief Financial Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge

in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 6 months or the statutory minimum notice, whichever is the greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any

Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Financial Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group plc acting by: _____

in the presence of _____

Signature of witness

_____

Name of witness

_____

Address of witness

Signed as a deed by _____

in the presence of _____

Signature of witness

_____

Name of witness

_____

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee's duties and responsibilities shall be as follows:-

- Provides strategic input across the company's clinical development pipeline, potential new product opportunities and corporate partnering. Critical bridge between clinical development, corporate development and management to ensure optimized portfolio management
- Provide strategic scientific, clinical and commercial input into the development pipeline
- Strong influence and recognized leadership in co-ordination with Clinical Development (including Therapeutic Heads), Translational R&D and Head of Commercial Planning and should be relied upon to provide expert point-of-view for all cross-functional stakeholders
- Support strategic and operational planning initiatives
- Prospective corporate development target identification and Triage
- Identify new opportunities/indications for the current development pipeline working alongside the clinical development teams
- Identification of and due diligence on potential new external pipeline opportunities working alongside the Corporate Development team
- Monitor and assess the competitive landscape for the company's product portfolio including monitoring developments with key competing programs
- Key clinical contact for potential corporate partners - consolidating presentations, due diligence and subsequent alliance management alongside Corporate Development and Therapeutic Heads
- Delivery of appropriate publications and presentations to raise the external scientific profile for the Company's portfolio with potential corporate partners and investors, alongside Therapeutic Area Heads

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the twelve (12)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

Exhibit 4.36

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **CHARLES SERMON,** [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 1st July 2015

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Denise Scots-Knight

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 6 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is ‘General Counsel’ and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company’s electronic communications systems for the purpose of ensuring that the Company’s rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company’s anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 on each week day, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £ 296,783.28 per annum (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your UK bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Financial Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chief Executive Officer engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company. Nothing in this clause 11.3 will prevent you from continuing with your activities relating to Phase4 Partners Limited.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 25 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company’s records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your "qualifying days" for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company's expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company's notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company's group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of

the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company's pension scheme an amount equal to 10% of your Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual

property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film, sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall

promptly disclose to the Chief Financial Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge

in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 6 months or the statutory minimum notice, whichever is the greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any

Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Financial Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group plc acting by:

_____

in the presence of

_____

Signature of witness

_____

Name of witness

_____

Address of witness

Signed as a deed by

_____

in the presence of

_____

Signature of witness

_____

Name of witness

_____

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee’s duties and responsibilities shall be as follows:-

- Responsibility for negotiating and structuring contracts and agreements relating to:
    - the Group’s clinical trials;
    - the Group’s relationships with CROs;
    - the Group’s manufacturing requirements;
    - the Groups’s principal advisers; and
    - the Groups’s key stakeholders
- Responsibility for legal, corporate governance and compliance matters arising from the Group’s Articles of Association, rules and procedures of Board Committees, Nasdaq rules, the Companies Act and related rules and regulations.
- Responsibility for company secretarial matters including shareholder communication for general meet ings, communications with directors for board meetings and board committee meetings , recording minutes of such meetings and the relevant filings therea fter.
- Responsibility for the Group’s IP portfolio including the management of the Group’s Head of IP.
- Responsibility for managing legal and IP due diligence for product licenses or acquisitions or disposals and the related documentation for such licenses or acquisitions or disposals. The responsibility shall also include documentation related to any relevant financing.
- Responsibility for selecting, liaising with and managing the Group’s external legal advisers and registrars.
- Liaising with the Group’s Senior Management and the Chairman as and when required.

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the twelve (12)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

Exhibit 4.37

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **ALEXANDRA (WILLS) HUGHES-WILSON,** [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 5th March 2018

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Denise Scots-Knight

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 6 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is Chief Patient Access and Commercial Planning and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company's electronic communications systems for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company's anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 for four working days a week, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £200,000.00 per annum based on working four days a week for the Company (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Financial Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chief Executive Officer engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company. Nothing in this clause 11.3 will prevent you from continuing with your activities relating to Phase4 Partners Limited.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 20 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/208 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company's records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your "qualifying days" for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company's expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company's notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company's group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company's pension scheme an amount equal to 10% of your Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film,

sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall promptly disclose to the Chief Financial Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and

Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 6 months or the statutory minimum notice, whichever is greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have

been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date

carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Financial Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group plc
acting by:

in the presence of

Signature of witness

Name of witness

Address of witness

Signed as a deed by Alexandra (Wills)
Hughes Wilson

in the presence of

Signature of witness

Name of witness

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee's duties and responsibilities shall be as follows:-

Build and lead a best-in-class biopharmaceutical commercialisation approach in order to develop and launch the company's products and deliver early and sustainable revenue in support of the company's business objectives and to build value for all its stakeholders.

- Define and execute the strategy for the development and delivery of commercialisation-oriented development programmes for Mereo's portfolio and products to secure effective transition from development status to timely and sustainable launch, patient availability and revenue. Secure that Patient-Access-Centred / outcomes-focussed Research and Development is embedded across the organisation as an essential component of successful commercialisation
- Define and deliver the strategy for launch and commercialisation of Mereo's lead rare disease programmes in alignment with the company's vision.
- Establish, build out and lead the global, regional and local resourcing and capabilities required to build and deliver an overarching and integrated, multi-functional external customer-facing commercialisation strategy at a global and local level
- Support the identification, evaluation and successful completion of business transactions and alliances to drive Mereo's successful execution of its strategy
- Support the elevation of Mereo's profile as a recognised and acknowledged pioneering company in the rare disease sector, in support of the business development, where Mereo's way of working is an acknowledged and recognised value driver and a USP for potential partners and licensing / acquisition opportunities as well as attracting and retaining talent.
- Ensure that Mereo's commercialisation activities are reflective of Mereo's corporate values and ways of working, and in ensuring that our engagement with all our stakeholders, decision-makers and decision-influencers is conducted on the basis of authenticity and a genuine desire to understand the needs of the communities that we serve – be they medical, commercial or healthcare-system related.
- Build and optimise a clear path to timely and sustainable value for all stakeholders, while remaining true to Mereo's vision

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the twelve (12)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "***Agreement***"), is entered into effective as of December 7, 2020 (the "***Effective Date***"), by and between Mereo BioPharma Group plc, a company incorporated in England and Wales (the "***Company***") and Suba Krishnan ("***Executive***" and, together with the Company, the "***Parties***").

WHEREAS, the Company desires to assure itself of the services of Executive by engaging Executive to perform services as an employee of the Company under the terms hereof; and

WHEREAS, Executive desires to provide services to the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, including the respective covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Employment.

(a) General. The Company shall employ Executive upon the terms and conditions provided herein effective as of the Effective Date.

(b) Position and Duties. Effective as of the Effective Date, Executive: (i) shall serve as Senior Vice President, Clinical Development, with responsibilities, duties, and authority usual and customary for such position, subject to direction by the Chief Executive Officer of the Company; (ii) shall report directly to the Chief Executive Officer of the Company; and (iii) agrees promptly and faithfully to comply with all present and future policies, requirements, rules and regulations, and reasonable directions and requests, of the Company in connection with the business of the Company. At the request of the Company, Executive shall serve the Company and/or its subsidiaries and affiliates in such other capacities in addition to the foregoing as the Company shall designate, provided that such additional capacities are consistent with and do not limit or impede Executive's position as the Senior Vice President, Clinical Development of the Company. In the event that Executive serves in any one or more of such additional capacities, Executive's compensation shall not automatically be increased on account of such additional service.

(c) Principal Office. Executive shall initially perform services for the Company (i) at Executive's home office; (ii) from one of the Company's offices for up to four days a week or for five days a week with Executive's consent; or (iii) with the Company's consent, at any other place in connection with the fulfillment of Executive's role with the Company; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business.

(d) Exclusivity. Except with the prior written approval of the Company's Chief Executive Officer (the "***CEO***") (which the CEO may grant or withhold in the CEO's sole and absolute discretion), Executive shall devote Executive's full working time, attention, and energies to the business of the Company, except during any paid vacation or other excused absence periods. Notwithstanding the foregoing, Executive may, without violating this Section 1(d), (i) as a passive

investment, own publicly traded securities in such form or manner as will not require any services by Executive in the operation of the entities in which such securities are owned; (ii) engage in charitable and civic activities; or (iii) engage in other personal passive investment activities, in each case, so long as such interests or activities do not materially interfere to the extent such activities do not, individually or in the aggregate, interfere with or otherwise prevent the performance of Executive's duties and responsibilities hereunder. Executive may also serve as a member of the board of directors or board of advisors of another organization provided (i) such organization is not a competitor of the Company; (ii) Executive receives prior written approval from the CEO; and (iii) such activities do not individually or in the aggregate interfere with the performance of Executive's duties under this Agreement, violate the Company's standards of conduct then in effect, or raise a conflict under the Company's conflict of interest policies.

2. Term. The period of Executive's employment under this Agreement shall commence on the Effective Date and shall continue until Executive's employment with the Company is terminated pursuant to Section 5. The phrase "***Term***" as used in this Agreement shall refer to the entire period of employment of Executive by the Company.

3. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, Executive shall receive a base salary at the rate of $390,000 per year (as may be increased from time to time, the "***Annual Base Salary***"), subject to withholdings and deductions, which shall be paid to Executive in accordance with the customary payroll practices and procedures of the Company and pro-rated for any partial employment with the Company during the calendar year. Such Annual Base Salary shall be reviewed by the CEO, and, as applicable, the Board of Directors of the Company (the "***Board***") and/or a committee thereof, not less than annually.

(b) Annual Bonus.

(i) Executive shall be eligible to receive a discretionary annual bonus commencing for performance in fiscal year 2021 based on Executive's achievement of performance objectives established by the Board, a committee thereof and/or the CEO, such bonus to be targeted at 40% of Executive's Annual Base Salary (the "***Annual Bonus")***. Any Annual Bonus approved by the Board, a committee thereof and/or the CEO shall be paid at the same time annual bonuses are paid to other executives of the Company generally, subject to Executive's continuous employment through the date of payment (and Executive not having given notice of intent to terminate Executive's employment with the Company).

(ii) In lieu of an Annual Bonus for 2020 performance pursuant to Section 2(b)(i) above, Executive shall receive a one-time bonus of $90,000 (the "***2020 Bonus***"), which shall be payable in a lump sum, less applicable withholdings and deductions when annual bonuses for 2020 are paid to other employees of the Company (but in no case later than 60 days following the conclusion of the 2020 fiscal year), subject to Executive's continued employment with the Company through such date. If Executive is terminated by the Company with Cause (as defined below) or Executive resigns from the Company other than for Good Reason (as defined below), in either case, prior to the first anniversary of the Effective Date, Executive shall repay to the Company the full gross amount of the 2020 Bonus. The Company may (but is not required) to

withhold the applicable repayment amount from any final pay, on an after-tax basis, that may be owed to Executive upon the termination of Executive's employment in the event Executive is responsible for such repayment.

(c) Sign-On Bonus. Executive shall be entitled to receive a one-time sign on bonus of $150,000 (the "***Sign-On Bonus***") which shall be payable in a lump sum, less applicable withholdings and deductions, within five days of the Effective Date. If Executive is terminated by the Company with Cause or Executive resigns from the Company other than for Good Reason, in either case, prior to the first anniversary of the Effective Date, Executive shall repay to the Company the full gross amount of the Sign-On Bonus, and if Executive is terminated by the Company with Cause or Executive resigns from the Company other than for Good Reason, in either case, on or following the first anniversary of the Effective Date and before the second anniversary of the Effective Date, Executive shall repay to the Company 50% of the full gross amount of the Sign-On Bonus. The Company may (but is not required) to withhold the applicable repayment amount from any final pay, on an after-tax basis, that may be owed to Executive upon the termination of Executive's employment in the event Executive is responsible for such repayment.

(d) Benefits. Executive shall be entitled to participate in such employee and executive benefit plans and programs as the Company may from time to time offer to provide to its executives, subject to the terms and conditions of such plans. Notwithstanding the foregoing, nothing herein is intended, or shall be construed, to require the Company to institute or continue any particular plan or benefit. Executive shall also be entitled with respect to any acts or failures to act during her employment to liability insurance coverage on the same basis as other managers and officers of the Company.

(e) Business Expenses. The Company shall reimburse Executive for all reasonable, documented, out-of-pocket travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as are in effect from time to time. Executive shall also be reimbursed any legal expenses associated with the review of the terms and conditions of her employment by the Company in an amount not to exceed $2,500 following the submission to the Company of appropriate documentation.

(f) Vacation. Executive will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

4. Equity Awards. Subject to approval by the Board at the next meeting of the Board following the Effective Date, the Company shall grant to Executive an option (the "***Option***") to purchase 200,000 American Depositary Shares ("***ADSs***") of the Company at an exercise price per share equal to the closing price per share of the ADSs on the date immediately before the date of grant, or if such date is not a trading day, on the most recent trading day before such date. The Option will vest as to 1/4th of the ADSs subject to the Option on the first anniversary of the grant (the ***"First Year Anniversary***"), and as to the remaining ADSs in equal monthly installments over the three year period following the First Year Anniversary, subject to Executive's continued service to the Company or an affiliate thereof on each applicable vesting date. The Option is subject to the terms and conditions of the Company's 2019 Equity Incentive Plan and an award

agreement to be entered into between Executive and the Company (collectively, the "***Equity Documents***"). Executive shall be eligible to receive future annual grants of equity awards as determined in the discretion of the Board.

5. Termination.

(a) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law. This means that it is not for any specified period of time and, subject to any ramifications under Section 6 of this Agreement, can be terminated by Executive or by the Company at any time, with or without advance notice, and for any or no particular reason or cause. It also means that Executive's job duties, title, and responsibility and reporting level, work schedule, compensation, and benefits, as well as the Company's personnel policies and procedures, may be changed with prospective effect, with or without notice, at any time in the sole discretion of the Company (subject to any ramification such changes may have under Section 6 of this Agreement). This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly-authorized officer of the Company. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, award or compensation other than as provided in this Agreement or pursuant to applicable law.

(b) Notice of Termination. During the Term, any termination of Executive's employment by the Company or by Executive (other than by reason of death) shall be communicated by written notice (a "***Notice of Termination***") from one Party hereto to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, if any, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) specifying the Date of Termination (as defined below). The failure by the Company to set forth in the Notice of Termination all of the facts and circumstances which contribute to a showing of Cause (as defined below) shall not waive any right of the Company hereunder or preclude the Company from asserting such fact or circumstance in enforcing its rights hereunder.

(c) Date of Termination. For purposes of this Agreement, "***Date of Termination***" shall mean the date of the termination of Executive's employment with the Company specified in a Notice of Termination.

(d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and board memberships, if any, then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

6. Consequences of Termination.

(a) Payments of Accrued Obligations upon all Terminations of Employment. Upon a termination of Executive's employment for any reason, Executive (or Executive's estate or legal representative, as applicable) shall be entitled to receive: (i) any portion of Executive's

Annual Base Salary earned through Executive's Date of Termination not theretofore paid, (ii) any expenses owed to Executive under Section 3, (iii) any accrued but unused paid time-off owed to Executive, and (iv) any amount arising from Executive's participation in, or benefits under, any employee benefit plans, programs, or arrangements under Section 3, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs, or arrangements. Except as otherwise set forth in Sections 6(b) and (c), the payments and benefits described in this Section 6(a) shall be the only payments and benefits payable in the event of Executive's termination of employment for any reason.

(b) Severance Payments upon Covered Termination Outside a Change in Control Period. If, during the Term, Executive experiences a Covered Termination outside of a Change in Control Period (each as defined below), then in addition to the payments and benefits described in Section 6(a), the Company shall, subject to Executive's delivery to the Company of a waiver and release of claims agreement substantially in the form of Exhibit A hereto (but updated to the extent deemed by the Company to be necessary to reflect any changes in applicable law) (the "***Release***") that becomes effective and irrevocable in accordance with Section 10(d) and subject to Executive's continued compliance with the Confidentiality Agreement (as defined below), provide Executive with the following:

(i) The Company shall continue to pay Executive the Annual Base Salary at the rate in effect immediately prior to the Date of Termination during the period of time commencing on the Date of Termination and ending on the six (6)-month anniversary thereof, payable in substantially equal installments in accordance with the Company's standard payroll policies, less applicable withholdings, with such installments to commence on the first payroll date following the date the Release becomes effective and irrevocable and the first installment to include any amount that would have been paid had the Release been effective and irrevocable on the Date of Termination.

(ii) During the period commencing on the Date of Termination and ending on the six (6)-month anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "***Non-CIC COBRA Period***"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "***Code***") and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the Non-CIC COBRA Period (or remaining portion thereof).

(c) Severance Payments upon Covered Termination During a Change in Control Period. If, during the Term, Executive experiences a Covered Termination during a Change in Control Period, then, in addition to the payments and benefits described in Section 6(a) (and in lieu of any payments and benefits set forth in Section 6(b)), the Company shall, subject to Executive's delivery to the Company of the Release that becomes effective and irrevocable in accordance with Section 10(d) and subject to Executive's continued compliance with the Confidentiality Agreement, provide Executive with the following:

(i) The Company shall pay to Executive an amount equal to Executive's Annual Base Salary as in effect immediately prior to the Date of Termination. Such amount will be subject to applicable withholdings and payable in a single lump sum cash payment on the first regular payroll date following the date the Release becomes effective and irrevocable in accordance with Section 10(d).

(ii) During the period commencing on the Date of Termination and ending on the first anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "***CIC COBRA Period***"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Date of Termination; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the CIC COBRA Period (or remaining portion thereof).

(iii) Cause any unvested equity awards that vest solely based on the passage of time, including any stock options or restricted stock awards, held by Executive as of the Date of Termination, to become fully vested and, if applicable, exercisable, and cause all restrictions and rights of repurchase on such awards to lapse with respect to all of the ADSs or ordinary shares of the Company subject thereto.

(d) No Other Severance. Except as otherwise approved by the Board, the provisions of this Section 6 shall supersede in their entirety any severance payment provisions in any severance plan, policy, program, or other arrangement maintained by the Company.

(e) No Requirement to Mitigate; Survival. Executive shall not be required to mitigate the amount of any payment provided for under this Agreement by seeking other employment or in any other manner. Notwithstanding anything to the contrary in this Agreement, the termination of Executive's employment shall not impair the rights or obligations of any Party.

(f) Definition of Cause. For purposes hereof, "***Cause***" shall mean any one of the following: (i) Executive engaging in any act of theft or fraud concerning, or misappropriation of, funds or other assets of the Company or any of its affiliates, or other acts of dishonesty, willful misconduct or gross negligence involving the property or affairs of the Company or its affiliates; (ii) a conviction (by trial, upon a plea or otherwise) of Executive or the admission of guilt via *nolo contendere* by Executive of any felony or misdemeanor involving moral turpitude; (iii) Executive's willful violation of any material policy or procedure of the Company; (iv) Executive's material breach of the fiduciary duties owed by an officer of the Company to the Company under applicable law; (v) Executive's willful failure (other than due to mental or physical incapacity or other disability recognized under applicable law) or refusal to obey and execute all reasonable and lawful directions given by or under the authority of the Company; (vi) Executive's willful and material breach of any of the terms and conditions of this Agreement; (vii) Executive's willful and material breach of any restrictive covenants by which Executive is bound under this Agreement or any other agreement with the Company or any of its affiliates. Notwithstanding the foregoing, if there exists a circumstance that constitutes "Cause" as set forth above which is capable of being cured by Executive, the Company will promptly notify Executive in writing of such event (which notification shall specify in reasonable detail the conduct that the Company alleges to constitute Cause and the specific actions, if any, which the Company believes Executive must take to cure such events or conditions) and Executive will have 30 days from the date such written notice is given to cure such events (if curable), and, if cured, such events or conditions will be deemed not to constitute Cause hereunder. For the purposes of this definition, no act or failure to act on Executive's part shall be considered "willful" unless it is done or omitted to be done by Executive in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(g) Definition of Change in Control. "***Change in Control***" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event, to the extent required by Section 409A.

(h) Definition of Change in Control Period. For purposes hereof, "***Change in Control Period***" shall mean the period commencing on a Change in Control and ending 12 months after such Change in Control.

(i) Definition of Covered Termination. For purposes hereof, "***Covered Termination***" shall mean the termination of Executive's employment by the Company without Cause or by Executive for Good Reason, and shall not include a termination due to Executive's death or disability.

(j) Definition of Good Reason. For purposes hereof, "***Good Reason***" means Executive's resignation from employment with the Company after the occurrence, without Executive's written consent, of any of the following: (i) a material reduction in Executive's authorities, duties and responsibilities; (ii) a material reduction by the Company in Executive's Annual Base Salary from Executive's Annual Base Salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Company; or (iii) a relocation of Executive's office that increases Executive's one-way commute by more than thirty-five (35) miles, provided that if Executive's office as of such relocation is Executive's home office, such commute shall be measured from Executive's home office as of the Effective Date, or a relocation of Executive's office to a location outside of New Jersey or New York, except that required travel on the Company's business to an extent substantially consistent with Executive's historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following Executive's written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

7. Assignment and Successors. The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company, Executive, and their respective successors, assigns, personnel, and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will, operation of law, or as otherwise provided herein.

8. Miscellaneous Provisions.

(a) Confidentiality Agreement. As a condition to the effectiveness of this Agreement, Executive will execute and deliver to the Company contemporaneously herewith the Employee Proprietary Information and Inventions Assignment Agreement attached hereto as Exhibit B (the "***Confidentiality Agreement***"). Executive agrees to abide by the terms of the Confidentiality Agreement, which are hereby incorporated by reference into this Agreement. Executive acknowledges that the provisions of the Confidentiality Agreement will survive the termination of Executive's employment and the termination of the Term for the periods set forth in the Confidentiality Agreement.

(b) Non-Solicitation of Employees. For a period of one year following Executive's Date of Termination, Executive shall not, either directly or indirectly (i) solicit for employment by any individual, corporation, firm, or other business, any employees, consultants, independent contractors, or other service providers of the Company or any of its affiliates, or (ii) solicit any employee or consultant of the Company or any of its affiliates to leave the employment or consulting of or cease providing services to the Company or any of its affiliates; *provided*, *however*, that the foregoing clauses (i) and (ii) shall not apply to a general advertisement or solicitation (or any hiring pursuant to such advertisement or solicitation) that is not specifically targeted to such employees or consultants.

(c) Governing Law. This Agreement shall be governed, construed, interpreted, and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the State of New Jersey, without giving effect to any principles of conflicts of law, whether of the State of New Jersey or any other jurisdiction, and where applicable, the laws of the United States, that would result in the application of the laws of any other jurisdiction.

(d) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(e) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile shall be deemed effective for all purposes.

(f) Entire Agreement. The terms of this Agreement, together with the Confidentiality Agreement and the Equity Documents, are intended by the Parties to be the final expression of their agreement with respect to the employment of Executive by the Company and supersede all prior understandings and agreements, whether written or oral, regarding Executive's service to the Company, including any prior offer letter or employment agreement between Executive and the Company. The Parties further intend that this Agreement, together with the Confidentiality Agreement and the Equity Documents, shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement or the Confidentiality Agreement. Notwithstanding the foregoing, in the event of any conflict between the terms of the Confidentiality Agreement and the terms of this Agreement, the terms of this Agreement shall prevail.

(g) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing signed by Executive and a duly authorized representative of the Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company, as applicable, may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(h) Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that, except as excluded herein, any and all controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms or otherwise arising out of the Parties' relationship, shall be resolved solely and exclusively by final and binding arbitration held in San Mateo County, California through JAMS in conformity with the then-existing JAMS employment arbitration rules, which can be found at https://www.jamsadr.com/rules-employment-arbitration/. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. shall govern the interpretation and enforcement of this arbitration clause. All remedies available from a court of competent jurisdiction shall be available in the arbitration; provided, however, in the event of a breach of Sections 8(a) or 8(b), the Company may request relief from a court of competent jurisdiction if such relief is not available or not available in a timely fashion through arbitration as determined by the Company. The arbitrator shall: (a) provide adequate discovery for the resolution of the dispute; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall award the prevailing Party attorneys' fees and expert fees, if any. Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the Parties fail to comply with any of the obligations imposed on them under Sections 8(a) and 8(b), and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to seek injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 8(a) and 8(b), none of the Parties shall raise the defense, without a good faith basis for raising such defense, that there is an adequate remedy at law. Executive and the Company understand that by agreement to arbitrate any claim pursuant to this Section 8(h), they will not have the right to have any claim decided by a jury or a court, but shall instead have any claim decided through arbitration. Executive and the Company waive any constitutional or other right to bring claims covered by this Agreement other than in their individual capacities. Except as may be prohibited by applicable law, the foregoing waiver includes the ability to assert claims as a plaintiff or class member in any purported class or collective action or representative proceeding. Nothing herein shall limit Executive's ability to pursue claims for workers compensation or unemployment benefits or pursue other claims which by law cannot be subject to mandatory arbitration.

(i) Enforcement. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

(j) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(k) Whistleblower Protections and Trade Secrets. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

9. Golden Parachute Excise Tax.

(a) Best Pay. Any provision of this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company pursuant to this Agreement or otherwise ("***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment will be equal to the Reduced Amount (as defined below). The "***Reduced Amount***" will be either (A) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (B) the entire Payment, whichever amount after taking into account all applicable federal, state, and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive' s receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (A) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A (as defined below) that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (1) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (2) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (3) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(b) Accounting Firm. The accounting firm engaged by the Company for general tax purposes as of the day prior to the Change in Control will perform the calculations set forth in Section 9(a). If the firm so engaged by the Company is serving as the accountant or auditor for the acquiring company, the Company will appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company will bear all expenses with respect to the determinations by such firm required to be made hereunder. The accounting firm engaged to make the determinations hereunder will provide its calculations, together with detailed supporting documentation, to the Company within 30 days before the consummation of a Change in Control (if requested at that time by the Company) or such other time as requested by the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it will furnish the Company with documentation reasonably acceptable to the Company that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder will be final, binding and conclusive upon the Company and Executive.

10. Section 409A.

(a) General. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date, ("***Section 409A***") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including, without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; however, this Section 10(a) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company (A) have any liability for failing to do so, or (B) incur or indemnify Executive for any taxes, interest or other liabilities arising under or by operation of Section 409A.

(b) Separation from Service, Installments and Reimbursements. Notwithstanding any provision to the contrary in this Agreement: (i) no amount that constitutes "deferred compensation" under Section 409A shall be payable pursuant to Section 6 unless the termination of Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations ("***Separation from Service***"); (ii) for purposes of Section 409A, Executive's right to receive installment payments shall be treated as a right to receive a series of separate and distinct payments; and (iii) to the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A, such reimbursement or benefit shall be provided no later than December 31st of the year

following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

(c) Specified Employee. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(d) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Executive's termination of employment are subject to Executive's execution and delivery of the Release, (i) if Executive fails to execute the Release on or prior to the Release Expiration Date (as defined below) or timely revokes Executive's acceptance of the Release thereafter, Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release, and (ii) in any case where Executive's Date of Termination and the Release Expiration Date fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release and are treated as nonqualified deferred compensation for purposes of Section 409A shall be made in the later taxable year. For purposes of this Section 10(d), "***Release Expiration Date***" shall mean the date that is 21 days following the date upon which the Company delivers the Release to Executive, or, in the event that Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is 45 days following such delivery date.

11. Employee Acknowledgement. Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

The Parties have executed this Agreement as of the date first set forth above.

MEREO BIOPHARMA GROUP PLC

By: _____
Name: _____
Title: _____

EXECUTIVE

By: _____
Name: Suba Krishnan

EXHIBIT A
RELEASE OF CLAIMS

This Release of Claims ("***Release***") is entered into as of _____, 20__, between Suba Krishnan ("***Executive***") and Mereo BioPharma Group plc, a company incorporated in England and Wales (the "***Company***" and, together with Executive, the "***Parties***"), effective eight days after Executive's signature hereto (the "***Effective Date***"), unless Executive revokes Executive's acceptance of this Release as provided in Paragraph 1(c), below.

1. Executive's Release of the Company. Executive understands that by agreeing to this Release, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its respective employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Release.

(a) On behalf of Executive and Executive's heirs and assigns, Executive hereby releases and forever discharges the "Releasees" hereunder, consisting of the Company, and each of its owners, affiliates, divisions, predecessors, successors, assigns, agents, directors, officers, partners, employees, and insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "***Claims***"), which Executive now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to Executive's hire, employment, remuneration or resignation by the Releasees, or any of them, including Claims arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, any Claims arising under the Age Discrimination in Employment Act ("***ADEA***"), 29 U.S.C. § 621, et seq.; Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; the Equal Pay Act, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act , 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq. the Fair Labor Standards Act, 29 U.S.C. § 215 et seq., the Sarbanes-Oxley Act of 2002; the California Labor Code; the employment and civil rights laws of California; the New Jersey Law Against Discrimination, the New Jersey Conscientious Employee Protection Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Equal Pay Act, and retaliation claims under the New Jersey Workers' Compensation Law; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers' compensation insurance benefits under the terms of any worker's compensation insurance policy or fund of the Company;

(iii) Claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA;

(iv) Claims to any benefit entitlements vested as the date of Executive's employment termination, pursuant to written terms of any Company employee benefit plan;

(v) Claims for indemnification under any indemnification agreement with the Company, the Company's Articles of Association, California Labor Code Section 2802 or any other applicable law; and

(vi) Executive's right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; provided, however, that Executive does release Executive's right to secure any damages for alleged discriminatory treatment.

(c) In accordance with the Older Workers Benefit Protection Act of 1990, Executive has been advised of the following:

(i) Executive has the right to consult with an attorney before signing this Release;

(ii) Executive has been given at least [twenty-one (21)] days to consider this Release;

(iii) Executive has seven (7) days after signing this Release to revoke it, and Executive will not receive the severance benefits provided by that certain Employment Agreement between the Parties (the "***Employment Agreement***") unless and until such seven (7) day period has expired. If Executive wishes to revoke this Release, Executive must deliver notice of Executive's revocation in writing, no later than 11:59 p.m. Pacific Time on the 7th day following Executive's execution of this Release to [_____].

(d) EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"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."

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS EXECUTIVE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

2. Executive Representations. Executive represents and warrants that:

(a) Executive has returned to the Company all Company property in Executive's possession;

(b) Executive is not owed wages, commissions, bonuses or other compensation from the Company (other than any other benefits recognized under law), other than wages through the date of the termination of Executive's employment and any accrued, unused vacation earned through such date, and any payments that become due under the Employment Agreement;

(c) During the course of Executive's employment Executive did not sustain any injuries for which Executive might be entitled to compensation pursuant to worker's compensation law or Executive has disclosed any injuries of which Executive is currently, reasonably aware for which Executive might be entitled to compensation pursuant to worker's compensation law; and

(d) Executive has not initiated any adversarial proceedings of any kind against the Company or against any other person or entity released herein, nor will Executive do so in the future, except as specifically allowed by this Release.

3. Severability. The provisions of this Release are severable. If any provision is held to be invalid or unenforceable, it shall not affect the validity or enforceability of any other provision.

4. Choice of Law. This Release shall in all respects be governed and construed in accordance with the laws of the State of New Jersey, including all matters of construction, validity and performance, without regard to conflicts of law principles.

5. Integration Clause. This Release and the Employment Agreement contain the Parties' entire agreement with regard to the separation of Executive's employment, and supersede and replace any prior agreements as to those matters, whether oral or written. This Release may not be changed or modified, in whole or in part, except by an instrument in writing signed by Executive and a duly authorized officer or director of the Company.

6. Execution in Counterparts. This Release may be executed in counterparts with the same force and effectiveness as though executed in a single document. Facsimile signatures shall have the same force and effectiveness as original signatures.

7. Intent to be Bound. The Parties have carefully read this Release in its entirety; fully understand and agree to its terms and provisions; and intend and agree that it is final and binding on all Parties.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties have executed the foregoing on the dates shown below.

EXECUTIVE

_____

Date: _____

MEREO BIOPHARMA GROUP PLC

_____

By:
Title:

Date: _____

EXHIBIT B
CONFIDENTIALITY AGREEMENT

THIS AMENDED AND RESTATED CONTRACT OF EMPLOYMENT dated August 2021 is made

BETWEEN:

(1) **MEREO BIOPHARMA GROUP PLC**, (a company incorporated in England and Wales and registered under number 9481161, whose registered office is at 1 Cavendish Place, London W1G 0QF (the "**Company**"); and

(2) **JACKIE PARKIN** of [redacted]

This Contract sets out the terms and conditions of your employment with the Company at the date of this Contract and supersedes all previous arrangements or agreements whether oral or in writing between you and the Company in relation to the matters dealt with in it.

1. Interpretation

1.1 The definitions and rules of interpretation in this clause 1 apply in this Contract.

1.1.1 **Appointment**: the employment of the Employee by the Company on the terms of this Contract.

1.1.2 **Associated Employer**: has the meaning given to it in the Employment Rights Act 1996.

1.1.3 **Board**: the board of directors of the Company (including any committee of the board duly appointed by it).

1.1.4 **Commencement Date** 26 October 2015

1.1.5 **Confidential Information**: all of

(a) financial information relating to the Company and any Group Company including (but not limited to) management accounts, sales forecasts, dividend forecasts, profit and loss accounts and balance sheets, draft accounts, results, order schedules, profit margins, pricing strategies and other information regarding the performance or future performance of the Company or any Group Company;

(b) client or customer lists and contact lists, details of the terms of business with, the fees and commissions charged to or by and the requirements of customers or clients, prospective customers or clients, buyers, and suppliers of the Company or any Group Company;

(c) any information relating to expansion plans, business strategy, marketing plans, and presentations, tenders, projects, joint ventures or acquisitions and developments contemplated, offered or undertaken by the Company or any Group Company;

(d) details of the employees, officers and workers of and consultants to the Company or any Group Company their job skills and capabilities and of the remuneration and other benefits paid to them;

(e) copies or details of and information relating to Know-how, research activities, inventions, creative briefs, ideas, computer programs (whether in source code or object code) secret processes, designs and formulae or other intellectual property acquired, developed, licensed, undertaken, commissioned or produced by or on behalf of the Company or any Group Company;

(f) confidential reports or research commissioned by or provided to the Company or any Group Company and any trade secrets and confidential transactions of the Company or any Group Company;

(g) key metric information such as details of website page hits, visitors, visits, orders per day, total order volumes, average order size, volumes of goods shipped or held in stock, customer acquisition costs, repeat rates and word of mouth rates;

(h) details of any marketing, development, pre-selling or other exploitation of any intellectual property or other rights of the Company or any Group Company, any proposed options or agreements to purchase, licence or otherwise exploit any intellectual property of the Company or any Group Company and any intellectual property which is under consideration for development by the Company or any Group Company,

(i) details of any advertising, marketing or promotional campaign which the Company or any Group Company is to conduct; and

(j) any information which you ought reasonably to know is confidential and any information which has been given to the Company or any Group Company in confidence by agents, buyers, clients, consultants, customers, suppliers or other persons.

1.1.6 **Documents:** documents, manuals, disks, memory, notebooks, tapes (including copies) or any other medium, whether or not eye-readable, on which information (whether confidential or otherwise) may from time to time be referred to, written or recorded.

1.1.7 **Group Company**: the Company, its Subsidiaries or Holding Companies from time to time and any Subsidiary of any Holding Company from time to time.

1.1.8 **Incapacity**: any sickness, injury or other medical disorder or condition which prevents the Employee from carrying out his duties.

1.1.9 **Key Employee:** any employee or contractor who is or was (in the Period) employed or engaged to your knowledge:

(a) at management grade; or

(b) in a senior capacity; or

(c) in a capacity in which he has access to or obtained Confidential Information and in respect of whom you exercised control or had managerial responsibility.

1.1.10 **Know-how:** information (including without limitation that comprised in formulae, specifications, designs, drawings, component lists, databases, software (or pre-cursor documents), databases, manuals, instructions and catalogues) held in whatever form relating to the creation, production or supply of any products or services by the Company or any Group Company, or by or to any of the suppliers, customers, partners or joint ventures of such company.

1.1.11 **Manager**: Denise Scots-Knight

1.1.12 **Period:** the period of 6 months immediately prior to the Termination Date.

1.1.13 **Permitted Interest:** an interest in any class of shares or other securities of any company which are traded on a recognised investment exchange which amount to not more than 3% of such class of issued shares or securities and an interest in any units of any authorised unit trust.

1.1.14 **Restricted Area:** England, Scotland, Wales or Northern Ireland.

1.1.15 **Restricted Business:** the research, acquisition, development and / or commercialisation of innovative therapeutics by the Company or any Group Company as at the Termination Date and with which the Employee was involved to a material extent on the Termination Date or at any time during the Period.

1.1.16 **SSP**: statutory sick pay.

1.1.17 **Staff Handbook**: the Company's staff handbook as amended from time to time.

1.1.18 **Subsidiary and Holding Company**: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company

even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.1.19 **Termination Date:** the date of termination or expiration of this Contract.

1.2 The headings in this Contract are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.5 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.6 The schedules to this Contract form part of (and are incorporated into) this Contract.

2. Term of Appointment

2.1 The Appointment shall commence on the Commencement Date and shall continue, subject to the remaining terms of this Contract, until terminated by either party giving the other not less than 6 months' prior notice (or the statutory minimum notice, whichever is the greater) in writing.

2.2 [This clause is intentionally blank].

2.3 No employment with a previous employer counts towards the Employee's period of continuous employment with the Company.

2.4 The Employee consents to the transfer of his or her employment under this Contract to an Associated Employer at any time during the Appointment.

3. Employee Warranties

3.1 You represent and warrant to the Company that, by entering into this Contract or performing any of your obligations under it, you will not be in breach of any court order or any express or implied terms of any contract or other obligation binding on you.

3.2 You represent and warrant to the Company that you are not bound by or subject to any agreement, arrangement, court order, obligation or undertaking which in any way restricts or prohibits you from entering into this Contract or from performing your duties for the Company as set out in this Contract.

3.3 You warrant that you are entitled to work in the UK without any additional approvals and will notify the Company immediately if you cease to be so entitled at any time during the Appointment.

4. Job Title and Reporting

Your job title is 'Senior Vice President and Therapeutic Head' and you will report to the Manager or such other person as may be authorised by the Company and notified to you.

5. Job Description and Duties

5.1 Your main tasks and responsibilities are set out in the written job description at Schedule I. The Company reserves the right to require you to change your job title and/or job description and/or reporting structure or to require you to perform a different job or different or additional duties consistent with your status and any such change will not constitute a change of the terms and conditions of your employment.

5.2 You must perform your job to the best of your ability and to comply with any duties implied by law.

5.3 During the Appointment you shall:

5.3.1 unless prevented by Incapacity, devote substantially the whole of your time, attention and abilities to the business of the Company and any Group Company of which you are an officer or consultant;

5.3.2 diligently exercise such powers and perform such duties as may from time to time be assigned to you by the Company together with such person or persons as the Company may appoint to act jointly with you;

5.3.3 comply with all reasonable and lawful directions given to you by the Company;

5.3.4 promptly make such reports to your Manager in connection with the affairs of any Group Company on such matters and at such times as are reasonably required;

5.3.5 report your own wrongdoing and any wrongdoing or proposed wrongdoing of any other employee or director of any Group Company to your Manager immediately on becoming aware of it;

5.3.6 use your best endeavours to promote, protect, develop and extend the business of any Group Company; and

5.3.7 consent to the Company monitoring and recording any use that you make of the Company's electronic communications systems for the purpose of ensuring that the Company's rules are being complied with and for legitimate business purposes.

5.4 You shall comply with the Company's anti-corruption and bribery policy and related procedures at all times.

5.5 You shall comply with any rules, policies and procedures set out in the Staff Handbook. The Staff Handbook does not form part of this Contract and the Company may amend it at any time. To the extent that there is any conflict between the terms of this Contract and the Staff Handbook, this Contract shall prevail.

5.6 All documents, manuals, hardware and software provided for your use by the Company, and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment (including mobile phones), remain the property of the Company.

6. Location

6.1 Your normal place of work is the Company's offices at 1 Cavendish Place, London W1G 0QF or such other place as the Company may reasonably determine for the proper performance and exercise of your duties.

6.2 The Company may require you to perform services for any Group Company wherever situated and without further fees or remuneration and to enter into any separate agreement(s) with such Group Company for such purpose and any duties that you may have under this Contract will be deemed to extend to such Group Company.

6.3 You agree to travel on any Group Company's business (both within the United Kingdom and abroad) as may be required for the proper performance of your duties under the Appointment.

7. Hours of Work

7.1 Your normal working hours are from 09:00 to 17:00 on each week day, excluding public and bank holidays of England and Wales, together with such additional hours, on week days (including public and bank holidays of England and Wales) or weekends, as may be necessary for the proper performance of your duties.

7.2 Regulation 4(1) of the Working Time Regulations 1998 (the "**WTR**") provides that a worker's average working time, including overtime, must not exceed 48 hours for each seven-day period (to be averaged over a period of 17 weeks) unless the worker agrees that this regulation will not apply to his or her employment.

You acknowledge that you hold an executive position with certain autonomous decision taking powers and that the duration of your working time is not measured or predetermined. You agree that you are therefore not subject to regulation 4(1) of the Working Time Regulations 1998 but without prejudice to that you accept that by signing this Contract you have agreed that, insofar as it would apply to your employment with the Company, regulation 4(1) of the Working Time Regulations 1998 shall not apply.

7.3 At any time during the Appointment, you or the Company may give three months' prior written notice that the opt-out of clause 7.2 should no longer apply and it will cease to apply with effect from the expiry of the said notice.

7.4 You will comply with any requests made or measures imposed to enable the Company and/or you to monitor and record your working time.

8. Salary

8.1 Your salary is £ 220,000.00 per annum (the **"Salary"**), less statutory and voluntary deduction. The Salary shall accrue from day to day and be payable by equal monthly instalments in arrears on the last business day of each calendar month directly into your UK bank or building society account.

8.2 You will receive no additional payment for any overtime worked. Your Salary will include any director's, company secretary's and other fees and emoluments due to you as an officer of the Company or of any Group Company.

8.3 Your Salary will be reviewed by your Manager annually and may be increased from time to time at the Company's discretion without affecting the other terms of the Appointment. There is no obligation to award an increase. There will be no review of the Salary after notice has been given by either party to terminate the Appointment.

8.4 If you are invited to participate in any employees' share scheme (as defined in section 1166 of the Companies Act 2006) and accept, your membership shall be governed exclusively by the rules of the relevant scheme from time to time. Your rights and obligations under this Contract shall not be affected by your participation in the scheme or any right which you may have to participate in it and you shall have no claim for compensation or damages under or in connection with this Contract in consequence of the termination of the Appointment for any reason whatsoever insofar as the termination of the Appointment may end your participation or reduce the value of awards you may receive under it.

8.5 You authorise the Company to deduct from your Salary any sums which you may owe the Company including without limitation any overpayment of salary or expenses, any debt or loans or any other sum or sums which may be required to be authorised pursuant to Section 13 of the Employment Rights Act 1996.

9. Discretionary Bonus

9.1 You may be considered for a discretionary bonus in relation to each calendar year. The payment of any discretionary bonus is not guaranteed under this Contract and your eligibility for a discretionary bonus shall be assessed in accordance with and subject to the terms of the Company's performance related discretionary bonus scheme.

9.2 The terms of the discretionary bonus scheme are determined by the Company in its absolute discretion and the Company is entitled in its absolute discretion to change the terms of this scheme from year to year.

9.3 The amount of the discretionary bonus, if any, in any particular calendar year shall be determined by the Company in its sole discretion. Payment of a bonus in one calendar year does not entitle you to receive a bonus in respect of any other calendar year.

9.4 If you commence employment part way through the calendar year any sum calculated in accordance with clause 9.2 shall be pro-rated, as appropriate.

9.5 Save as provided in Schedule II, if you are working your period of notice (given by either you or the Company) at the date any bonus is payable to you, or the Appointment is terminated prior to that date, no bonus or pro-rata bonus shall be payable.

9.6 Any discretionary bonus payable in accordance with this clause 9 shall not be pensionable.

10. Expenses

10.1 The Company will reimburse (or procure the reimbursement of) all expenses properly, necessarily and reasonably incurred by you in the proper performance of your duties, provided that on request you will provide the Company with such VAT receipts, invoices or other evidence of actual payment of such expenses as the Company may reasonably require.

10.2 You shall comply with the Company's expenses policy as set out in the Staff Handbook from time to time.

10.3 Any expenses charged to a Company credit card must be documented in accordance with Company procedures and approved by the Chief Financial Officer within one month of the date that the credit card statement is received. No personal expenditure may be charged to Company credit cards.

11. Other Employment

11.1 You must devote substantially the whole of your time, attention and abilities during your normal hours of work to your duties for the Company.

11.2 Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, during your hours of work for the Company. Without the prior written approval of the Board, you may not, whether directly or indirectly, undertake any other job (including voluntary work) or carry on a business, of whatever kind, outside Company hours if in the reasonable opinion of the Company this is likely to affect your work performance for the Company and you will promptly disclose to the Company sufficient details of any such job or business in order for the Company to consider whether it is likely to affect your work performance.

11.3 You may not at any time during the period of your employment by the Company without the prior written consent of the Chief Executive Officer engage, whether directly or indirectly, in any business or employment which is similar to or in any way connected with the business of the Company.

12. Holidays

12.1 In addition to the usual public and bank holidays of England and Wales, you shall be entitled to 25 days' paid holiday in each complete holiday year worked (and pro rata for any holiday year worked in part) to be taken at such time or times as shall be agreed by your Manager.

12.2 The holiday year runs from 1 January each year to the following 31 December.

12.3 Although the Company will agree to your proposed holiday dates wherever possible, it reserves the right to withhold approval where necessary to protect the interests of the business.

12.4 The Company reserves the right to require you to take holiday on certain days to be determined by the Company of up to five days in each holiday year. The Company will notify you of any such requirement prior to the commencement of each holiday year.

12.5 A maximum of five days untaken holiday entitlement may be carried forward from one holiday year subject to the prior written agreement of your Manager to the next and no money will be paid in lieu of any such untaken holiday entitlement.

12.6 On termination of the Appointment you shall be entitled to be paid in lieu of holiday accrued but untaken in the holiday year in which termination takes place. Your entitlement to holiday will be calculated on the basis that each day of paid holiday is equal to 1/260 of your salary. Alternatively, you will be required to repay to the Company pay for any holiday taken in excess of your entitlement at the same rate.

12.7 If in any year you are not employed for the complete holiday year (for example, in the years in which you join and leave the Company), your holiday entitlement will be calculated pro rata based on the number of complete months worked during the relevant holiday year.

12.8 The Company may require you to take any outstanding holiday entitlement during your notice period or during any period of garden leave as referred to in clause 20.

12.9 The holiday year is also the leave year for parental leave purposes.

13. Notification of Sickness or Other Absence

13.1 If you are absent from work for any reason and your absence has not previously been authorised by your Manager you, or someone on your behalf, must inform your Manager by 10.00 am on each day of absence.

13.2 Any unauthorised absence must be properly explained and in the case of an absence of uncertain duration you must keep the Company informed on a daily basis until you have provided the Company with a medical certificate.

13.3 If you are absent from work due to sickness or injury which continues for more than seven days (including weekends) you must provide the Company with a medical certificate on or before the eighth day of sickness or injury. Thereafter medical certificates must be provided to the Company to cover any continued absence.

13.4 Immediately following your return to work after any period of absence which has not previously been authorised by your Manager you are required to complete a Self-Certification form stating the date of and the reason for your absence, including details of sickness on non-working days as this information is required by the Company for calculating Statutory Sick Pay entitlement. Self-Certification forms will be retained in the Company’s records.

13.5 Failure to comply with the above procedures may result in disciplinary action and/or the loss of Company sick pay (referred to below) and may also disqualify you from receiving Statutory Sick Pay.

13.6 Your "qualifying days" for Statutory Sick Pay purposes are those days of the week on which you are due to work in accordance with this contract of employment.

13.7 You shall:

13.7.1 agree to consent to a medical examination (at the Company's expense) by a doctor nominated by the Company or your GP or any relevant consultant at any time should the Company so require; and

13.7.2 authorise such medical practitioner to disclose to or discuss with the Company (or its medical adviser) any matters arising from such examination.

13.8 The rights of the Company to terminate the Appointment under the terms of this Contract apply even when such termination would or might cause you to forfeit any entitlement to sick pay, payments under the medical scheme, or other benefits.

14. Sick Pay

14.1 Provided that you have complied with the Company's notification and certification procedures and general terms relating to sickness absence referred to in clause 13 above and that you have completed three months of continuous service prior to the start of the period of sickness, you will be entitled to be paid your normal basic pay for periods of sickness absence up to a maximum of 10 working days in aggregate in any calendar year. Any payments made thereafter will be at the sole discretion of the Company. Payments of sick pay include Statutory Sick Pay and will be reduced by any state sickness benefit you may be entitled to receive.

14.2 If you are absent from work due to the actionable negligence, nuisance or breach of any statutory duty on the part of a third party in respect of which damages are or may be recoverable, you shall immediately notify your Manager of that fact and of any claim, compromise, settlement or judgment made or awarded in connection with it and all relevant particulars that the Company may reasonably require. In such circumstances any Company sick pay will be paid as a loan which, if required by the Company, you must repay to the Company if you recover damages in respect of your absence from work.

14.3 The Company reserves the right to withhold payment of Company sick pay if you fail to comply with the provisions of clause 13 or if you are subject to disciplinary proceedings.

15. Other Benefits

15.1 **Pension.** You are eligible to join the Company's group personal pension scheme. Membership of and benefits under the scheme are strictly subject to the rules of the scheme as amended from time to time. The Company expressly reserves the right in its discretion to amend or terminate the pension scheme. The Company shall contribute to the Company's pension scheme an amount equal to 10% of your

Salary provided that you contribute 4% or more to that scheme, subject to the annual allowance set by HM Revenue & Customs from time to time not being exceeded. In the event that you exceed the annual allowance set by HM Revenue & Customs in any fiscal year or maximum lifetime allowance, the Company may, at your request, pay a pro-rata amount equal to 10% of your basic salary in lieu of a pension contribution to you as an allowance, subject to deduction of income tax and national insurance contributions, you certifying and, at the request of the Company, providing evidence satisfactory to the Company that you have exceeded such annual allowance for the applicable fiscal year or the maximum lifetime allowance and, if necessary, you opting out of auto enrolment. Any pension contribution or allowance shall be paid in equal monthly instalments in arrears.

15.2 The Company will comply with the employer pension duties in respect of your employment in accordance with Part I of the Pensions Act 2008.

15.3 A contracting-out certificate under the Pension Schemes Act 1993 is not in force in respect of the Appointment.

15.4 Subject to the rules and eligibility requirements of each scheme from time to time in force and to your health not being such as to prevent the Company (or the relevant Group Company) from being able to obtain cover on reasonable terms, you will be entitled to participate in the following schemes:

15.4.1 **Medical Scheme.** You and your immediate family shall be entitled to participate in the medical insurance scheme maintained from time to time by the Company for the benefit of employees.

15.4.2 **Life Assurance Scheme.** The Company shall maintain for you life assurance of four times your Salary.

15.4.3 **Income protection.** You will be eligible to participate in such income protection schemes as the Company may from time to time operate for employees of your level.

15.5 Any benefits that may from time to time be provided by the Company to you or your family that are not expressly referred to in this Contract shall be provided at the entire discretion of the Company and, unless so agreed in writing, shall not form part of your terms and conditions of employment.

15.6 Participation in any insurance or assurance scheme provided for you under this Contract:

15.6.1 is absolutely subject to its terms and conditions from time to time in force;

15.6.2 is conditional on you satisfying any applicable requirements of the insurers;

15.6.3 is subject to you and any insured dependants satisfying the normal underwriting requirements of the relevant insurance provider and the relevant premium being at a rate which the Company considers reasonable; and

15.6.4 will end when you attain whichever is the greater of the age of 65 and the state pensionable age.

15.7 The Company reserves the right at any time, on three months' written notice, to withdraw any insurance or other benefits set out in this clause 15 or to amend the terms on which they are provided. If an insurance provider refuses for any reason to provide insurance benefit to you under any insurance scheme the Company shall not be liable to provide you with any replacement benefit of the same or similar kind or to pay any compensation in lieu of such benefit.

15.8 You may be required, at the request and expense of the Company, to submit to a medical examination by a medical practitioner nominated by the Company to support applications for insurance set out in this clause 15 or any other insurance schemes required by the Company, and you hereby authorise such medical practitioner to disclose to or discuss with the Company's medical adviser and/or the relevant insurer's medical adviser any matters arising from such examination and the Company's medical adviser may notify the Board of any serious matter if, in his opinion, it might materially adversely affect your health or the proper discharge of your duties.

16. Intellectual Property

16.1 You agree and acknowledge that during the course of your employment and in pursuance of the discharge of your duties you will make, create, produce and generate intellectual property rights, including Inventions.

16.2 Inventions

16.2.1 If while employed by the Company you (whether alone or with any other person) make, produce or are responsible for any invention, discovery, process, business idea, or method of any description that relates to or could be used in any business of the Company ("**an Invention**"), you shall promptly give to a Director of the Company full written details thereof.

16.2.2 If the Invention is a patentable invention within the meaning of Section 1 of the Patents Act 1977 and, according to the provisions of Section 39 of that Act it belongs to you ("**Personal Invention**"), you shall if so requested by the Company no later than six months from disclosure to the Company pursuant to sub-clause 16.2.1 above, negotiate with the Company in good faith for the assignment or licence of your rights in that Invention to the Company for further consideration.

16.2.3 Subject to clause 16.2.4, any Invention created in the course of your employment by the Company shall belong to the Company ("**Company Inventions**"). Any and all intellectual property rights in or relating to any and all such Company Inventions shall be owned by the Company. You hereby irrevocably assign to the Company (by way of present assignment of present and future rights) with full title guarantee absolutely and free from all encumbrances all right, title and interest in and to all intellectual property rights in or relating to Company Inventions and all materials embodying such rights to the fullest extent permitted by law together with all accrued rights of action in respect of any infringement of such rights.

Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Company, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Company without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Company's rights in Company Inventions and to obtain registration or protection thereof in the Company's name in any country.

16.2.4 Where the Company Invention relates to a chemical compound, being the chemical compound itself of assets associated therewith ("**Compounds**"), any and all intellectual property rights in or relating to that Company Invention shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound. Insofar as they do not so vest automatically by operation of law or under this Contract, you shall hold all such rights and inventions on trust for the exclusive benefit of the Subsidiary, and shall not transfer them to a third party or encumber them and shall on demand assign them to the Subsidiary without payment or other condition. You shall execute (both during and after the termination of your employment) all documents and do all things necessary to substantiate the Subsidiary's rights in the Compounds and to obtain registration or protection thereof in the Subsidiary's name in any country.

16.2.5 Save for the disclosure to the Company as provided above or, in the case of a Personal Invention only, as required for the purpose of obtaining patent protection for the Personal Invention, you shall keep all details of any Invention confidential to yourself and any solicitor, counsel or patent agent instructed by you and you shall not use any Company Invention for any purpose. You shall not without the Company's prior written consent apply for a patent in any country in relation to any Company Invention and shall promptly inform the Company if you apply for a patent in any country for a Personal Invention. Notwithstanding the foregoing, you shall not include any Confidential Information in any application for a patent for a Personal Invention.

16.3 Copyright and other rights

16.3.1 If while employed by the Company you, whether on your own or with any other person, create any copyright work or design (including without limitation any literary, dramatic, musical or artistic work, and any film, sound recording, cable programme, broadcast, typographical arrangement of a published edition, computer program, adaptation or design document) or any database or any other work or matter of any description (other than an Invention) capable of protection under copyright, design right, trademarks, database rights or other intellectual or industrial and commercial property laws of any country, that relates to or could be used in the business of the Company, (a "**Protected Work**"), you shall promptly disclose to the Chief Financial Officer or General Counsel full details thereof in writing and shall if requested by the Company deliver to it all copies or representations of the Protected Work in any material form but shall otherwise keep the Protected Work confidential and not use it for any purpose other than for the Company.

16.3.2 All proprietary rights in any Protected Work created by you in the course of your employment by the Company shall automatically vest in the Company, save that where a Protected Work relates to a Compound, all proprietary rights in that Protected Work shall, with effect from their creation, automatically belong to and vest in the Subsidiary formed to undertake the research, development or commercialisation of that Compound.

16.3.3 To the extent that the Company, or, in the case of a Compound, the Subsidiary is not already the owner of the copyright, design rights, trade marks, database rights and other intellectual or industrial and commercial property rights ("**the Rights**") in a Protected Work pursuant to clause 16.3.2 you shall hold the Protected Work and the Rights on trust for the Company or Subsidiary (as appropriate) and shall assign without payment or any other condition (and, in the case of the UK copyright, design rights, trade marks and database rights hereby assign by way of future assignment of copyright, design right, trademarks and database rights respectively), the Protected Work and all Rights therein in all countries of the world to the Company or Subsidiary (as appropriate) absolutely together with all accrued rights of action in respect of any infringement of the same.

16.4 You shall, without charge to but at the cost of the Company, execute all documents and do all acts, things and matters beneficial to, required or necessary (both during and after the termination of your employment) to vest rights in the Company (or its Subsidiary, or its successors, as appropriate), or substantiate the Company's (or its Subsidiary's, or its successor's, as appropriate) rights, in any Company Inventions, the Rights and Protected Works and to obtain protection for the Company Inventions, Rights and Protected Works in the Company's (or its Subsidiary's or its successor's, as appropriate) name in any country.

16.5 Should you create a Company Invention or any Rights in a Protected Work in relation to a Compound for which a Subsidiary has not yet been formed at the time of such creation, you agree to hold such Company Invention and Rights on trust pending the formation of such Subsidiary and shall be deemed automatically to have assigned such Company Invention and Rights to that Subsidiary from the moment it becomes a Group Company.

16.6 To the extent permitted by law, you hereby irrevocably and unconditionally waive any and all moral rights conferred by Chapter IV of the Copyright Designs and Patents Act 1988 or any rights of a similar nature under laws now or in the future in force in any other jurisdiction in and to any and all Protected Work, such waiver being given in favour of the Company, its successors in title and assigns.

16.7 You hereby irrevocably appoint the Company to be your attorney to execute and do any such instrument or thing and generally to use your name for the purpose of giving the Company or its nominee the benefit of this clause 16 and acknowledge in favour of a third party that a certificate in writing signed by any Director or the Company Secretary that any instrument or act falls within the authority conferred by this clause 16 shall be conclusive evidence that such is the case.

16.8 The provisions of this clause 16 will not be affected by the termination of this Contract for whatever reason and will continue after it ends.

17. Confidentiality

17.1 You acknowledge that in the course of the Appointment you will have access to Confidential Information. You therefore agree to accept the restrictions in this clause 17.

17.2 You shall not (except in the proper course of your duties), either during the Appointment or at any time after its termination (however arising), use or disclose to any person, company or other organisation whatsoever (and shall use your best endeavours to prevent the publication or disclosure of) any Confidential Information. This shall not apply to:

17.2.1 any use or disclosure authorised by the Board in writing or required by law;

17.2.2 any information which is already in, or comes into, the public domain other than through your unauthorised disclosure; or

17.2.3 any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

17.3 You agree that the restrictions set out in this clause 17 are without prejudice to any other duties of confidentiality owed to the Company or any Group Company whether express or implied and that they shall survive the termination of this Contract for whatever reason and will continue after it ends.

18. Termination

18.1 You or the Company may terminate the Appointment on written notice of 6 months or the statutory minimum notice, whichever is the greater.

18.2 The Company shall be entitled at its sole and absolute discretion lawfully to terminate your employment at any time and with immediate effect by written notification to you and to pay within one month following the date of such termination a payment in lieu of notice (PILON) to you. For the avoidance of doubt, the termination of your employment shall be effective on such written notification and shall not be deferred until the PILON is paid. The total PILON will be equal to the basic salary due under clause 8.1 and a payment in lieu of any contractual benefits under clause 15 (excluding bonus) which you would have been entitled to receive under this Contract during the notice period referred to at clause 2.2 or 18.1 (or, if notice has already been given, during the remainder of such notice period) (subject to statutory deductions)

18.3 On termination of the Appointment, for whatever reason, you shall not be entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may participate.

18.4 Upon the termination of your employment with the Company for whatever reason or after notice having been served at the request of the Company or if you shall

cease for any reason to be a director or officer of the Company, you shall forthwith, if so required by the Company resign without any claim for compensation or damages from any office or appointment held by you in the Company or in any Group Company, and of all other companies of which he shall have been appointed a director or officer by the Company or Group Company by virtue of any right of nomination vested in such member. You hereby irrevocably authorise the Company to appoint such person in your place and on your behalf to do all such things and execute all such documents which you are obliged to execute and do under this Contract (including without limitation those documents which may be necessary for, or incidental to, your resignation from office).

18.5 You agree that during any period of notice given by either party, you will give to the Company or such person nominated by it all such assistance and co-operation in effecting a smooth and orderly handover of your duties as the Company may reasonably require.

18.6 The Company may at its absolute discretion during any period of notice given by either party:

18.6.1 appoint a person to perform your duties jointly with you or, during any period of garden leave pursuant to clause 20 and/or during any period of suspension pursuant to clause 24.2, to perform all or some of your duties in your place; and/or

18.6.2 suspend or cancel your access to the Company's IT and telephone systems including, but not limited to, voicemail, email, internet and the Company's intranet.

18.7 This clause 18 is subject to the provisions of Schedule II appended to this Contract. In the event of conflict between this clause 18 and the provisions of Schedule II, the provisions of Schedule II shall prevail.

19. Summary Termination

19.1 The Company is entitled to terminate the Appointment by summary notice in writing and without payment in lieu of notice for Cause, meaning if you:

19.1.1 are guilty of any gross misconduct affecting the business of any Group Company;

19.1.2 commit any serious breach or repeated or continued (after warning) any material breach of your obligations under this Contract;

19.1.3 commit (by commission or omission) any act which brings or would tend to bring the Company or any Group Company into disrepute;

19.1.4 fail to perform your duties to a satisfactory standard after having received a written warning from the Company relating to the same;

19.1.5 are guilty of any dishonesty, gross misconduct or wilful neglect of duty;

19.1.6 damage Company property maliciously;

19.1.7 falsify attendance or sickness or other records;

19.1.8 falsify any data during the course of your employment;

19.1.9 conduct yourself in a manner materially adverse to the interests of the Company or any Group Company;

19.1.10 are, in the reasonable opinion of the Board, negligent and incompetent in the performance of your duties;

19.1.11 have a bankruptcy order made against you or enter into a voluntary arrangement within the meaning of section 253 Insolvency Act 1986;

19.1.12 consume or distribute narcotics on Company premises;

19.1.13 are convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed) whether or not in the course of your employment;

19.1.14 are, in the opinion of a medical practitioner who is treating you, physically or mentally incapable of performing your duties and may remain so for more than three months and the medical practitioner has given a medical opinion to the Board to that effect;

19.1.15 cease to be eligible to work in the United Kingdom;

19.1.16 knowingly commit any deliberate act which amounts to discrimination, victimisation or harassment on any unlawful ground;

19.1.17 are in breach of the Company's anti-corruption and bribery policy and related procedures;

19.1.18 are guilty of a serious breach of any rules issued by the Company from time to time regarding its electronic communications systems;

19.1.19 are unable by reason of Incapacity to perform his duties under this Contract for an aggregate period of 26 weeks in any 52-week period; or

19.1.20 commit any other offence of a similar gravity to the examples under this clause 19.1, which are neither exclusive nor exhaustive.

19.2 Any delay by the Company in exercising such right of termination shall not constitute a waiver of that right.

19.3 The termination by the Company of the Appointment pursuant to this clause 19 will be without prejudice to any claim that the Company may have for damages arising from any breach of this Contract by you that gives rise to such termination.

20. Garden Leave

20.1 After notice of termination has been given by either party pursuant to clause 18 provided that the Company continues to provide you with your normal Salary and

benefits under this Contract until the Appointment terminates, the Company may at its absolute discretion without breaking the terms of this contract or giving rise to any claim against the Company for all or part of your notice period place you on garden leave and:-

20.1.1 exclude you from the premises of the Company and any Group Company; and/or

20.1.2 require you to carry out specified duties other than your normal duties or to carry out no duties; and/or

20.1.3 withdraw any powers vested in you; and/or

20.1.4 instruct you not to communicate orally or in writing with suppliers, customers, employees, agents/or representatives of the Company or any Group Company until the Appointment has terminated.

20.2 During any period of garden leave you shall:

20.2.1 continue to receive your Salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

20.2.2 remain an employee of the Company and bound by the terms of your contract of employment with the Company;

20.2.3 not, without the prior written consent of your Manager, attend your place of work or any other premises of the Company or any Group Company;

20.2.4 not, without the prior written consent of your Manager, contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company;

20.2.5 (except during any periods taken as holiday in the usual way) ensure that your Manager knows where you will be and how you can be contacted during each working day and shall comply with any written requests to contact a specified employee of the Company at specified intervals.

21. Restrictions after Employment

21.1 You shall not, save in respect of a Permitted Interest or with the prior written consent of the Company, for a period of 6 months from the Termination Date carry on or be concerned or engaged or interested directly or indirectly (whether as principal, shareholder, partner, employee, officer, agent or otherwise) in any part of any trade or business carried on within the Restricted Area wholly or partly in competition with the Restricted Business.

21.2 You shall not for a period of 6 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.2.1 deal with or accept custom from any person, firm or company who was a client or customer of the Company or any Group Company during the

Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.2 deal with or interfere with any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period and in each case with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.2.3 deal with or interfere with any company from whom the Company or any Group Company has licensed or acquired intellectual property.

21.3 You shall not for a period of 9 months from the Termination Date, in competition with the Company, either on your own behalf or on behalf of any person, firm or company in relation to the Restricted Business, directly or indirectly:

21.3.1 solicit, approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a client or customer of the Company or any Group Company during the Period with whom you have been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period;

21.3.2 solicit or approach or offer goods or services to or entice away from the Company or any Group Company any person, firm or company who was a supplier, agent or distributor of the Company or any Group Company during the Period with whom you has been actively engaged or involved or of whom you have acquired Confidential Information or trade secrets by virtue of your duties hereunder during the Period; or

21.3.3 interfere or seek to interfere with the continuance, or any of the terms, of the supply of goods or services to the Company or any Group Company;

PROVIDED THAT nothing contained in clauses 21.1 to 21.3 inclusive shall prohibit you from carrying out any activities that are not in competition with any part of the business of the Company with which you were involved in the Period.

21.4 You shall not for a period of 6 months from the Termination Date either on your own behalf or on behalf of any person, firm or company directly or indirectly, approach, solicit, endeavour to entice away, employ, offer employment to or procure the employment of any person who is or was a Key Employee with whom you have had dealings during the Period whether or not such person would commit any breach of his contract of employment by reason of so leaving the service of the Company or otherwise.

21.5 You shall not, at any time after the Termination Date, either on your own behalf or on behalf of any other person, firm or company directly or indirectly:

21.5.1 represent yourself as being in any way connected with or interested in the business of the Company or any Group Company (other than as a consultant or a member if such be the case) or use any name which is identical or similar to or likely to be confused with the name of the Company or any Group Company or any product or service produced or provided by the Company or any Group Company or which might suggest a connection with the Company or any Group Company; or

21.5.2 directly or indirectly make, publish or otherwise communicate any statement whatsoever whether in writing or otherwise which may have the effect of damaging or lowering the business interests and/or the reputation of the Company or any Group Company or any of its or their former or existing agents, clients, consultants, directors, employees, officers, share-holders, suppliers or workers ("**Relevant Personnel**") and/or which may be disparaging or derogatory to any of the Company or any Group Company or any Relevant Personnel.

21.6 The period of the restrictions in clauses 21.1 to 21.4 inclusive shall be reduced by the period, if any, spent by you during which you are placed on garden leave in accordance with clause 20.

21.7 You agree to notify your new employer of the restrictions contained within clauses 21.1 to 21.4 inclusive.

21.8 You acknowledge that, in the course of your employment, you are likely to have dealings with the clients, customers, suppliers and other contacts of the Company. You agree that each of the restrictions in clauses 21.1 to 21.4 inclusive is separate and distinct, is to be construed separately from the other restrictions, and is reasonable as regards its duration, extent and application for the protection of the legitimate business interests of the Company. However, in the event that any such restriction shall be found to be void or unenforceable but would be valid or enforceable if some part or parts of it were deleted, you agree that such restriction shall apply with such deletions as may be necessary to make it valid and effective.

22. Company Property

22.1 All Documents and other property (including mobile telephones, laptop computers and other technical equipment) provided for your use by the Company, remain the property of the Company or any Group Company.

22.2 Any Documents or other property in your possession and or obtained by you in the course of your employment shall be returned to your Manager at any time on request and in any event prior to the Termination Date.

22.3 At any time upon request and in any event prior to the Termination Date you must irretrievably delete any information relating to the business of the Company or any Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the Company's premises.

23. Grievance Procedure

The purpose of the grievance procedure is to ensure that any problem, concern or grievance you have about your work, working environment or working relationships is properly dealt with. The Company's current grievance procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. Should you have any grievance in relation to the Appointment which you are unable to resolve on an informal basis, you should raise it in the first instance with your Manager. In the event that such grievance is against your Manager, you should raise it in the first instance with the Chief Financial Officer or General Counsel.

24. Disciplinary Procedure

24.1 The purpose of the disciplinary procedure is to ensure that the standards established by the Company's rules are maintained and that any alleged failure to observe the Company's rules is fairly dealt with. The Company's current disciplinary procedure, which does not form part of your terms and conditions of employment, is set out in the Company's Employee Handbook. If you wish to appeal against a disciplinary decision you must do in accordance with the disciplinary procedure to a Director of the Company.

24.2 The Company may at any time and from time to time in its discretion suspend you from your duties on payment of full Salary and/or exclude you from any premises of the Company and/or any Group Company whilst it carries out any investigation or disciplinary process. During any period of suspension:

24.2.1 you shall continue to receive your basic salary and all contractual benefits in the usual way and subject to the terms of any benefit arrangement;

24.2.2 you shall remain an employee of the Company and bound by the terms of this Contract;

24.3 you shall ensure that your Manager knows where you will be and how you can be contacted during each working day (except during any periods taken as holiday in the usual way);

24.4 the Company may exclude you from your place of work or any other premises of the Company or any Group Company; and

24.5 the Company may require you not to contact or deal with (or attempt to contact or deal with) any officer, employee, consultant, client, customer, supplier, agent, distributor, shareholder, adviser or other business contact of the Company or any Group Company.

25. Collective Agreements

There are no collective agreements affecting your terms and conditions of employment.

26. Work outside the United Kingdom

26.1 It is not envisaged by the Company that you will be required to travel for work purposes outside the United Kingdom for any periods longer than one month.

26.2 In the event you are required to work outside the United Kingdom for a period of more than one month, the Company will consult with you and will provide the prescribed information to you.

27. Data Protection

For the purposes of the General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, the Company will hold, collect and otherwise process certain personal data as set out in the Company's privacy notice, which is on the intranet. All personal data will be treated in accordance with applicable data protection laws and regulations.

28. Monitoring

28.1 You shall comply with any electronic communication systems policies that the Company may issue from time to time.

28.2 To ensure regulatory compliance and for the protection of its workers, clients/customers and business, the Company reserves the right to monitor, intercept, review and access any communication facilities provided by the Company or any Group Company that you may use during the Appointment. The Company will use this right of access reasonably but it is important that you are aware that communications and activities on the equipment or premises of the Company and any Group Company cannot be presumed to be private. You consent to the Company and/or any Group Company and its or their duly authorised agents and employees using surveillance equipment.

29. Rules, Policies and Procedures

You must comply at all times with all the rules, policies and procedures introduced by the Company from time to time, including but not limited to any contained in the Company's Employee Handbook. For the avoidance of doubt such rules, policies and procedures are not incorporated by reference into this Contract and they can be changed, replaced or withdrawn at any time at the discretion of the Company. Breach of Company rules, policies or procedures may result in disciplinary action.

30. Health and Safety

All employees and workers have a duty in law to act responsibly and to take reasonable care for the health and safety at work of both themselves and their colleagues. This duty can be carried out by:

(a) working safely and efficiently;

(b) using any protective equipment provided and meeting statutory obligations;

(c) adhering to the Company procedures for securing a safe workplace.

Further provisions relating to health and safety can be found in the Employee Handbook.

31. Contracts (Rights of Third Parties) Act 1999

The Company or any Group Company may enforce the terms of this Contract and the Contracts (Rights of Third Parties) Act 1999 shall apply accordingly except that the consent of such Group Companies will not be required to vary or rescind the terms of the Contract.

32. Governing Law

This Contract shall be interpreted and construed in accordance with the laws of England and shall be subject to the jurisdiction of the English courts.

33. Jurisdiction

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Contract or its subject matter or formation (including non-contractual disputes or claims).

34. Changes to your Terms of Employment

The Company reserves the right to make reasonable changes to any of your terms of employment. You will be notified in writing of any change as soon as possible and in any event within one month of the change.

35. Notices

35.1 Any notice or other communication given or made under this Contract must be in writing and delivered to the relevant party (including by hand or special delivery) or sent by first class post to the address of that party specified in this Contract or such other address as may be notified by that party from time to time for this purpose, and shall be effective notwithstanding any change of address not so notified.

35.2 Unless the contrary shall be proven, each such notice or communication shall be deemed to have been given or made, if sent by first class post, 48 hours after posting and, if delivered by hand, at the time of such delivery.

36. Entire Agreement

36.1 This Contract constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

36.2 Each party acknowledges that in entering into this Contract it does not rely on, and shall have no remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Contract.

36.3 Each party agrees that it shall have no claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this Contract.

36.4 Nothing in this clause shall limit or exclude any liability for fraud.

37. Counterparts

37.1 This Contract may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

37.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

38. General

You hereby irrevocably and by way of security appoint each director of the Company from time to time, jointly and severally, to be your attorney in your name and on your behalf and as your act and deed to sign, execute and do all acts, things and documents which you are obliged to execute and do under the provisions of this Contract (including, but not limited to clause 16.4) and you hereby agree immediately on the request of the Company to ratify and confirm all such acts, things and documents signed, executed or done in the pursuance of this power.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed by Mereo BioPharma Group Plc acting by: _____

in the presence of _____

Signature of witness

_____

Name of witness

_____

Address of witness

Signed as a deed by _____

in the presence of

Signature of witness

Name of witness

Address of witness

SCHEDULE I

WRITTEN JOB DESCRIPTION

The Employee’s duties and responsibilities shall be as follows:-

- Lead development and delivery of the clinical development strategy to support regulatory approval of a reimbursable file for clinical products, aligned with Mereo Business strategy.
- With Head of Regulatory, CMC and Commercial develop and implement integrated strategies.
- Design clinical trials that maximize the probability of success, incorporating input from internal and external stakeholders, including clinical, scientific and patient experts, and appropriate payers.
- With the Clinical Operations, oversee the selection of study CRO partners and investigational sites
- Monitor key performance metrics and clinical trial and regulatory risks and work alongside CROs to develop appropriate contingency plans.
- Contribute to investigator meetings; lead or participate in advisory boards; oversee set up of Data Monitoring Committees and Data Adjudication Committee membership and charters as required.
- Oversee safety monitoring within Mereo and with CRO partners, including ensuring follow-up and reporting to an appropriate timeline and quality.
- Ensure that all quality aspects of all programs under leadership are met, including ensuring that all clinical trials are executed in compliance with international GCP guidelines/regulations and relevant SOPs,
- With Head of Patient Access, develop relationships with KOLs, patient groups, to integrate insights into clinical development, including but not limited to, outcomes and health economic evidence generation to support approval and reimbursement.
- Define and implement a scientific evidence database, publication and data communication strategy for products under development, to meet scientific and clinical differentiation needs for commercialization success.
- Partner with Business Development to Monitor and assess the competitive landscape including monitoring developments with key competing programs.
- Provide technical expertise to the business development team for out-licensing and potential in-licensing opportunities.

SCHEDULE II

CHANGE IN CONTROL AND SEVERANCE

1. Background

1.1 The Board recognizes that the possibility of an acquisition of the Company or an involuntary termination can be a distraction to you and can cause you to consider alternative employment opportunities. The Board has determined that it is in the best interests of Mereo BioPharma Group plc (the "**Company**") and its shareholders to assure that the Company will have your continued dedication and objectivity, notwithstanding the possibility, threat or occurrence of such an event.

1.2 The Board believes that it is in the best interests of the Company to provide you with an incentive to continue your employment and to motivate you to maximize the value of the Company upon a Change in Control (as defined below) for the benefit of the Company's shareholders.

1.3 The Board believes that it is imperative to provide you with severance benefits upon certain terminations of your service to the Company that enhance your financial security and provide incentive and encouragement to you to remain with the Company notwithstanding the possibility of such an event.

1.4 Unless otherwise defined herein, capitalized terms used in this Agreement are defined in paragraph 5 below.

1.5 You agree that the Contract is amended to insert the provisions below. In the event of any conflict between the provisions of the Contract and this Schedule II, the provisions of this Schedule II shall prevail.

2. Covered Termination During a Change in Control Period

2.1 If you experience a Covered Termination during a Change in Control Period, then, subject to (i) you delivering to the Company an executed Settlement Agreement that becomes effective and irrevocable in accordance with paragraph 9.1 below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) your continued compliance with clauses 16, 17 and 21 of the Contract, then in addition to any accrued but unpaid salary, benefits, holiday and expense reimbursements through the Covered Termination Date payable in accordance with applicable law, the Company shall provide you with the following:

2.1.1 The Company shall pay you an amount equal to the sum of (i) your annual base salary at the rate in effect immediately prior to the Covered Termination Date during the period of time commencing on the Covered Termination Date and ending on the twelve (12)-month anniversary thereof and (ii) your target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Settlement Agreement becomes effective and irrevocable in accordance with paragraph 9.1 below.

2.1.2 Each outstanding and unvested equity award held in the Company that vests solely based on the passage of time held by you as of the Covered Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the ordinary shares of the Company subject thereto, as of immediately prior to the Covered Termination Date.

3. Certain Reduction

3.1 Notwithstanding anything herein to the contrary, the Company shall reduce your severance benefits under this Schedule II, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to you by the Company in connection with your termination, including but not limited to payments or benefits (a) pursuant to clause 18 of the Contract; (b) required by applicable law or (c) any applicable clawback policy. The benefits provided under this Schedule II are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of your termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

4. Deemed Resignation

4.1 The provisions of clause 18.4 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

5. Definitions

5.1 "**Cause**" shall have the meaning set out in clause 19.1 of the Contract.

5.2 "**Change in Control**" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital shares of the Company or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of the Company; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of the Company to a third party; (iii) the consummation of any merger involving the Company in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" in the aggregate by the shareholders of the Company, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of the Company's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing the Company with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). In the event of any conflict between the provisions of this clause 5.2 of Schedule II and the provisions of the Mereo Equity Incentive Plan, the terms of this Schedule II shall prevail.

5.3 "**Change in Control Period**" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

5.4 "**Covered Termination**" means the termination of your employment by the Company other than for Cause or by you for Good Reason, and shall not include a termination due to your death or disability.

5.5 "**Covered Termination Date**" means the date on which you experience a Covered Termination.

5.6 "**Good Reason**" means your resignation from employment with the Company after the occurrence, without your written consent, of any of the following: (i) a material reduction in your authorities, duties and responsibilities; (ii) a material reduction by the Company in your base salary from your base salary in effect immediately prior to such reduction, except in connection with a reduction in salary affecting all senior management employees of the Group Company; or (iii) a relocation of your office that increases your one-way commute by more than thirty-five (35) miles, except that required travel on the Company's business to an extent substantially consistent with your historical business travel obligations shall not be considered a relocation. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following your written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

5.7 "**Settlement Agreement**" means an appropriate waiver of all claims against the Company in a form reasonably acceptable to the Company.

6. Successors

6.1 Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Schedule II and agree expressly to perform the obligations under this Schedule II in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Schedule II, the term "Company" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this paragraph 6.1 or which becomes bound by the terms of this Schedule II by operation of law.

6.2 The terms of this Schedule II and your rights hereunder shall inure to the benefit of, and be enforceable by, your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

7. Notices

7.1 The provisions of clause 35 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

8. Dispute Resolution

8.1 The provisions of clauses 32 and 33 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9. Miscellaneous Provisions

9.1 Notwithstanding anything to the contrary in this Schedule II, to the extent that any payments due under this Schedule II as a result of your termination of employment are subject to your execution and delivery of a Settlement Agreement, (A) if you fail to execute the Settlement Agreement on or prior to the Settlement Agreement Expiration Date (as defined below) or the Settlement Agreement does not become effective and irrevocable within 60 days following the Covered Termination Date (or such shorter period specified by the Company), you shall not be entitled to any payments or benefits otherwise conditioned on the Settlement Agreement, and (B) in any case where your Covered Termination Date and the last day the Settlement Agreement may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to you that are conditioned on the Settlement Agreement shall commence or be made in the later taxable year. For purposes hereof, "**Settlement Expiration Date**" shall mean the date that is twenty one (21) days following the date upon which the Company timely delivers the Settlement Agreement to you.

9.2 The Company shall be entitled to withhold from any amounts payable under this Schedule any local or foreign withholding or other taxes or charges which the Company is required to withhold.

9.3 No provision of this Schedule II shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by you and by an authorized officer of the Company (other than you). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Schedule II by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.4 Whenever possible, each provision of this Schedule II will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Schedule II is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Schedule II will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

9.5 The provisions of clauses 36 and 37 of the Contract shall apply to this Schedule II as if references to the Contract are references to this Schedule II.

9.6 You acknowledge that (i) you have consulted with or have had the opportunity to consult with independent counsel of your own choice concerning this Schedule II, and have been advised to do so by the Company, and (ii) that you have read and understand this Schedule II, are fully aware of its legal effect, and have entered into it freely based on your own judgment.

Exhibit 4.40

MEREO BIOPHARMA 5, INC.

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This Change in Control and Severance Agreement (the "***Agreement***") is made and entered into by and among [*name*] ("***Executive***"), Mereo BioPharma 5, Inc. (the "***Company***") and Mereo BioPharma Group plc ("***Parent***"), effective as of [*date*] (the "***Effective Date***").

Background

A. The Board of Directors of Parent (the "***Board***") recognizes that the possibility of an acquisition of the Company or an affiliate or an involuntary termination can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company, Parent and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of such an event.

B. The Board believes that it is in the best interests of the Company, Parent and its stockholders to provide Executive with an incentive to continue Executive's employment and to motivate Executive to maximize the value of the Company and Parent upon a Change in Control (as defined below) for the benefit of Parent's stockholders.

C. The Board believes that it is imperative to provide Executive with severance benefits upon certain terminations of Executive's service to the Company that enhance Executive's financial security and provide incentive and encouragement to Executive to remain with the Company notwithstanding the possibility of such an event.

D. Unless otherwise defined herein, capitalized terms used in this Agreement are defined in Section 9 below.

Agreement

The parties hereto agree as follows:

1. Term of Agreement. This Agreement shall become effective as of the Effective Date and terminate upon the date that all obligations of the parties hereto with respect to this Agreement have been satisfied.

2. Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be "at-will," as defined under applicable law, although Executive may be entitled to certain payments and benefits as set forth in this Agreement. Except as provided in Section 5 below, if Executive's employment terminates for any reason, Executive shall not be entitled to any severance payments, benefits or compensation other than as provided in this Agreement.

3. Covered Termination Outside a Change in Control Period. If Executive experiences a Covered Termination outside a Change in Control Period, then, subject to (i) Executive delivering to the Company an executed general release of all claims against the Company and its affiliates in a form approved by the Company (a "***Release of Claims***") that becomes effective and irrevocable in accordance with Section 14(a)(v) below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) Executive's continued compliance with Section 12 below, then in addition to any accrued but unpaid salary, benefits, vacation and expense reimbursements through the Termination Date payable in accordance with applicable law, the Company shall provide Executive with the following:

(a) Severance. The Company shall continue to pay Executive Executive's annual base salary at the rate in effect immediately prior to the Termination Date during the period of time commencing on the Termination Date and ending on the six (6)-month anniversary thereof, payable in substantially equal installments in accordance with the Company's standard payroll policies, less applicable withholdings, with such installments to commence on the first payroll date following the date the Release of Claims becomes effective and irrevocable and the first installment to include any amount that would have been paid had the Release of Claims been effective and irrevocable on the Termination Date.

(b) Continued Healthcare. During the period commencing on the Termination Date and ending on the six (6)-month anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "***Non-CIC COBRA Period***"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code of 1986, as amended (the "***Code***") and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Termination Date; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the Non-CIC COBRA Period (or remaining portion thereof).

4. Covered Termination During a Change in Control Period. If Executive experiences a Covered Termination during a Change in Control Period, then, subject to (i) Executive delivering to the Company an executed Release of Claims that becomes effective and irrevocable in accordance with Section 14(a)(v) below, or such shorter period of time specified by the Company, following such Covered Termination and (ii) Executive's continued compliance with Section 12 below, then in addition to any accrued but unpaid salary, benefits, vacation and expense reimbursements through the Termination Date payable in accordance with applicable law, the Company shall provide Executive with the following:

(a) Severance. The Company shall pay to Executive an amount equal to the sum of (i) Executive's annual base salary at the rate in effect immediately prior to the Termination Date and (ii) Executive's target annual bonus assuming achievement of performance goals at one hundred percent (100%) of target, payable in a cash lump sum, less applicable withholdings, on the first payroll date following the date the Release of Claims becomes effective and irrevocable in accordance with Section 14(a)(v) below.

(b) Continued Healthcare. During the period commencing on the Termination Date and ending on the first anniversary thereof or, if earlier, the date on which Executive becomes eligible for comparable replacement coverage under a subsequent employer's group health plan (in any case, the "***CIC COBRA Period***"), subject to Executive's valid election to continue healthcare coverage under Section 4980B of the Code and the regulations thereunder, the Company shall, in its sole discretion, either (A) continue to provide to Executive and Executive's dependents, at the Company's sole expense, or (B) reimburse Executive and Executive's dependents for coverage under its group health plan (if any) at the same levels in effect on the Termination Date; *provided, however*, that if (1) any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the continuation coverage period to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), (2) the Company is otherwise unable to continue to cover Executive or Executive's dependents under its group health plans, or (3) the Company cannot provide the benefit without violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then, in any such case, an amount equal to each remaining Company subsidy shall thereafter be paid to Executive in substantially equal monthly installments over the CIC COBRA Period (or remaining portion thereof).

(c) Equity Awards. Each outstanding and unvested equity award covering the American Depositary Shares or ordinary shares of Parent that vests solely based on the passage of time held by Executive as of the Termination Date shall automatically become vested and, if applicable, exercisable and any forfeiture restrictions or rights of repurchase thereon shall immediately lapse with respect to one percent (100%) of the American Depositary Shares or ordinary shares of Parent subject thereto, as of immediately prior to the Termination Date.

5. Certain Reductions. Notwithstanding anything herein to the contrary, the Company shall reduce Executive's severance benefits under this Agreement, in whole or in part, by any other severance benefits, pay in lieu of notice, or other similar benefits payable to Executive by the Company in connection with Executive's termination, including but not limited to payments or benefits pursuant to (a) any applicable legal requirement, including, without limitation, the Worker Adjustment and Retraining Notification Act, or (b) any other Company agreement, arrangement, policy or practice relating to Executive's termination of employment with the Company. The benefits provided under this Agreement are intended to satisfy, to the greatest extent possible, any and all statutory obligations that may arise out of Executive's termination of employment. Such reductions shall be applied on a retroactive basis, with severance benefits paid first in time being recharacterized as payments pursuant to the Company's statutory obligation.

6. Deemed Resignation. Upon termination of Executive's service for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its affiliates, and, at the Company's request, Executive shall execute such documents as are necessary or desirable to effectuate such resignations.

7. Other Terminations. If Executive's employment with the Company terminates for any reason other than due to a Covered Termination, then Executive shall not be entitled to any benefits hereunder other than accrued but unpaid salary, vacation and expense reimbursements through the Termination Date in accordance with applicable law and to elect any continued healthcare coverage as may be required under COBRA or similar state law.

8. Golden Parachute Excise Tax.

(a) Best Pay. Any provision of this Agreement to the contrary notwithstanding, if any payment or benefit Executive would receive from the Company pursuant to this Agreement or otherwise (a "***Payment***") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment will be equal to the Reduced Amount (as defined below). The "***Reduced Amount***" will be either (A) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (B) the entire Payment, whichever amount after taking into account all applicable federal, state, and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate, net of the maximum reduction in federal income taxes which could be obtained from a deduction of such state and local taxes), results in Executive' s receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (A) of the preceding sentence, the reduction shall occur in the manner (the "***Reduction Method***") that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the "***Pro Rata Reduction Method***"). Notwithstanding the foregoing, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A (as defined below) that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, shall be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (1) as a first priority, the modification shall preserve to the greatest extent possible, the greatest economic benefit for Executive as determined on an after-tax basis; (2) as a second priority, Payments that are contingent on future events (*e.g.*, being terminated without cause), shall be reduced (or eliminated) before Payments that are not contingent on future events; and (3) as a third priority, Payments that are "deferred compensation" within the meaning of Section 409A shall be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A.

(b) Accounting Firm. The accounting firm engaged by the Company for general tax purposes as of the day prior to the Change in Control will perform the calculations set forth in Section 8(a). If the firm so engaged by the Company is serving as the accountant or auditor for the acquiring company, the Company will appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company will bear all expenses with respect to the determinations by such firm required to be made hereunder. The accounting firm engaged to make

the determinations hereunder will provide its calculations, together with detailed supporting documentation, to the Company within 30 days before the consummation of a Change in Control (if requested at that time by the Company) or such other time as requested by the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it will furnish the Company with documentation reasonably acceptable to the Company that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder will be final, binding and conclusive upon the Company and Executive.

9. Definitions. The following terms used in this Agreement shall have the following meanings:

(a) "***Cause***" means any one of the following: (i) Executive engaging in any act of theft or fraud concerning, or misappropriation of, funds or other assets of the Company or any of its affiliates (the "***Company Group***"), or other acts of dishonesty, willful misconduct or gross negligence involving the property or affairs of the Company Group; (ii) a conviction (by trial, upon a plea or otherwise) of Executive or the admission of guilt via *nolo contendere* by Executive of any felony or misdemeanor involving moral turpitude; (iii) Executive's willful violation of any material policy or procedure of the Company Group; (iv) Executive's material breach of the fiduciary duties owed by an officer of the Company Group to the Company Group under applicable law; (v) Executive's willful failure (other than due to mental or physical incapacity) or refusal to obey and execute all reasonable and lawful directions given by or under the authority of the Company Group; (vi) Executive's willful and material breach of any of the terms and conditions of this Agreement; or (vii) Executive's willful and material breach of any restrictive covenants by which Executive is bound under this Agreement or any other agreement with any member of the Company Group. Notwithstanding the foregoing, if there exists a circumstance that constitutes "Cause" as set forth above which is capable of being cured by Executive, the Company will promptly notify Executive in writing of such event (which notification shall specify in reasonable detail the conduct that the Company alleges to constitute Cause and the specific actions, if any, which the Company believes Executive must take to cure such events or conditions) and Executive will have 30 days from the date such written notice is given to cure such events (if curable), and, if cured, such events or conditions will be deemed not to constitute Cause hereunder. For the purposes of this definition, no act or failure to act on Executive's part shall be considered "willful" unless it is done or omitted to be done by Executive in bad faith and without reasonable belief that the act or failure to act was in the best interest of the Company.

(b) "***Change in Control***" means (i) the acquisition by any person or group of affiliated or associated persons of more than fifty percent (50%) of the outstanding capital stock of Parent or voting securities representing more than fifty percent (50%) of the total voting power of outstanding securities of Parent; (ii) the consummation of a sale, exclusive license or other disposition of all or substantially all of the assets of Parent to a third party; (iii) the consummation of any merger involving Parent in which, immediately after giving effect to such merger, less than a majority of the total voting power of outstanding stock of the surviving or resulting entity is then "beneficially owned" (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) in the aggregate by the shareholders of Parent, as applicable, immediately prior to such merger. For the avoidance of doubt and notwithstanding anything herein to the contrary, in no event

shall a transaction constitute a "Change in Control" if: (A) its sole purpose is to change the jurisdiction of Parent's incorporation; (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held Parent's securities immediately before such transaction; or (C) it is effected primarily for the purpose of financing Parent with cash (as determined by the Board without regard to whether such transaction is effectuated by a merger, equity financing, or otherwise). Notwithstanding the foregoing, if a Change in Control would give rise to a payment or settlement event that constitutes "nonqualified deferred compensation," the transaction or event constituting the Change in Control must also constitute a "change in control event" (as defined in Treasury Regulation §1.409A-3(i)(5)) in order to give rise to the payment or settlement event, to the extent required by Section 409A.

(c) "***Change in Control Period***" means the period commencing on a Change in Control and ending 12 months after such Change in Control.

(d) "***Covered Termination***" means the termination of Executive's employment by the Company other than for Cause or by Executive for Good Reason, and shall not include a termination due to Executive's death or disability.

(e) "***Good Reason***" means Executive's resignation from employment with the Company after the occurrence, without Executive's written consent, of any of the following: (i) a material reduction in Executive's authorities, duties, reporting obligations and responsibilities or other terms and conditions of employment; (ii) a material reduction by the Company in Executive's base salary from Executive's base salary in effect immediately prior to such reduction; (iii) a relocation of Executive's principal place of employment to a place outside the Atlanta, Georgia metropolitan area, provided that if Executive's office as of such relocation is Executive's home office, such commute shall be measured from Executive's home office as of Executive's commencement of employment with the Company Group, or a relocation of Executive's office to a location outside of Georgia, except that required travel on the Company's business to an extent substantially consistent with Executive's historical business travel obligations shall not be considered a relocation; or (iv) any material breach, non-performance or non-observance by the Company fo any of the terms of this Agreement or the Employment Agreement. Notwithstanding the foregoing, a resignation shall not be for "Good Reason" unless the event or condition giving rise to such resignation continues more than thirty (30) days following Executive's written notice of such condition provided to the Company within sixty (60) days of the first occurrence of such event or condition and such resignation is effective within thirty (30) days following the end of such notice period.

(f) "***Separation from Service***" means a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury regulations and other guidance promulgated thereunder.

(g) "***Termination Date***" means the date on which Executive experiences a Covered Termination.

10. Successors.

(a) Company's Successors . Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "***Company***" shall include any successor to the Company's business or assets which executes and delivers the assumption agreement described in this Section 10(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

11. Notices. Any notices provided hereunder must be in writing and shall be deemed effective upon the earlier of personal delivery (including personal delivery by facsimile), delivery by email or the third day after mailing by first class mail, to the Company at its primary office location and to Executive at Executive's address as listed in the Company's books and records.

12. Confidentiality; Non-Disparagement.

(a) Confidentiality. Executive hereby expressly confirms Executive's continuing obligations to the Company pursuant to that certain Employee Proprietary Information and Inventions Assignment Agreement or other confidentiality, invention assignment, restrictive covenant or similar agreement by and between the Company and/or Parent and Executive (the "***Confidential Information Agreement***").

(b) Non-Disparagement. Executive agrees that Executive shall not disparage, criticize or defame the Company, Parent, their respective affiliates and their respective directors, officers, agents, partners, stockholders or employees, either publicly or privately. Nothing in this Section 12(c) shall apply to any evidence or testimony required by any court, arbitrator or government agency.

(c) Whistleblower Protections and Trade Secrets. Notwithstanding anything to the contrary contained herein, nothing in this Agreement or the Confidential Information Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (A) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (B) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such

filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

13. Dispute Resolution. To ensure the timely and economical resolution of disputes that arise in connection with this Agreement, Executive and the Company agree that, except as excluded herein, any and all controversies, claims and disputes arising out of or relating to this Agreement, including without limitation any alleged violation of its terms or otherwise arising out of the parties' relationship, shall be resolved solely and exclusively by final and binding arbitration held in [*county and state of residency*] through JAMS in conformity with [*state of residency*] law and the then-existing JAMS employment arbitration rules, which can be found at https://www.jamsadr.com/rules- employment-arbitration/. The Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. shall govern the interpretation and enforcement of this arbitration clause. All remedies available from a court of competent jurisdiction shall be available in the arbitration; provided, however, in the event of a breach of Sections 12(a) – 12(b), the Company may request relief from a court of competent jurisdiction if such relief is not available or not available in a timely fashion through arbitration as determined by the Company. The arbitrator shall: (a) provide adequate discovery for the resolution of the dispute; and (b) issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award. The arbitrator shall award the prevailing Party attorneys' fees and expert fees, if any. Notwithstanding the foregoing, it is acknowledged that it will be impossible to measure in money the damages that would be suffered if the parties fail to comply with any of the obligations imposed on them under Sections 12(a) – 12(b), and that in the event of any such failure, an aggrieved person will be irreparably damaged and will not have an adequate remedy at law. Any such person shall, therefore, be entitled to seek injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of Sections 12(a) – 12(b), none of the parties shall raise the defense, without a good faith basis for raising such defense, that there is an adequate remedy at law. Executive and the Company understand that by agreement to arbitrate any claim pursuant to this Section 13, they will not have the right to have any claim decided by a jury or a court, but shall instead have any claim decided through arbitration. Executive and the Company waive any constitutional or other right to bring claims covered by this Agreement other than in their individual capacities. Except as may be prohibited by applicable law, the foregoing waiver includes the ability to assert claims as a plaintiff or class member in any purported class or collective action or representative proceeding. Nothing herein shall limit Executive's ability to pursue claims for workers compensation or unemployment benefits or pursue other claims which by law cannot be subject to mandatory arbitration.

14. Miscellaneous Provisions.

(a) Section 409A.

(i) Separation from Service. Notwithstanding any provision to the contrary in this Agreement, no amount constituting deferred compensation subject to Section 409A of the Code shall be payable pursuant to Sections 3 or 4 above unless Executive's termination of employment constitutes a Separation from Service.

(ii) Specified Executive. Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed at the time of his Separation from Service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's Separation from Service or (B) the date of Executive's death. Upon the first business day following the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 14(a)(ii) shall be paid in a lump sum to Executive, and any remaining payments due under this Agreement shall be paid as otherwise provided herein.

(iii) Expense Reimbursements. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Code, any such reimbursements payable to Executive pursuant to this Agreement shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(iv) Installments. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Executive's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment.

(v) Release. Notwithstanding anything to the contrary in this Agreement, to the extent that any payments due under this Agreement as a result of Executive's termination of employment are subject to Executive's execution and delivery of a Release of Claims, (A) if Executive fails to execute the Release of Claims on or prior to the Release Expiration Date (as defined below) or the Release of Claims does not become effective and irrevocable within 60 days following the Termination Date (or such shorter period specified by the Company), Executive shall not be entitled to any payments or benefits otherwise conditioned on the Release of Claims, and (B) in any case where Executive's Termination Date and the last day the Release of Claims may be considered or, if applicable, revoked fall in two separate taxable years, any payments required to be made to Executive that are conditioned on the Release of Claims and are treated as nonqualified deferred compensation for purposes of Section 409A of the Code shall commence or be made in the later taxable year. For purposes hereof, ***"Release Expiration Date***" shall mean (1) if Executive is under 40 years old as of the Termination Date, the date that is seven (7) days following the date upon which the Company timely delivers the Release of Claims to Executive, or such shorter time prescribed by the Company, and (2) if Executive is 40 years or older as of the Termination Date, the date that is twenty one (21) days following the date upon which the Company timely delivers the Release of Claims to Executive, or, if Executive's termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967), the date that is forty five (45) days following such delivery date.

(b) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local, or foreign withholding or other taxes or charges which the Company is required to withhold.

(c) Waiver. No provision of this Agreement shall be modified, waived or dis- charged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by an authorized officer of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(d) Whole Agreement. This Agreement and the Confidential Information Agreement represent the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior promises, arrangements and understandings regarding the same, whether written or unwritten, including, without limitation, any equity award agreement between Executive and Parent to the extent the terms are less favorable acceleration than hereunder or any severance or change in control benefits in Executive's employment agreement with Parent dated as of [*date*]. Notwithstanding the foregoing, beyond the severance benefits set forth in Section 6 of the Employment Agreement, the other provisions the Employment Agreement remain in full force and effect, except as otherwise modified by that certain transfer letter agreement between Executive, Parent and the Company effective as of [*date*].

(e) Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of [*state of residency*] without regard to its conflicts of law provisions.

(f) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid or unenforceable provisions had never been contained herein.

(g) Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but all of which taken together will constitute one and the same Agreement.

(h) Executive Acknowledgement. Executive acknowledges that (i) Executive has consulted with or has had the opportunity to consult with independent counsel of Executive's own choice concerning this Agreement, and has been advised to do so by the Company, and (ii) that Executive has read and understands the Agreement, is fully aware of its legal effect, and has entered into it freely based on Executive's own judgment.

(*Signature page follows*)

The parties have executed this Agreement as of the dates set forth below.

MEREO BIOPHARMA 5, INC.

By:
Title:

Date:

MEREO BIOPHARMA GROUP PLC

By:
Title:

Date:

EXECUTIVE

By:
Title:

Date:

Exhibit 4.44

MEREO BIOPHARMA GROUP PLC
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS

1. Purpose and Effective Date. The purpose of this Plan is to provide the non-employee members of the Board of Directors (the "*Board*") of Mereo BioPharma Group plc and it successors (the "*Company*") with an opportunity to (i) elect to receive RSUs (as defined below) in lieu of their cash fees and (ii) upon such election to receive RSUs, defer settlement of all their Deferred RSUs (as defined below). The Plan shall be effective as of January 31, 2022 (the "*Effective Date*").

2. Definitions. The following terms shall have the meanings given in this section unless a different meaning is clearly implied by the context:

(a) "*ADS*" shall have the same meaning as defined in the Existing Equity Plan as in effect on the Effective Date.

(b) "*Change in Control*" shall have the same meaning as defined in the Existing Equity Plan as in effect on the Effective Date; *provided*, that, for purposes of the Plan, in no event will a Change in Control be deemed to have occurred if the transaction is not also a "change in control event" under Section 409A of the Code.

(c) "*Deferred Compensation Account*" means an account maintained for each director who makes a deferral election as described in Section 4.

(d) "*Deferred RSU*" means RSUs that are received by a participant pursuant to this Plan that provides for the deferred receipt of compensation.

(e) "*Director Compensation*" means the compensation payable to a director for his or her service as a director in the applicable Plan Year pursuant to a Letter of Appointment, including both cash, RSUs and other forms of equity.

(f) "*Election Form*" means an election form, in a form approved by the Plan Administrator, to be provided to directors by the Plan Administrator, pursuant to which they may elect to receive Deferred RSUs in lieu of their cash fees.

(g) "*Equity Plan*" means the Existing Equity Plan and any successor or replacement plan as in effect from time to time.

(h) "*Existing Equity Plan*" means the Company's 2019 Non-Employee Equity Incentive Plan, which is a sub-plan the Company's 2019 Equity Incentive Plan.

(i) "*Letter of Appointment*" shall mean a letter of appointment (as may be amended or restated from time to time) or any similar letter, agreement, arrangement or plan that sets a participant's service on the Board, including such participant's remuneration for service on the Board.

(j) "*Plan*" means the Mereo BioPharma Group plc Deferred Compensation Plan for Non-Employee Directors.

(k) "*Plan Year*" means a calendar year.

(l) "*Plan Administrator*" means the Board or its designee (including the Remuneration Committee).

(m) "*Remuneration Committee*" means the Remuneration Committee of the Board.

(n) "*RSU*" shall have the same meaning as defined in the Existing Equity Plan as in effect on the Effective Date.

(o) "*Section 409A*" means Section 409A of the U.S. Internal Revenue Code of 1986, as amended.

(p) "*Separation from Service*" means a "separation from service" within the meaning of Section 409A.

(q) "*Share*" shall have the same meaning as defined in the Existing Equity Plan as in effect on the Effective Date.

3. Eligibility. All members of the Board who are not employees of the Company or any subsidiary of the Company shall be eligible to participate in the Plan.

4. Election to Receive Deferred RSUs in Lieu of Cash Fees.

(a) Manner of Election.

(i) The Plan Administrator may, in its discretion, provide participants with the opportunity in an Election Form to elect to convert all or a portion of their annual cash Director Compensation into awards of Deferred RSUs granted under the Equity Plan (such election, a "*Deferred RSU Election*").

(ii) Each such Deferred RSU shall cover a number of ADS (or, if permitted by the Plan Administrator, Shares) calculated by dividing (i) the estimated amount of the annual cash Director Compensation that would have otherwise been paid to such participant for a Plan Year (which may be pro-rated for any director newly appointed in a given plan Year) by (ii) the average per ADS (or Share, if applicable) closing trading price of the ADS (or Shares, if applicable) over the most recent 30 trading days as of the grant date.

(iii) In the event there is a change to a director's service on the committees of the Board that results in increased cash Director Compensation during a Plan Year, such director shall be eligible for additional Deferred RSUs for the amount of increased Director Compensation that such director will receive through the remainder of the Plan Year compared to the estimate as of the beginning of the Plan Year, pro-rated through the end of the Plan-Year, with such number of Deferred RSUs calculated in accordance with subsection (ii) above.

(iv) An individual who fails to make a timely Deferred RSU Election in accordance with the below shall not receive a Deferred RSU and instead shall receive the applicable annual cash Director Compensation in cash. A participant's Deferred RSU Election is irrevocable and may not be changed, except as may be provided in the election form.

(b) Timing for Grant of Deferred RSUs.

(i) Each Deferred RSU award will automatically be granted on (A) the first business day of the second month of the Plan Year, (B) the first business day of the month following the date a director is appointed to the Board during a Plan Year or (C) the first business day of the month following the date there is a change to a director's service on the committees of the Board that results in increased cash Director Compensation during a Plan Year. The grant of such Deferred RSUs is subject to (1) the continued service of the applicable director through to the grant of the relevant Deferred RSU and (2) the Existing Equity Plan having a sufficient share reserve to issue such Deferred RSUs; provided that if the Existing Equity Plan does not have a sufficient share reserve, then the date of grant will be the first date upon which the Existing Equity Plan has a sufficient share reserve to issue such Deferred RSUs.

(ii) Each Deferred RSU award will vest in substantially equal installments over each month of the Plan Year, subject to the continued service of the applicable holder through the applicable vesting date; provided that any Deferred RSUs shall be deferred as set forth below and as specified in the Election Form and in no event will be settled until the deferred period set forth in Section 7(a). Notwithstanding the foregoing, in the event that there is a change to a director's service on the committees of the Board that results in decreased cash Director Compensation during a Plan Year, then that number of Deferred RSUs granted during the Plan Year shall be automatically forfeited (effective as of that date such change in committee service) equal to (A) the amount of decreased Director Compensation that such director will no longer receive as compared to the estimate as of the original applicable grant date, pro-rated through the end of the Plan-Year, divided by (B) the average per ADS (or Share, if applicable) closing trading price of the ADS (or Shares, if applicable) over the 30 trading days as of the applicable original grant date of such Deferred RSUs, rounded down to the nearest whole Deferred RSU.

(iii) In no event will a participant be able to elect to receive RSUs that are not Deferred RSUs in lieu of such participant's cash Director Compensation.

5. Election Forms and Timing.

(a) *Time of Election*. Deferred RSU Elections shall be made at the following times:

(i) A director may make Deferred RSU Elections at such time or times during the calendar year as permitted by the Plan Administrator. Notwithstanding the foregoing, for the initial partial 2022 Plan Year, a director may make a Deferred RSU Election at any time prior to February 1, 2022 and such election shall apply to relevant compensation earned for service from and after February 1, 2022. Unless otherwise provided by the Plan Administrator, each director will submit an Election Form no later than December 31 of each calendar year with respect to the Deferred RSU Election relating to services to be performed in the following calendar year.

(ii) A nominee for election and/or appointment to director (who is not at the time of nomination a sitting director and was not previously eligible to participate in this Plan) may make a Deferred RSU Election no later than 30 days after the date of the director's commencement of services as a director. Such Deferred RSU Election shall be effective for Deferred RSUs, following the later of (A) the date of the director's commencement of services as a director, and (B) the date an irrevocable election form is filed with the Company.

(b) *Duration of Deferral Election*. Unless otherwise permitted by the Plan Administrator and specified in an applicable deferral election form, a Deferred RSU Election will only apply to one Plan Year and a participant must make a new deferral election with respect to each Plan Year that the participant decides to make a Deferred RSU Election. The Plan Administrator may provide pursuant to the terms of an approved Election Form that such Deferred RSU Election shall carry forward from year-to-year and continue to apply to Deferred RSUs and Director Compensation for subsequent years, in each case as specified in the applicable Election Form.

6. Deferred Compensation Accounts. The Company shall establish on its books and records a Deferred Compensation Account with sub accounts for each participant, as provided below.

(a) *Crediting of Deferred RSUs*. Deferred RSUs, if applicable, shall be credited to the participant's Deferred Compensation Account on the date it would otherwise have been granted. On such date, the Company shall credit to the Deferred Compensation Account with a number of Deferred RSUs that was granted. No fractional Deferred RSUs will be credited to a participant's account.

(b) *Dividend Equivalents*. Each Deferred RSU credited to a participant's Deferred Compensation Account shall carry with it a right to receive dividend equivalents in respect of the Share or ADS, as applicable, underlying such Deferred RSU. Dividend equivalents shall be paid to participants in cash on the Company's applicable dividend payment date based on the number of Deferred RSU, whether vested or unvested, held in the director's Deferred Compensation Account on the applicable Company record date. The dividend equivalent right associated with a Deferred RSU shall remain outstanding until the delivery to the participant of the Share or ADS, applicable underlying such Deferred RSU.

(c) *Adjustment of Deferred RSUs*. If the number of outstanding Shares and/or ADS, as applicable, is increased or decreased or the Shares and/or ADS, as applicable, are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, share split, reverse split, combination of shares, exchange of shares, share dividend, or other distribution payable in capital securities, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the Plan Administrator will make appropriate adjustments to (i) the number and kind of Shares and/or ADS, as applicable, for which Deferred RSUs are outstanding, and (ii) the number of Deferred RSUs credited to each participant's Deferred Compensation Account.

7. Payment of Deferred RSUs.

(a) *Distributions*. Payment from the Deferred RSUs shall be made in one lump sum on the earliest to occur of:

(i) 180 days following the participant's Separation From Service;

(ii) immediately prior to, on or within 30 days following a Change in Control;

(iii) 180 days following the participant's Disability;

(iv) the participant's death.

Notwithstanding anything to the contrary in the Plan, if on the date of the participant's Separation from Service, the participant is a "*specified employee*" within the meaning of Section 409A and is subject to Section 409A, the payment will occur on the later to occur of (x) the scheduled distribution date and (y) the first day of the seventh month following the date of the participant's Separation from Service or, if earlier, the date of the participant's death.

(b) *Medium of Payment*. Payments from the Deferred Compensation Account shall be made in whole Shares and/or ADS, as applicable, for each whole Deferred RSU, and in cash for any fractional Deferred RSU; *provided*, that, the Company may choose in its sole discretion to pay the participant cash in lieu of all or a portion of the Shares and/or ADS, as applicable. Deferred RSUs issued to and Shares and/or ADS, as applicable, paid to participants under the Plan shall be issued and paid from the Equity Plan.

8. Unfunded Promise to Pay; No Segregation of Funds or Assets. Nothing in this Plan shall require the segregation of any assets of the Company or any type of funding by the Company, it being the intention of the parties that the Plan be an unfunded arrangement for federal income tax purposes. No participant shall have any rights to or interest in any specific assets or ADS or Shares by reason of the Plan, and any participant's rights to enforce payment of the obligations of the Company hereunder shall be those of a general creditor of the Company.

9. Nonassignability; Beneficiary Designation. The right of a participant to receive any unpaid portion of the participant's Deferred Compensation Account shall not be assigned, transferred, pledged or encumbered or subjected in any manner to alienation or anticipation. However, in the event of a participant's death, the Company will pay the unpaid portion of the participant's Deferred Compensation Account to the participant's designated beneficiaries. If the participant fails to complete a valid beneficiary designation, the participant's beneficiary will be his or her estate.

10. Administration. The Plan will be administered under the supervision of the Plan Administrator. The Plan Administrator will prescribe guidelines and forms for the implementation and administration of the Plan, interpret the terms of the Plan, and make all other substantive decisions regarding the operation of the Plan. The Plan Administrator's decisions in its administration of the Plan are conclusive and binding on all persons.

11. Section 409A. To the extent a participant is subject to Section 409A, the Plan is intended to comply with Section 409A and any regulations and guidance thereunder and shall be interpreted and operated in accordance with such intent. Notwithstanding anything to the contrary in the Plan, neither the Company, its affiliates, the Board, nor the Plan Administrator will have any obligation to take any action to prevent the assessment of any excise tax or penalty on any participant under Section 409A, and neither the Company, its affiliates, the Board, nor the Plan Administrator will have any liability to any participant for such tax or penalty.

12. Construction. The laws of the England and Wales shall govern all questions of law arising with respect to the Plan, without regard to the choice of law principles of any jurisdiction, except where the laws governing the Plan are preempted by the laws of the England and Wales. To the extent applicable, the Plan is intended to be construed so that participation in the Plan will be exempt from Section 16(b) of the Securities Exchange Act of 1934, as amended, pursuant to regulations and interpretations issued from time to time by the Securities and Exchange Commission. If any provision of the Plan is held to be illegal or void, such illegality or invalidity shall not affect the remaining provisions of the Plan, but shall be fully severable, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been inserted. This document constitutes the entire Plan, and supersedes any prior oral or written agreements on the subject matter hereof.

13. Claw-back. All awards of Deferred RSUs under the Plan will be subject to mandatory repayment by the participant to the Company to the extent the participant is, or in the future becomes, subject to any Company or affiliate "claw-back" or recoupment policy that is adopted to comply with the requirements of any applicable law, rule, regulation or otherwise, or any law, rule, or regulation that imposes mandatory recoupment, under circumstances set forth in such law, rule or regulation.

14. Payment of subscription cost. A pre-condition of the delivery of any Shares and/or ADS under the Plan includes that the relevant participant must pay the Company (or undertake to pay) the aggregate nominal value subscription cost for number of Shares delivered (or underlying the ADS as relevant) in connection with such settlement and in any event no later than the applicable payment date under section 7(a) of the Plan.

15. Amendment and Termination. The Board may amend, suspend, or terminate the Plan at any time and for any reason. No amendment, suspension, or termination will, without the consent of the participant, materially impair rights or obligations under any Deferred RSUs previously awarded to the participant under the Plan, except as provided below. The Board may terminate the Plan and distribute the Deferred Compensation Accounts to participants in accordance with and subject to the rules of U.S. Treas. Reg. Section 1.409A-3(j)(4)(ix), or successor provisions, and any generally applicable guidance issued by the U.S. Internal Revenue Service permitting such termination and distribution.

Exhibit 4.45

CERTAIN IDENTIFIED INFORMATION CONTAINED IN THIS EXHIBIT, MARKED BY [***], HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

EXECUTION VERSION

LICENSE AGREEMENT

This **LICENSE AGREEMENT** (the "**Agreement**") is entered into on January 13, 2020 (the "**Effective Date**") between **ONCOMED PHARMACEUTICALS, INC.**, a Delaware corporation with a place of business at 800 Chesapeake Dr., Redwood City, CA, 94063 ("**Licensor**"), a wholly-owned subsidiary of **MEREO BIOPHARMA GROUP PLC** with a place of business at 1 Cavendish Place, London W1G 0QF, United Kingdom ("**Mereo**"), and **ONCOLOGIE, INC.**, a Delaware corporation with a place of business at 400 Totten Pond Road, Suite 120, Waltham, MA 02451 ("**Licensee**"). Licensor and Licensee are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

Recitals

WHEREAS, Licensor, a clinical stage biotechnology company, is developing navicixizumab, a proprietary anti-DLL4/VEGF bispecific antibody targeting both DLL4 in the Notch cancer stem cell pathway and vascular endothelial growth factor (VEGF), and owns or controls certain patent, know-how, and other intellectual property rights relating to such product candidate; and

WHEREAS, Licensee wishes to obtain from Licensor, and Licensor is willing to grant to Licensee, an exclusive and worldwide license to research, develop, manufacture, and commercialize such product, all on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, Licensee and Licensor hereby agree as follows:

ARTICLE 1
DEFINITIONS

Unless the context otherwise requires, the terms in this Agreement with initial letters capitalized, have the meanings set forth below, or the meaning as designated in the indicated places throughout this Agreement.

1.1 "**Affiliate**" means, with respect to a Party, any Person that controls, is controlled by, or is under common control with that Party. For the purpose of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under the common control") means the actual power, either directly or indirectly through one or more intermediaries, to direct or cause the direction of the management and policies of such Person, whether by the ownership of fifty percent (50%) or more of the voting stocking of such Person, by contract or otherwise.

1.2 "**Biosimilar Product**" means, with respect to a Product, a biological medicinal product or biological product for human use which is approved for use (a) in the U.S., under 42 U.S.C § 262(k) as a biosimilar biological product (as defined in 42 U.S.C. § 262(i)(1), (2)) and for which the Product is the reference product (as defined in 42 U.S.C. § 262(i)(4)), (b) in the EU, as a similar biological medicinal product pursuant to Directive 2001/83/EC or Regulation (EC) No 726/2004 (as applicable), and for which such Product is the reference medicinal product, or (c) in any other country or jurisdiction, pursuant to an equivalent regime in such country or jurisdiction, and for which such Product is the reference product. A product marketed by Licensee, its Affiliates or its or their Sublicensees will not constitute a Biosimilar Product.

1.3 "**Calendar Quarter**" means each of the three (3) month periods ending March 31, June 30, September 30, and December 31; provided, that: (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first complete such three (3)-month period thereafter; and (b) the final Calendar Quarter of the Term shall end on the last day of the Term.

1.4 "**Calendar Year**" means (a) the period beginning on the Effective Date and ending on December 31 of the calendar year in which the Effective Date falls, and (b) thereafter each successive period of twelve (12) consecutive calendar months beginning on January 1 and ending on December 31; provided, that the final Calendar Year of the Term shall end on the last day of the Term.

1.5 "**China**" means the People's Republic of China, including Hong Kong, Macau, and Taiwan.

1.6 "**Claims**" means all Third Party demands, claims, actions, or other proceedings (whether criminal or civil, in contract, tort or otherwise) for losses, damages, liabilities, reasonable legal costs, and other reasonable expenses.

1.7 "**Combination Product**" means any pharmaceutical product that contains (a) a Compound and (b) at least one other active ingredient, either co-formulated or packaged together and sold as a single unit for a single price.

1.8 "**Commercialize**" or "**Commercialization**" means the conduct of all activities undertaken before and after Regulatory Approval relating to the promotion, sales, marketing, and distribution for sale of Products in the Field in the Territory (including importing, exporting, transporting, customs clearance, warehousing, invoicing, handling, and delivering Products to customers), including sales force efforts, detailing, advertising, market research, market access (including price and reimbursement activities), medical education and information services, publication, scientific and medical affairs, medical support, advisory and collaborative activities with opinion leaders and professional societies including symposia, marketing, sales force training, and sales (including receiving, accepting, and filling Product orders) and distribution for sale, and all activities directed to obtaining pricing and reimbursement approvals for Products.

1.9 "**Commercially Reasonable Efforts**" means with respect to a particular activity or Product and a Party, that measure of efforts and resources that is consistent with the efforts and resources that a biopharmaceutical or biotechnology company commits to its own activities or products that it is actively developing or commercializing that are at a similar stage of development or commercialization and have similar market potential, taking into account efficacy, safety, patent

and regulatory exclusivity, anticipated or approved labeling, present and future market potential, competitive market conditions, the profitability of the product in light of pricing and reimbursement issues, and all other relevant factors. Commercially Reasonable Efforts shall be determined on a Product-by-Product and country-by-country basis, and it is anticipated that the level of efforts required may be different for different Products in different countries and may change over time.

1.10 "**Compound**" means [***].

1.11 "**Confidential Information**" of a Party means all Know-How, unpublished patent applications, and other information and data of a financial, commercial, business, operational, or technical nature of such Party that is: (a) disclosed by or on behalf of such Party or any of its Affiliates or otherwise made available to the other Party or any of its Affiliates, whether made available orally, in writing, or in electronic form, or (b) learned by the other Party pursuant to this Agreement. The terms and conditions of this Agreement are the Confidential Information of both Parties. Notwithstanding the foregoing, (x) Licensed Know-How to the extent directly related to the Compounds and Products being Developed, manufactured, or Commercialized by or on behalf of Licensee, its Affiliates, or Sublicensees and (y) Regulatory Materials assigned by Licensor to Licensee pursuant to Section 4.4 shall in each case be deemed the Confidential Information of Licensee and Licensee shall be deemed the disclosing Party and Licensor shall be deemed the receiving Party with respect thereto.

1.12 "**Control**" or "**Controlled**" means, with respect to any Know-How, Patent Rights, or other intellectual property rights, that a Party has the legal authority or right (whether by ownership, license, or otherwise) to grant a license, sublicense, access, or other right (as applicable) under such Know-How, Patent Rights, or other intellectual property rights to the other Party on the terms and conditions set forth herein, in each case without breaching the terms of any agreement with a Third Party; provided that neither Party shall be deemed to Control any intellectual property rights that it has in-licensed if granting the right to access or use, or a license or a sublicense to, such intellectual property to the other Party as provided for in this Agreement requires payment to the upstream licensor that the other Party has not agreed in writing to pay or reimburse to such Party (except that Licensor shall nevertheless be deemed to Control all Licensed Technology which it in-licenses from Lonza pursuant to the Lonza Agreement).

1.13 "**Develop**" or "**Development**" means all development activities for any Compound and Product (whether alone or for use together, or in combination, with another active agent or pharmaceutical product as a combination product or combination therapy) that are directed to obtaining Regulatory Approval(s) of such Product and lifecycle management of such Product in any country in the world, including all non-clinical, preclinical, and clinical testing and studies of such Product; toxicology, pharmacokinetic, and pharmacological studies; statistical analyses; assay development; protocol design and development; the preparation, filing, and prosecution of any MAA for such Product; development activities directed to label expansion and/or obtaining Regulatory Approval for one or more additional Indications following initial Regulatory Approval; development activities conducted after receipt of Regulatory Approval; and all regulatory affairs related to any of the foregoing.

1.14 "**Dollar**" means U.S. dollars, and "**$**" shall be interpreted accordingly.

1.15 "**EMA**" means the European Medicines Agency, or its successor.

1.16 "**EU**" means the economic, scientific, and political organization of member states known as the European Union, as its membership may be altered from time to time, and any successor thereto. For the purposes of this Agreement, the United Kingdom shall be deemed to be a member of the EU regardless of any withdrawal of the United Kingdom from the European Union.

1.17 "**FDA**" means the U.S. Food and Drug Administration, or it successor.

1.18 "**Field**" means all uses.

1.19 "**First Commercial Sale**" means [***].

1.20 "**FTE**" means [***].

1.21 "**FTE Rate**" means [***].

1.22 "**GAAP**" means United States generally accepted accounting principles, consistently applied.

1.23 "**Government Authority**" means any federal, state, national, state, provincial, or local government, or political subdivision thereof, or any multinational organization or any authority, agency, or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power, any court, or tribunal (or any department, bureau or division thereof, or any governmental arbitrator or arbitral body).

1.24 "**IND**" means any investigational new drug application, clinical trial application, clinical trial exemption, or similar or equivalent application filed with the applicable Regulatory Authority for approval to conduct clinical testing of a pharmaceutical product in humans in the applicable country.

1.25 "**Indication**" means [***].

1.26 "**Initiate**" or "**Initiation**" means, with respect to a human clinical trial, the first dosing of the first human subject enrolled in such clinical trial.

1.27 "**Invention**" means any data, results, discovery, finding, process, improvement, method, composition of matter, article of manufacture or process, patentable or otherwise, that is first conceived, first discovered, or otherwise first made, by either Party exercising its rights or carrying out its obligations under this Agreement, whether directly or via its Affiliates, agents, contractors, or sublicensees, including all intellectual property rights therein.

1.28 "**Know-How**" means all technical information, know-how, and data, including inventions, discoveries, trade secrets, specifications, instructions, processes, formulae, compositions of matter, cells, cell lines, assays, animal models, and other physical, biological, or chemical materials, expertise and other technology, including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical, and analytical, safety,

nonclinical, and clinical data, regulatory documents, data and filings, instructions, processes, formulae, expertise, and information in each case that is relevant to the research, development, use, importation, offering for sale, or sale of, or which may be useful in studying, testing, or developing, pharmaceutical products.

1.29 "**Law**" means any federal, state, local, foreign or multinational law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any order by any Government Authority, or any license, franchise, permit, or similar right granted under any of the foregoing, or any similar provision having the force or effect of law.

1.30 "**Licensed Know-How**" means [***].

1.31 "**Licensed Patents**" means [***].

1.32 "**Licensed Technology**" means the Licensed Patents and Licensed Know-How.

1.33 [***].

1.34 "**MAA**" or "**Marketing Authorization Application**" means an application to the appropriate Regulatory Authority for approval to commercially sell any pharmaceutical product in a particular country or jurisdiction and all amendments and supplements thereto, including a Biologic License Application (BLA) filed with the FDA and equivalent foreign applications.

1.35 "**Major Market**" means [***].

1.36 "**Master Cell Bank**" means [***].

1.37 "**Net Sales**" means [***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***]

(g) [***].

[***].

[***].

[***].

1.38 "**NMPA**" means National Medicine Products Administration of China (formerly known as the China Food and Drug Administration), or it successor.

1.39 "**Non-Core Territory Country**" means [***].

1.40 "**Non-Oncology Field**" means the treatment of any Indication(s) other than cancer Indications.

1.41 "**Non-Oncology Sublicense**" means a sublicense under the Licensed Technology to research, Develop, make, have made, use, sell, offer for sale, have sold, import, and otherwise Commercialize the Compounds and Products in the Territory solely in the Non-Oncology Field.

1.42 "**Non-Oncology Third Party Sublicensee**" means a Third Party Sublicensee to whom Licensee grants a Non-Oncology Sublicense.

1.43 "**Orphan Indication**" means [***].

1.44 "**Patent Rights**" means all patents and patent applications (which for the purpose of this Agreement shall be deemed to include certificates of invention and applications for certificates of invention), including all divisionals, continuations, substitutions, continuations-in-part, re-examinations, reissues, additions, renewals, revalidations, extensions, registrations, pediatric exclusivity periods, and supplemental protection certificates and the like of any such patents and patent applications, and any and all foreign equivalents of the foregoing.

1.45 "**Person**" means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity.

1.46 "**Pivotal Study**" means [***].

1.47 "**PMDA**" means the Pharmaceuticals and Medical Devices Agency of Japan, or its successor.

1.48 "**Product**" means any pharmaceutical product that contains a Compound as an active pharmaceutical ingredient, whether alone or in combination with other active ingredients, in any formulation, dosage form, or presentation, and for any mode of administration; provided that Product shall not include any active ingredients, the composition of matter of which is claimed by a Licensed Patent, other than the Compound.

1.49 "**Regulatory Approval**" means all approvals that are necessary for the use, import, transport, promotion, marketing, distribution, offer for sale, or commercial sale of a pharmaceutical or biologic product in a given country or regulatory jurisdiction, including pricing and reimbursement approval if required for such purposes.

1.50 "**Regulatory Authority**" means any applicable Government Authority responsible for granting Regulatory Approvals for the Product, including FDA, EMA, NMPA and PMDA.

1.51 "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights (other than Patent Rights) conferred by a Regulatory Authority with respect to a Product in a given country or regulatory jurisdiction, including orphan drug exclusivity, new chemical entity exclusivity, and pediatric exclusivity.

1.52 "**Regulatory Material**" means any and all regulatory applications, submissions, notifications, communications, correspondences, registrations, and other filings made to, received from, or otherwise conducted with a Regulatory Authority in order to Develop, manufacture, market, sell, or otherwise Commercialize a pharmaceutical or biologic product in a particular country or jurisdiction, including IND, MAAs, and Regulatory Approvals.

1.53 "**Relevant Patent**" means [***].

1.54 "**Senior Officer**" means, with respect to Licensor, President or his/her designee, and with respect to Licensee, Chief Executive Officer or his/her designee.

1.55 "**Sublicensee**" means any Third Party or Affiliate of Licensee to whom Licensee grants a sublicense under Licensee's rights to the Licensed Technology licensed from Licensor pursuant to this Agreement.

1.56 "**Sublicense Revenue**" means [***].

1.57 "**Term**" has the meaning set forth in Section 10.1.

1.58 "**Territory**" means worldwide.

1.59 "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.60 "**Third Party Sublicensee**" means a Sublicensee who is a Third Party and not an Affiliate of Licensee.

1.61 "**United States**" or "**U.S.**" means the United States of America and its territories and possessions.

1.62 [***].

1.63 "**Valid Claim**" means [***].

1.64 **Interpretation**. In this Agreement, unless otherwise specified:

(a) The words "include", "includes", and "including" shall be deemed to be followed by the phrase "without limitation";

(b) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;

(c) the word "or" is used in the inclusive sense typically associated with the phrase "and/or" unless the subjects of the conjunction are, or are intended to be, exclusive;

(d) words such as "herein", "hereof", and "hereunder" refer to this Agreement as a whole and not merely to the particular provision in which such words appear; and

(e) the Exhibits and other attachments form part of the operative provision of this Agreement and references to this Agreement shall include references to the Exhibits and attachments.

ARTICLE 2
LICENSE

2.1 License Grant. Subject to the terms and conditions of this Agreement, Licensor hereby grants Licensee an exclusive (even as to Licensor and its Affiliates) and royalty-bearing license, with the right to grant sublicenses as provided in Section 2.2, under the Licensed Technology to research, Develop, make, have made, use, sell, offer for sale, have sold, import, and otherwise Commercialize the Compounds and Products in the Field in the Territory. [***].

2.2 Sublicenses. Licensee shall have the right to grant sublicenses (through multiple tiers) to its Affiliates, contractors, and other Third Parties under its license in Section 2.1, provided that each sublicense shall be subject to and consistent with the terms and conditions under this Agreement and Licensee shall remain responsible for the performance of the obligations hereunder by each of its Sublicensees and for the acts and omissions of such Sublicensees. [***].

2.3 Retained Rights. [***].

2.4 No Implied License. Except as expressly set forth herein, neither Party shall acquire any license, right, or other interest, by implication or otherwise, under any intellectual property rights of the other Party.

2.5 Technology Transfer. [***].

2.6 Third Party Licenses. [***].

ARTICLE 3
GOVERNANCE

3.1 Joint Steering Committee. Within thirty (30) days after the Effective Date, the Parties shall establish a joint steering committee (the "**Joint Steering Committee**" or the "**JSC**"), composed of two (2) senior representatives of each Party, to provide a forum to (a) facilitate the technology transfer to be provided in Section 2.5, (b) provide updates on the status of the Development and Commercialization of the Compound and Product, and (c) generally oversee the Parties' activities under this Agreement. For clarity, the JSC shall serve as an information exchange entity only and shall not have any decision making authority. Each Party retains all rights, powers, and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in the JSC.

3.2 JSC Membership and Meetings.

(a) Within thirty (30) days following the Effective Date, each Party shall designate its initial members to serve on the JSC. Each Party may replace its representatives on the JSC on written notice to the other Party.

(b) The JSC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every Calendar Quarter during the first two (2) years after the Effective Date. Thereafter meetings shall be on a semi-annual basis (provided that after the first Regulatory Approval of a Product in the Territory, such meetings need only be on an annual basis) or as otherwise agreed by the Parties. Meetings of the JSC may be held in person or by audio or video teleconference. In person JSC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for all of its own expenses of participating in the JSC.

(c) Each Party may from time to time invite a reasonable number of participants, in addition to its JSC representatives, to attend the JSC meetings; provided that such participants shall be bound by confidentiality and non-use obligations consistent with the terms of this Agreement and that each Party shall provide prior written notice to the other Party if it has invited any Third Party (including any consultant) to attend such a meeting.

3.3 Discontinuation of the JSC. The activities to be performed by the JSC shall solely relate to information exchange under this Agreement, and are not intended to be or involve the delivery of services. The JSC shall continue to exist until the Parties mutually agree to disband the JSC. Upon such mutual agreement, the JSC shall automatically dissolve and, thereafter, each Party shall designate, to the extent necessary, a contact person for the exchange of information under this Agreement.

ARTICLE 4
DEVELOPMENT AND COMMERCIALIZATION

4.1 General. Subject to the terms and conditions of this Agreement, Licensee shall be solely responsible for the Development, manufacture, and Commercialization of the Product in the Field in the Territory, at Licensee's own cost and expense.

4.2 Diligence. [***].

4.3 Development.

(a) General. Licensee (either itself or through its Affiliates and Sublicensees) shall be responsible for the Development of the Compound and the Products in the Field in the Territory, including by conducting all pre-clinical studies and all clinical trials of the Product in the Field in the Territory, at Licensee's own cost and expense.

(b) Reporting. Within [***] after the end of each Calendar Year, Licensee shall provide the JSC with a report summarizing its Development and Commercialization activities in respect of the Product in the Field in the Territory in the previous Calendar Year and a summary of its plans for the Development and Commercialization of the Product in the then-current Calendar Year. The Parties shall review and discuss such report at the JSC meetings.

4.4 Regulatory.

(a) General. Licensee shall have the sole right to prepare, obtain, and maintain (as applicable) MAAs (including the setting of the overall regulatory strategy therefor), Regulatory Approvals, and Regulatory Materials, and to conduct communications with the applicable Regulatory Authorities, for the Products (which shall include filings of or with respect to INDs, MAAs, and other filings or communications with the applicable Regulatory Authorities in the Territory). At Licensee's reasonable request and expense, Licensor shall assist Licensee in connection with the preparation and filing of any such Regulatory Materials.

(b) Transfer and Right of Reference; Investigator IND. [***].

4.5 Manufacture and Supply.

(a) [***].

(b) Except for the Existing Inventory provided by Licensor under Section 4.5(a) above, Licensee shall manufacture and supply the Compounds or Products itself or through its contract manufacturer. Upon Licensee's request, Licensor shall make available to Licensee all Licensed Know-How related to the manufacture of the Compound and Product, and shall, through its employees, consultants, and contractors, as appropriate, provide Licensee or its designee with reasonable technical assistance related to the manufacture of the Compound and Product in accordance with Section 2.5.

(c) Master Cell Bank. [***].

4.6 Commercialization. Licensee (itself or through its Affiliates and Sublicensees) shall be responsible for all aspects of the Commercialization of the Products in the Field in the Territory, at Licensee's own cost and expense, including: (a) developing and executing a commercial launch and pre-launch plan, (b) negotiating with applicable Governmental Authorities regarding the price and reimbursement status of the Product; (c) marketing and promotion; (d) booking sales, distributing Product and performing related services; (e) handling all aspects of order processing, invoicing, and collection, inventory and receivables; and (f) providing customer support, including handling medical queries, and performing other related functions.

ARTICLE 5
PAYMENTS

5.1 Upfront Payment. [***].

5.2 Clone Expansion Financials.

(a) Clone Expansion Milestone Payment. [***].

(b) [***].

5.3 Development Milestone Payments.

(a) Milestone Events. Subject to the remainder of this Section 5.3 and also Sections 5.2(b), 5.6, and 5.7, Licensee shall pay to Licensor the following one-time, non-refundable development milestone payments set forth in the table below upon the first achievement of the corresponding milestone event by Licensee, its Affiliates, or its Sublicensees. The payments

set forth in Section A of the table below shall become due upon the first achievement of such milestone for a Product for the first Indication for which such milestone is achieved. The payments set forth in Section B of the table below shall become due upon the first achievement of such milestone for a Product for a second Indication that is distinct from the first Indication for which such milestone was achieved and the milestone payment was made pursuant to Section A of the table below (such distinct second Indication, the "**Second Indication**").

A. Development Milestone Events for First Indication	**Milestone Payment**
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

B. Development Milestone Events for the Second Indication	**Milestone Payment**
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) Milestone Conditions.

(i) Each development milestone payment set forth above shall be due and payable [***].

(ii) Notwithstanding the foregoing, if Licensee, its Affiliate, or Sublicensee first achieves any milestone in Part B of the table above (milestones 9-16 in the table above) with respect to a Product for [***].

(iii) [***].

(c) Notice and Payment. Licensee shall notify Licensor in writing [***].

5.4 Sales Milestone Payments.

(a) Milestone Events. Subject to the remainder of this Section 5.4 and also Sections 5.2(b), 5.6, and 5.7, Licensee shall pay to Licensor the following one-time, non-refundable sales milestone payments set forth in the table below (each, a "**Sales Milestone Payment Amount")** when the aggregated annual Net Sales of all Products sold in the Territory in a Calendar Year by Licensee, its Affiliates, and its Sublicensees first reach the corresponding threshold value indicated below.

Annual Net Sales of all Products in the Territory by Licensee, its Affiliates, and its Sublicensees	Sales Milestone Payment Amount
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
Total Sales Milestone Payments	[***]

(b) Milestone Conditions. Each sales milestone payment set forth above shall be due and payable only once, regardless of how many times such milestone event is achieved. The Net Sales of all Products sold in the Territory by Licensee, its Affiliates, and its Sublicensees (including Net Sales of a Product by Third Party Sublicensees in Non-Core Territory Countries and by Non-Oncology Third Party Sublicensees) shall be included in the calculation of the annual Net Sales of Products in the left hand column of the table above for the purpose of determining whether a given sales milestone has been achieved; provided[***].

(c) Notice and Payment. As part of the royalty report in Section 5.5(e), Licensee shall provide written notice to Licensor [***].

5.5 Royalty Payments.

(a) Royalty Rate. Subject to the remainder of this Section 5.5, and subject to Section 5.2(b), Section 5.6 with respect to [***].

For that portion of annual Net Sale of a Product in the Territory by Licensee, its Affiliates, and its Sublicensees	Royalty Rate
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[***].

(b) Royalty Term. Licensee's obligation to pay royalties pursuant to this Section 5.5 shall expire, on a Product-by-Product and country-by-country basis, upon the latest of [***].

(c) Royalty Conditions. The royalty payments under this Section 5.5 shall be subject to the following conditions:

(i) [***].

(ii) [***].

(iii) [***].

(iv) [***].

(d) Royalty Reductions.

(i) Biosimilar Entry. [***].

(ii) Patent Expiry. [***].

(iii) Third Party Licensees. [***].

(iv) Relevant Patent License. [***].

(v) Royalty Floor. [***].

(e) Report and Payment. [***].

5.6 Sublicense Revenue Sharing in Non-Core Territory Countries.

(a) Sublicense Revenue Sharing Percentage. [***].

The time when the sublicense agreement is executed	Percentage of Sublicense Revenue Payable to Licensor
[***]	[***]
[***]	[***]
[***]	[***]

(b) Sublicense Revenue Sharing Conditions. The Sublicense Revenue sharing under this Section 5.6 shall be subject to the following conditions:

(i) [***].

(ii) [***].

(iii) [***].

5.7 Sublicense Revenue Sharing for Non-Oncology Indication.

(a) Sublicense Revenue Sharing Percentage. Subject to the remainder of this [***].

The time when the sublicense agreement is executed	Percentage of Sublicense Revenue Payable to Licensor
[***]	[***]
[***]	[***]
[***]	[***]

(b) Sublicense Revenue Sharing Conditions. The Sublicense Revenue sharing under this Section 5.7 shall be subject to the following conditions:

(i) [***].

(ii) [***].

(iii) [***].

5.8 Third Party Payment Obligations. [***].

5.9 Currency; Exchange Rate. All payments to be made by Licensee to Licensor under this Agreement shall be made in Dollars by bank wire transfer in immediately available funds to a bank account designated by written notice from Licensor. The rate of exchange to be used in computing the amount of currency equivalent in Dollars shall be made at the average of the closing exchange rates reported in *The Wall Street Journal* (U.S., Eastern Edition) for the first, middle, and last business days of the applicable reporting period for the payment due.

5.10 Blocked Currency. If the conversion of a local currency in the Territory into Dollars or transfer of funds out of a country in the Territory becomes materially restricted, forbidden, or substantially delayed due to applicable Laws, then Licensee shall promptly notify Licensor and amounts accrued in such country may be paid by Licensee in local currency into an account in a local bank designated by Licensor, unless the Parties otherwise agree.

5.11 Late Payments. If Licensor does not receive payment of any sum due to it on or before the due date therefor, simple interest shall thereafter accrue on the sum due from the due date until the date of payment at a per-annum rate of prime (as reported in *The Wall Street Journal* (U.S., Eastern Edition)) plus [***] or the maximum rate allowable by [***].

5.12 Taxes.

(a) Taxes on Income. Each Party shall be solely responsible for all income taxes imposed on payments received from the other Party under this Agreement.

(b) Indirect Taxes. All payments in this Article 5 are exclusive of indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes ("**Indirect Taxes**")). The Parties shall cooperate in accordance with applicable Law to minimize Indirect Taxes in connection with this Agreement.

(c) Withholding and Tax Cooperation. Each Party will make all payments to the other Party under this Agreement without deduction or withholding for taxes except to the extent that such withholding is required by applicable Law at the time of payment. The Parties agree to cooperate with one another and use reasonable efforts to avoid or reduce tax withholding or similar obligations in respect of all payments made under this Agreement to the fullest extent permitted by applicable Laws. To the extent Licensee is required to deduct and withhold taxes on any payment to Licensor under applicable Law, Licensee shall deduct those taxes from the remittable payment, pay the taxes to the proper tax authority in a timely manner, and promptly send proof of payment to Licensor. To the extent permitted by Law, Licensor shall provide Licensee any tax forms that may be reasonably necessary in order for Licensee to not withhold tax or to withhold tax at a reduced rate under an applicable bilateral income tax treaty. Licensor shall use reasonable efforts to provide any such tax forms to Licensee in advance of the due date. At the request and expense of Licensor, Licensee shall provide reasonable assistance to enable the recovery, to the extent permitted by Law, of withholding taxes or similar obligations resulting from payments made under this Agreement. Notwithstanding anything to the contrary in this Agreement, in the event a Party redomiciles, assigns its rights or obligations under this Agreement, or otherwise makes payments from a jurisdiction other than the jurisdiction in which such Party is organized (each, a "**Tax Action**" and such Party, the "**Acting Party**"), and as a result of such Tax Action the amount of tax required to be withheld under this Section 5.12(c) in respect of a payment owed to the other Party (the "**Non-Acting Party**") is greater than the amount of such tax that

would have been required to have been withheld had such Tax Action not occurred, then any such amount payable to or by the Non-Acting Party shall be adjusted to take into account such withholding taxes or Indirect Taxes as may be necessary so that, after making all required withholdings (including withholdings on the additional amounts payable), the Non-Acting Party receives an amount equal to the sum it would have received had such Tax Action not occurred. The obligation to adjust payments pursuant to the preceding sentence shall not apply, however, to the extent such increased withholding tax (i) would not have been imposed but for a Tax Action taken by the Non-Acting Party if such Tax Action occurs after the Tax Action taken by the original Acting Party referenced in the preceding sentence or (ii) is attributable to the failure by the Non-Acting Party to comply with the requirements of this Section 5.12(c). For purposes of this Section 5.12(c), a "redomiciliation" shall include a reincorporation or other action resulting in a change in tax residence of the applicable Party or its assignee.

5.13 Financial Records and Audit. Licensee shall maintain complete and accurate records in sufficient detail to permit Licensor to confirm the accuracy of Net Sales and Sublicense Revenue reported by Licensee and the achievement of sales milestones under this Agreement. Upon at least [***] days' written notice, such records shall be open for examination, during regular business hours, for a period of [***] years from the creation of individual records by an independent certified public accountant selected by Licensor and reasonably acceptable to Licensee, for the sole purpose of verifying for Licensor the accuracy of the financial reports provided by Licensee under this Agreement. Such audits shall be limited to once each Calendar Year and once with respect to records covering any specific period of time. Licensor shall bear the cost of such audit unless such audit reveals an underpayment by Licensee of more than [***] percent ([***]%) of the amount actually due for the time period being audited, in which case Licensee shall reimburse Licensor for the costs of such audit. Licensee shall pay to Licensor any underpayment discovered by such audit within [***] days after the accountant's report, plus interest (as set forth in Section 5.11) from the original due date. If the audit reveals an overpayment by Licensee, then Licensee may take a credit for such overpayment against any future payments due to Licensor (if there will be no future payment due, then Licensor shall promptly refund such amount to Licensee).

ARTICLE 6
INTELLECTUAL PROPERTY RIGHTS

6.1 Inventions. Ownership of all Inventions shall be based on inventorship, as determined in accordance with the rules of inventorship under United States patent laws. Each Party shall solely own all Inventions invented or developed solely by or on behalf of such Party, including its and its Affiliate's employees, contractors, and/or agents, and all intellectual property rights therein. The Parties shall jointly own all Inventions invented or developed jointly by both Parties and all intellectual property rights therein ("**Joint Inventions**"). All Patent Rights claiming Joint Inventions will be referred to as "**Joint Patents**". Except to the extent restricted by the licenses and other rights granted to other Party under this Agreement or any other agreement between the Parties, each Party, as joint owners, shall be entitled to practice, license, assign, and otherwise exploit its interest in the Joint Inventions and to grant rights to others to practice such Joint Inventions, without the duty of accounting or requirement to seek consent from the other Party.

6.2 Patent Prosecution.

(a) As between the Parties, Licensee shall have the first right to file, prosecute, and maintain the Licensed Patents that specifically claim inventions directed to the Compound or Products (including for clarity any Joint Patents which are Licensed Patents) in the Territory ("**Product-Specific Licensed Patents**"), at Licensee's cost and expense. As of the Effective Date, the Product-Specific Licensed Patents are expressly designated as such on **Exhibit B.** Promptly after the Effective Date, Licensor shall transfer the prosecution and maintenance of the Product-Specific Licensed Patents to Licensee or its counsel. As between the Parties, Licensor shall have first right to file, prosecute, and maintain the Licensed Patents (including for clarity any Joint Patents which are Licensed Patents) that are not Product-Specific Licensed Patents ("**Non-Product-Specific Licensed Patents**") in the Territory at Licensor's cost and expense.

(b) Licensee shall consult with Licensor and keep Licensor reasonably informed of the status of the Product-Specific Licensed Patents and shall promptly provide Licensor with a copy of any material correspondence received from any patent authority in the Territory in connection therewith. In addition, Licensee shall provide Licensor with drafts of proposed material filings and correspondence to any patent authority in the Territory with respect to the Product-Specific Licensed Patents for Licensor's review and comment at least [***] business days prior to the anticipated submission date or due date (whichever is earlier), and Licensee shall reasonably consider all comments provided to Licensee by Licensor within [***] business days of Licensor receiving such draft.

(c) Licensee shall notify Licensor of any decision to cease prosecution or maintenance of any Product-Specific Licensed Patents in any country in the Territory. Licensee shall provide such notice at least [***] days prior to any filing or payment due date, or any other due date that requires action, in connection with such Product-Specific Licensed Patent. In such event, upon Licensor's request, Licensee shall transfer all files and documents in Licensee's possession and Control necessary for the prosecution and maintenance of such Product-Specific Licensed Patent in such country to Licensor, and thereafter Licensor shall have the right to continue prosecution or maintenance of such Product-Specific Licensed Patent in such country at Licensor's cost and expense. Licensor shall notify Licensee of any decision to cease prosecution or maintenance of any Licensed Patents that is not a Product-Specific Licensed Patent in any country in the Territory. Licensor shall provide such notice at least [***] days prior to any filing or payment due date, or any other due date that requires action, in connection with such Licensed Patent. In such event, upon Licensee's request, Licensor shall transfer all files and documents in Licensor's possession and Control necessary for the prosecution and maintenance of such Licensed Patent in such country to Licensee, and thereafter Licensee shall have the right to continue prosecution or maintenance of such Licensed Patent in such country at Licensee's cost and expense.

(d) Section 6.2(b) above shall apply *mutatis mutandis* as if Licensee were Licensor and as if Licensor were Licensee with respect to the prosecution and maintenance of the Non-Product-Specific Licensed Patents.

(e) The Parties shall mutually agree on which Party will prosecute Joint Patents which are not Licensed Patents based on the contribution of each Party to such Joint Invention and each Party's potential interest in products based upon such Joint Invention.

(f) Each Party shall provide the other Party all reasonable assistance and cooperation in the patent prosecution efforts under this Section 6.2, including providing any necessary powers of attorney and executing any other required documents or instruments for such prosecution.

6.3 Patent Enforcement.

(a) Notice. Each Party shall promptly notify the other Party if it becomes aware of any alleged or threatened infringement by a Third Party of any Licensed Patent (including any Joint Patents which are Licensed Patents) arising by the manufacture, use, import, or sale of a Product in the Field in the Territory (the "**Field Infringement**").

(b) Enforcement. [***].

(c) Cooperation. [***].

(d) Recovery. [***].

6.4 Defense of Licensed Patents. In the event that a Party receives notice of any claim alleging the invalidity or unenforceability of any Licensed Patent, such Party shall bring such claim to the attention of the other Party, including all relevant information related to such claim. The Parties, through the JSC, shall discuss such claim. Where such allegation is made in an opposition, reexamination, interference, or other patent office proceeding or a declaratory judgement action, then the provisions of Section 6.2 shall apply to determine the Parties' respective rights and obligations with respect to such allegation; provided however that if a Party wishes to bring an infringement claim to enforce the Licensed Patent, then the provisions of Section 6.3 shall apply to determine the Parties' respective rights and obligations with respect to such allegation.

Each Party shall provide to the Party defending any such rights under this Section 6.4 all reasonable assistance in such enforcement, at such defending Party's request and expense. The defending Party shall keep the other Party reasonably informed of the status and progress of such efforts, and shall reasonably consider the other Party's comments on any such efforts. Without the prior written consent of the other Party (not to be unreasonably withheld), neither Party shall enter into any settlement of any claim, suit, or action that it defended under this Section 6.4 that admits the invalidity or unenforceability of any Licensed Patent or otherwise adversely impacts the other Party's interest therein.

6.5 Defense of Third Party Claims. If a claim is brought by a Third Party alleging infringement of a Patent Right of such Third Party by the Development, manufacture, or Commercialization of the Product, the Party first having notice of the claim or assertion shall promptly notify the other Party, [***].

6.6 Bankruptcy Protection. All licenses granted by Licensor to Licensee under this Agreement are and shall otherwise be deemed to be, for purposes of Section 365(n) of Title 11, United States Code or foreign equivalent laws (the "**Bankruptcy Code**"), licenses of rights to "intellectual property" as defined in Section 101 of the Bankruptcy Code. Licensee shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. Upon the bankruptcy of Licensor, Licensee shall further be entitled to a complete duplicate of, or complete access to, any such intellectual property, and such, if not already in its possession, shall be promptly delivered to Licensee, unless Licensor elects to continue, and continues, to perform all of its obligations under this Agreement.

ARTICLE 7
CONFIDENTIALITY

7.1 Confidentiality Obligations. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the Parties, each Party agrees that, during the Term of this Agreement and ten (10) years thereafter, it shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as provided for in this Agreement (which includes the exercise of any rights or the performance of any obligations hereunder) any Confidential Information of the other Party.

7.2 Exceptions. The obligations set forth in Section 7.1 shall not apply to any information that the receiving Party can demonstrate that such information:

(a) is known by the receiving Party at the time of its receipt without an obligation of confidentiality, and not through a prior disclosure by the disclosing Party, as documented by the receiving Party's business records;

(b) is in the public domain before its receipt from the disclosing Party, or thereafter enters the public domain other than through the receiving Party's breach of the confidentiality obligations set forth herein;

(c) is subsequently disclosed to the receiving Party by a Third Party who may lawfully do so and is not under an obligation of confidentiality to the disclosing Party; or

(d) is developed by the receiving Party independently and without use of, or reference to, any Confidential Information of the disclosing Party, as documented by the receiving Party's business records.

Any combination of features or disclosures shall not be deemed to fall within the foregoing exclusions merely because individual features are published or available to the general public or in the rightful possession of the receiving Party unless the combination itself and principle of operation are published or available to the general public or in the rightful possession of the receiving Party.

7.3 Authorized Disclosures. Notwithstanding the obligations set forth in Sections 7.1 and 7.5, a Party may disclose the other Party's Confidential Information to the extent:

(a) such disclosure is reasonably necessary: (i) for the filing, prosecution, and enforcement of Patent Rights as contemplated by this Agreement in Article 6; (ii) in connection with regulatory filings for a Product; or (iii) disclosure to its and its Affiliates' employees,

consultants, contractors, and agents, in each case on a need-to-know basis in connection with the exercise of its rights or the performance of its obligations under this Agreement, including the Development, manufacture, or Commercialization of any Product in accordance with the terms of this Agreement;

(b) such disclosure is reasonably necessary: (i) to such Party's directors, attorneys, independent accountants, or financial advisors for the purpose of enabling such directors, attorneys, independent accountants, or financial advisors to provide advice to such Party; or (ii) to actual or potential investors, acquirors, sublicensees, and other financial or business partners for the purpose of evaluating or carrying out an actual or potential investment, acquisition, collaboration, or other business relationship; provided that in each such case on the condition that such recipients are bound by confidentiality and non-use obligations substantially consistent with those contained in this Agreement prior to such disclosure;

(c) such disclosure is required by applicable Laws or judicial or administrative process (including regulations promulgated by securities exchanges), provided that in such event such Party shall promptly inform the other Party of such required disclosure and provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed pursuant to this Section 7.3(c) shall remain otherwise subject to the confidentiality and non-use provisions of this Article 7, and the Party disclosing Confidential Information pursuant to Law or court order shall take steps reasonably necessary, including seeking to obtain confidential treatment or a protective order, to ensure the continued confidential treatment of such Confidential Information.

7.4 Technical Publication. Licensee shall have the sole right, in its discretion, to publish or otherwise disclose the results of and other information regarding any Development activities performed under this Agreement by or on behalf of Licensee with respect to the Compound and Product. Licensor shall not publish or otherwise disclose any information regarding the Compound or Product without Licensee's prior written consent (not to be unreasonably withheld, delayed, or conditioned), to be given on a case-by-case basis.

7.5 Publicity.

(a) The Parties have agreed on language of a joint press release announcing this Agreement, which is attached hereto as **Exhibit F**, to be issued by the Parties promptly after the Effective Date. Subject to the rest of this Section 7.5, no disclosure of the terms of this Agreement may be made by either Party, and neither Party shall use the name, trademark, trade name, or logo of the other Party, its Affiliates, or their respective employee(s) in any publicity, promotion, news release, or disclosure relating to this Agreement or its subject matter, without the prior express written permission of the other Party, except that is, in the opinion of the disclosing Party's counsel, required by Law or rules of a securities exchange. Following the initial joint press release announcing this Agreement, either Party shall be free to disclose or publicize, without the other Party's prior written consent, the existence of this Agreement, the identity of the other Party, and those terms of the Agreement which have already been publicly disclosed in accordance herewith.

(b) A Party may disclose this Agreement and its terms in securities filings with the Securities Exchange Commission or other Government Authorities to the extent, in the opinion of the disclosing Party's counsel, is required by Law or rules of a securities exchange after complying with the procedure set forth in this Section 7.5. In such event, the Party seeking such disclosure will provide a copy of the proposed disclosure to the other Party, and the other Party agrees to promptly (and in any event, no less than seven (7) days after receipt of such proposed disclosure) give its input in a reasonable manner in order to allow the Party seeking disclosure to make such required disclosure within the time lines proscribed by applicable Laws or rules of a securities exchange.

(c) Each Party acknowledges that the other Party may be legally required to make public disclosures (including in filings with the Securities Exchange Commission) of certain material developments or material information generated under this Agreement and agrees that each Party may make such disclosures as required by Law or rules of a securities exchange.

7.6 Prior CDA. [***].

7.7 Equitable Relief. Each Party acknowledges that a breach of this Article 7 may not reasonably or adequately be compensated in damages in an action at law and that such a breach may cause the other Party irreparable injury and damage. Therefore each Party agrees that the other Party shall be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any breach of the obligations relating to Confidential Information set forth in this Agreement.

ARTICLE 8
REPRESENTATIONS AND WARRANTIES

8.1 Mutual Representations and Warranties. Each Party hereby represents, warrants, and covenants (as applicable) to the other Party, as of the Effective Date, as follows:

(a) it is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including, without limitation, the right to grant the licenses granted by it hereunder;

(b) (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of the Agreement and the performance of its obligations hereunder; and (iii) the Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms;

(c) it is not a party to any agreement that would materially prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under the Agreement; and

(d) it shall comply in all material aspects with all applicable Laws in the course of performing its obligations and exercising its rights under this Agreement.

8.2 Additional Representations and Warranties of Licensor. Licensor hereby represents, warrants, and covenants (as applicable) to Licensee that as of the Effective Date:

(a) [***];

(b) Licensor has not granted, and will not grant during the Term, any license or right in the Licensed Technology that are inconsistent with the licenses and rights granted to Licensee under this Agreement;

(c) Licensor and its Affiliates have not received any written notice from any Third Party asserting or alleging that the research, Development, or manufacture of the Compound or Product infringed or misappropriated the intellectual property rights of such Third Party;

(d) [***];

(e) there are no pending or, to the knowledge of Licensor and its Affiliates, alleged or threatened, adverse actions, suits, proceedings, or claims against Licensor or its Affiliates involving the Licensed Technology, Compound, or Product;

(f) Licensor and its Affiliates are not aware of any infringement or misappropriation of any Licensed Technology by any Third Party;

(g) **Exhibit B** includes all Patent Rights Controlled by Licensor and its Affiliates as of the Effective Date that claim or cover the Compound or Product (including composition of matter and methods of making and using the Compound and Product) as they exist as of the Effective Date;

(h) there is no pending or, or to the knowledge of Licensor and its Affiliates, alleged or threatened, re-examination, opposition, interference, or litigation, or any written communication alleging that any Licensed Patent is invalid or unenforceable anywhere in the world;

(i) all application, registration, maintenance, and renewal fees in respect of the Licensed Patents have been paid and all necessary documents and certificates for the purpose of maintaining the Licensed Patents have been filed with the applicable Government Authority, except as would not have an adverse effect;

(j) Licensor and its Affiliates (including their contractors) have complied with all applicable Laws in connection with the Development of the Compound and Product, except as would not have an adverse effect, and have not used any employee, consultant, or contractor who has been debarred by any Regulatory Authority, or to its knowledge, is the subject of a debarment proceeding by any Regulatory Authority; and

(k) Licensor has provided Licensee with complete and accurate copies of all INDs held by Licensor for the Product;

(l) all Regulatory Materials filed by Licensor with respect to the Product were, at the time of filing, true, complete and accurate, except as would not have an adverse effect;

(m) Licensor has disclosed all material facts required to be disclosed with respect to the Product to each applicable Regulatory Authority, and Licensor has filed with the applicable Regulatory Authority all material and required notices, and all required reports and other Regulatory Materials with respect to each IND held by Licensor for the Product;

(n) Licensor has not received any written notice from any Regulatory Authority or other Governmental Authority commencing or threatening withdrawal of any active IND for the Product held by Licensor;

(o) all Product manufactured by Licensor for use in clinical trials of the Product has been manufactured in accordance with cGMPs; and

(p) all information provided by Licensor or its Affiliates to Licensee for due diligence purposes in relation to this Agreement is complete and accurate in all material respects. Without limiting the foregoing, Licensor and its Affiliates have disclosed to Licensee, and made available to Licensee for review, all material data for the Compound and Product and all other material information (including relevant correspondence with Regulatory Authorities) relating to the Compound and Product, in each case that would be material for Licensee to assess the safety and efficacy of the Compound and Product.

8.3 [***].

(a) [***].

(b) [***].

(c) [***].

8.4 Disclaimer. EXCEPT AS EXPRESSLY STATED HEREIN, NO OTHER REPRESENTATIONS OR WARRANTIES WHATSOEVER, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, IS MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED. Both Parties understand that the Compound and Product are the subject of ongoing research and development and neither Party can assure that any Compound or Product can be successfully developed and commercialized.

ARTICLE 9
INDEMNIFICATION; LIABILITY

9.1 Indemnification by Licensor. Licensor shall indemnify and hold Licensee, its Affiliates, Sublicensees, and their respective officers, directors, agents and employees ("**Licensee Indemnitees**") harmless from and against any Claims against them to the extent arising or resulting from:

(a) the negligence or willful misconduct or breach of this Agreement by any of the Licensor Indemnitees;

(b) Licensor's breach of this Agreement, including any representation or warranty made by Licensor hereunder; or

(c) the Development or manufacture of the Compound and Product by or on behalf of Licensor or its Affiliates before the Effective Date;

except in each case to the extent such Claims result from any activities set forth in Section 9.2 for which Licensee is obligated to indemnify the Licensor Indemnitee.

9.2 Indemnification by Licensee. Licensee shall indemnify and hold Licensor, its Affiliates, and their respective officers, directors, agents and employees ("**Licensor Indemnitees**") harmless from and against any Claims against them to the extent arising or resulting from:

(a) the negligence or willful misconduct or breach of this Agreement by any of the Licensee Indemnitees;

(b) Licensee's breach of this Agreement, including any representation or warranty made by Licensee hereunder; or

(c) the Development, manufacture, or Commercialization of the Compound and Product by or on behalf of Licensee, its Affiliates, or Sublicensees;

except in each case, to the extent such Claims result from any activities set forth in Section 9.1 for which Licensor is obligated to indemnify the Licensee Indemnitee.

9.3 Indemnification Procedure. If either Party is seeking indemnification under Sections 9.1 or 9.2 (the "**Indemnified Party**"), it shall inform the other Party (the "**Indemnifying Party**") of the Claim giving rise to the obligation to indemnify pursuant to such Section as soon as reasonably practicable after receiving notice of the Claim. The Indemnifying Party shall have the right to assume the defense of any such Claim for which it is obligated to indemnify the Indemnified Party. The Indemnified Party shall cooperate with the Indemnifying Party and the Indemnifying Party's insurer as the Indemnifying Party may reasonably request, and at the Indemnifying Party's cost and expense. The Indemnified Party shall have the right to participate, at its own expense and with counsel of its choice, in the defense of any Claim that has been assumed by the Indemnifying Party. Neither Party shall have the obligation to indemnify the other Party in connection with any settlement made without the Indemnifying Party's written consent, which consent shall not be unreasonably withheld or delayed. The Indemnifying Party may not settle any Claim without the prior written consent of the Indemnified Party, such consent shall not be unreasonably withheld or delayed, provided, however, that the Indemnifying Party shall not be required to obtain such consent if the settlement: (a) involves only the payment of money and does not cause the Indemnified Party to be subject to injunctive or other similar type of relief; (b) does not require an admission by the Indemnified Party; and (c) does not adversely affect the intellectual property Controlled by, or the rights or licenses granted to the Indemnifying Party (or its Affiliate) under this Agreement. If the Parties cannot agree as to the application of Section 9.1 or 9.2 as to any Claim, pending resolution of the dispute pursuant to Section 11.6, the Parties may conduct separate defenses of such Claims, with each Party retaining the right to claim indemnification from the other Party in accordance with Section 9.1 or 9.2 upon resolution of the underlying Claim.

9.4 Mitigation of Loss. Each Indemnified Party shall take and shall procure that its Affiliates take all such reasonable steps and action as are reasonably necessary or as the Indemnifying Party may reasonably require in order to mitigate any Claims (or potential losses or damages) under this Article 9. Nothing in this Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

9.5 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 9.5 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER SECTION 9.1 OR 9.2, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS IN ARTICLE 7.

9.6 Insurance. Each Party, at its own expense, shall maintain commercial general liability insurance and product liability and other appropriate insurance, in amounts consistent with sound business practice and reasonable in light of its obligations under this Agreement. Each Party shall maintain such insurance for the period [***]. Each Party shall provide a certificate of insurance evidencing such coverage to the other Party upon request. It is understood that such insurance shall not be construed to create any limit of either Party's obligations or liabilities with respect to its indemnification obligations under this Agreement.

ARTICLE 10
TERM AND TERMINATION

10.1 Term. The term of this Agreement ("**Term**") shall commence upon the Effective Date [***].

10.2 Termination.

(a) Termination by Licensee for Convenience. At any time during the Term, Licensee may terminate this Agreement in its entirety or on a country-by-country basis, for any or no reason, upon [***] days' written notice to Licensor.

(b) [***].

(c) Termination for Material Breach.

(i) Each Party shall have the right to terminate this Agreement immediately upon written notice to the other Party if such other Party materially breaches this Agreement and has not cured such breach within [***] days after receipt from the non-breaching Party of written notice specifying the breach and requesting its cure; provided, however, that if such breach cannot be cured within such [***]-day period, a Party will not have the right to

terminate pursuant to this Section 10.2(c)(i) if the breaching Party commences actions to cure such breach within such [***]-day period and thereafter diligently continues such actions; and provided further that in the event of a breach of Section 4.2 by Licensee with respect to (A) any of France, Germany, Italy, Spain, and the United Kingdom, then Licensor shall only have the right to terminate this Agreement with respect to the EU and not in its entirety, (B) one or more countries in the Territory outside the EU, Licensor shall only have the right to terminate this Agreement pursuant to this Section 10.2(c)(i) with respect to such country(ies) and not in its entirety.

(ii) If the alleged breaching Party disputes in good faith the existence or materiality of a breach specified in a notice provided by the other Party, and such alleged breaching Party provides the other Party notice of such dispute within [***] days, then the other Party shall not have the right to terminate this Agreement under this Section 10.2(c) unless and until an arbitral tribunal, in accordance with Section 11.6, has determined that the alleged breaching Party has materially breached the Agreement and, if the breach is then curable, such Party fails to cure such breach within the applicable cure period set forth above following such decision.

(d) Termination for Insolvency. In the event that either Party (i) files for protection under bankruptcy or insolvency laws, (ii) makes an assignment for the benefit of creditors, (iii) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within [***] days after such filing, (iv) proposes a written agreement of composition or extension of its debts, (v) proposes or is a party to any dissolution or liquidation, (vi) files a petition under any bankruptcy or insolvency act or has any such petition filed against that is not discharged within [***] days of the filing thereof, or (vii) admits in writing its inability generally to meet its obligations as they fall due in the general course, then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party.

10.3 Effect of Termination. Upon termination of this Agreement in its entirety for any reason, the following shall apply (and upon termination of this Agreement with respect to a given jurisdiction, the below shall apply solely with respect to the relevant terminated jurisdiction(s)):

(a) License Termination. The licenses granted by Licensor to Licensee under this Agreement shall terminate and all sublicenses thereunder shall also terminate.

(b) [***].

(c) Development Wind-Down or Transition. If any clinical trials that were initiated by or on behalf of Licensee prior to the termination of this Agreement are on-going as of the effective date of such termination, Licensee shall cooperate with Licensor to wind-down such clinical trial(s) in an orderly fashion; provided, however, that Licensee shall consider in good faith any request by Licensor to transition the sponsorship of any such ongoing clinical trial to Licensor. If the Parties agree to transition sponsorship of any clinical trial of the Product to Licensor, Licensee shall provide reasonable cooperation to Licensor and its designee(s) to facilitate, and the Parties shall use reasonable efforts to effect, a reasonable, orderly, and prompt transition of the Development activities relating to the Products to Licensor and/or its designee(s) so that Licensor is able to assume responsibility for same as of the effective date of termination. For clarity, the foregoing shall not require Licensee to create any new Know-How.

(d) [***]:

(i) [***].

(ii) [***].

(iii) [***].

(iv) [***].

(v) [***].

(vi) [***].

10.4 [***].

10.5 Return of Confidential Information. Upon expiration or termination of this Agreement for any reason, except to the extent that a Party obtains or retains the right to use the other Party's Confidential Information, each Party shall return or cause to be returned to the other Party or destroy (and certify such destruction to such other Party) all Confidential Information and all substances or compositions of the other Party or its Affiliates delivered or provided by or on behalf of such other Party, as well as any other material provided by or on behalf of such other Party in any medium, in connection with this Agreement, except that each Party may retain one (1) copy of all Confidential Information for its legal records.

10.6 Survival. Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. Without limiting the foregoing, the following provisions shall survive the expiration or termination of this Agreement: [***].

10.7 Termination Not Sole Remedy. Termination is not the sole remedy under this Agreement and, whether or not termination is effected and notwithstanding anything contained in this Agreement to the contrary, all other remedies shall remain available except as agreed to otherwise herein.

ARTICLE 11
GENERAL PROVISIONS

11.1 Force Majeure. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party, including embargoes, war, acts of war (whether war be declared or not), acts of terrorism, insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, earthquakes or other acts of God, or acts, omissions or delays in acting by any governmental authority or the other Party. The affected Party shall notify the other Party in writing of such force majeure circumstances as soon as reasonably practical, and shall promptly undertake and continue diligently all reasonable efforts necessary to cure such force majeure circumstances or to perform its obligations in spite of the ongoing circumstances; provided that if the force majeure circumstances continue despite such efforts and

prevent the affected Party from performing its obligations hereunder for more than [***] days, the other Party may request that the Parties meet to discuss the anticipated duration of any further delay and any amendments to this Agreement proposed by a Party in good faith in light of the anticipated duration of any further delay.

11.2 Assignment. Except as expressly provided hereunder, neither this Agreement nor any rights or obligations hereunder may be assigned or otherwise transferred by either Party without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned, or delayed); provided, however, that either Party may assign or otherwise transfer this Agreement and its rights and obligations hereunder without the other Party's consent:

(a) in connection with the transfer or sale of all or substantially all of the business or assets of such Party relating to this Agreement to a Third Party, whether by merger, consolidation, divesture, restructure, sale of stock, sale of assets, or otherwise; or

(b) to an Affiliate, provided that if the entity to which this Agreement is assigned ceases to be an Affiliate of the assigning Party, the Agreement shall be automatically assigned back to the assigning Party or its successor.

Notwithstanding anything to the contrary in this Agreement, if a Party is acquired by a Third Party after the Effective Date, then with respect to any intellectual property rights controlled by the acquiring entity or its affiliates (other than one of the Parties to this Agreement or its Affiliates immediately prior to such acquisition), such intellectual property rights of the acquiring entity and its affiliates shall not be included in the technology and intellectual property rights licensed to the other Party hereunder to the extent held immediately prior to the closing of such transaction by such acquirer entity or its affiliate. The rights and obligations of the Parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties, and the name of a Party appearing herein will be deemed to include the name of such Party's successors and permitted assigns to the extent necessary to carry out the intent of this Section 11.2. Any assignment not in accordance with this Section 11.2 shall be null and void and of no legal effect.

11.3 Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance negotiate in good faith to promptly replace the invalid, illegal, or unenforceable provision(s) with valid, legal, and enforceable provision(s) which, insofar as practical, implement the original intent of the Parties.

11.4 Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by registered or certified mail or overnight courier, sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Licensor:

[***]

and

[***]

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

[***]

If to Licensee:

[***]

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

[***]

or to such other address(es) as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered on a business day (or if delivered on a non-business day, then on the next business day); (b) on the business day after dispatch if sent by nationally-recognized overnight courier; or (c) on the fifth (5th) business day following the date of mailing, if sent by mail.

11.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, USA, without reference to any rules of conflict of laws that may require the application of the laws of a different jurisdiction.

11.6 Dispute Resolution.

(a) General. Except as provided in Section 5.11, any dispute between the Parties in connection with or relating to this Agreement or any document or instrument delivered in connection herewith (a "**Dispute**") shall be resolved pursuant to this Section 11.6.

(b) Senior Officers. Any Dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers shall be conclusive and binding on the Parties.

(c) Intellectual Property Disputes. If the Senior Officers are not able to agree on the resolution of a Dispute within [***] days (or such other period of time as mutually agreed by the Senior Officers) after such Dispute was first referred to them and such Dispute is with respect to the validity, scope, enforceability, inventorship, or ownership of any Patent Right, or trademark right ("**IP Dispute**"), then, if a Party wishes to pursue further resolution of such IP Dispute, an action, claim, or proceeding to resolve such IP Dispute shall be brought in any court of competent jurisdiction in any country or jurisdiction in which such intellectual property rights apply.

(d) Arbitration. If the Senior Officers are not able to agree on the resolution of a Dispute within [***] days (or such other period of time as mutually agreed by the Senior Officers) after such Dispute was first referred to them, then, except as otherwise set forth in subsection (c) above, if a Party wishes to pursue further resolution of such Dispute, such Dispute shall be finally resolved by binding arbitration in accordance with this Section 11.6(d). Such Dispute shall be referred to and finally resolved by arbitration administered by JAMS pursuant to its Streamlined Arbitration Rules then in effect, except as otherwise provided herein and applying the substantive law specified in Section 11.5, by a tribunal of three (3) arbitrators. The seat and legal place of the arbitration shall be New York City, New York. Each Party shall nominate one arbitrator and the third arbitrator shall be nominated by the two Party-nominated arbitrators within [***] days after the second arbitrator's appointment. If a Party does not nominate its arbitrator within [***] days following the expiry of the allotted period, then such arbitrator shall be appointed by JAMS in accordance with its rules. Any arbitrator appointed by JAMS shall have at least ten (10) years' experience in the pharmaceutical industry. The arbitration shall be conducted, and all documents submitted to the arbitrators shall be, in English. Each Party shall bear its own legal costs for its counsel and other expenses, and the Parties shall equally share the costs of the arbitration; provided that the arbitral tribunal shall have the discretion to provide that the losing party is responsible for all or a portion of such arbitration and legal costs, in such case the arbitral award will so provide. The arbitrators shall have no power to award punitive, special, incidental, or consequential damages. In no event shall the arbitrators assign a value to any issue greater than the greatest value for such issue claimed by either Party or less than the smallest value for such issue for such item claimed by either Party. The award shall be final and binding upon the Parties and the Parties undertake to carry out any award without delay. Judgment on the award may be entered in any court of competent jurisdiction. Except to the extent necessary to confirm, enforce, or challenge an award of the arbitration, to protect or pursue a legal right, or as otherwise required by applicable Law or regulation or securities exchange, neither Party nor any arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties. Notwithstanding anything to the contrary in the foregoing, in no event shall an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy, or claim would be barred by the applicable Delaware statute of limitations. Any disputes concerning the propriety of the commencement of the arbitration shall be finally settled by the arbitral tribunal.

(e) Interim Relief. Notwithstanding anything herein to the contrary, nothing in this Section 11.6 shall preclude either Party from seeking interim or provisional relief, including a temporary restraining order, preliminary injunction, or other interim equitable relief concerning a Dispute in any court of competent jurisdiction before or after the initiation of an arbitration as set forth in Section 11.6(d), if necessary to protect the interests of such Party. This Section shall be specifically enforceable.

11.7 Entire Agreement; Amendments. This Agreement, together with the Exhibits hereto, contains the entire understanding of the Parties with respect to the subject matter hereof. Any other express or implied agreements and understandings, negotiations, writings and commitments, either oral or written, with respect to the subject matter hereof are superseded by

the terms of this Agreement. The Exhibits to this Agreement are incorporated herein by reference and shall be deemed a part of this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representative(s) of both Parties.

11.8 Headings; Language. The captions to the several Articles, Sections, and subsections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the several Articles and Sections hereof. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement.

11.9 Independent Contractors. It is expressly agreed that Licensor and Licensee shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture, agency, employer-employee or similar business relationship, including for all tax purposes. Neither Licensor nor Licensee shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

11.10 Waiver. The waiver by either Party of any right hereunder, or of any failure of the other Party to perform, or of any breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach by or failure of such other Party whether of a similar nature or otherwise.

11.11 Cumulative Remedies. No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

11.12 Further Assurance. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

11.13 Performance Guarantee. Mereo hereby guarantees all obligations of Licensor under this Agreement (including performance and payment obligations), and shall cause Licensor to comply with the provisions of this Agreement in connection with such performance and payments. Licensor and Mereo will be jointly and severally liable for all obligations of the Licensor under this Agreement and any breach of those obligations.

11.14 Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting, and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

11.15 Counterparts. This Agreement may be executed in two or more counterparts by original signature, facsimile or PDF files, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

{Signature Page Follows}

IN WITNESS WHEREOF, the Parties intending to be bound have caused this **License Agreement** to be executed by their duly authorized representatives as of the Effective Date.

ONCOMED PHARMACEUTICALS, INC.

By: **/s/ Richard Jones**
Name: **Richard Jones**
Title: **Director**

IN WITNESS WHEREOF, the Parties intending to be bound have caused this **License Agreement** to be executed by their duly authorized representatives as of the Effective Date.

MEREO BIOPHARMA GROUP PLC

By: **/s/ Denise Scots-Knight**
Name: **Denise Scots-Knight**
Title: **Chief Executive Officer**

IN WITNESS WHEREOF, the Parties intending to be bound have caused this **License Agreement** to be executed by their duly authorized representatives as of the Effective Date.

ONCOLOGIE, INC.

By: **/s/ Laura Benjamin**
Name: **Laura Benjamin**
Title:

[***]

[***]

[THIS PAGE HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL]

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Exhibit F
Joint Press Release

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014. UPON PUBLICATION OF THIS ANNOUNCEMENT THIS INFORMATION IS NOW CONSIDERED IN THE PUBLIC DOMAIN.

Mereo BioPharma and Oncologie Enter into Global Licensing Agreement for Navicixizumab

Oncologie receives exclusive global license to develop and commercialize navicixizumab

London, Redwood City, Calif., and Boston, January 13, 2020 - Mereo BioPharma Group plc (NASDAQ: MREO, AIM: MPH), "Mereo" or the "Company," and Oncologie, Inc. ("Oncologie") today announced a global license agreement (the "License Agreement") for the development and commercialization of navicixizumab, an anti-DLL4/VEGF bispecific antibody currently being evaluated in an ongoing Phase 1b study in combination with paclitaxel in patients with advanced heavily pretreated ovarian cancer. Navicixizumab previously completed a Phase 1a monotherapy study in patients with various types of refractory solid tumors and is one of two product candidates Mereo acquired through its 2019 merger with OncoMed Pharmaceuticals, Inc. In October 2019, the U.S. Food and Drug Administration ("FDA") granted Fast Track designation to navicixizumab and has agreed in principle on the design of a study that could potentially support accelerated approval for navicixizumab in a heavily pretreated, platinum-resistant ovarian cancer patient population.

Under the terms of the License Agreement, Oncologie will receive an exclusive worldwide license to develop and commercialize navicixizumab. Mereo will receive an upfront payment of $4 million with an additional payment of $2 million conditional on a CMC (Chemistry, Manufacturing and Controls) milestone. Oncologie will be responsible for all future research, development and commercialization of navicixizumab. Additionally, Mereo will be eligible to receive up to $300 million in future clinical, regulatory and commercial milestones, tiered royalties ranging from the mid-single-digit to sub-teen percentages on global annual net sales of navicixizumab, as well as a negotiated percentage of sublicensing revenues from certain sublicensees.

"We believe Oncologie is expertly positioned to further advance navicixizumab through clinical development and towards potential commercialization," said Dr. Denise Scots-Knight, Chief Executive Officer of Mereo. "While we believe navicixizumab is an exciting oncology asset, we continue to focus our primary efforts on the development of our innovative rare disease portfolio including our lead product candidate setrusumab for the treatment of osteogenesis imperfecta, which continues to advance towards a pivotal Phase 3 pediatric study."

“We believe navicixizumab is a strong strategic fit with our portfolio of innovative oncology assets, and we are excited to enter into this agreement with Mereo,” said Laura E. Benjamin, Ph.D., Chief Executive Officer of Oncologie. “Navicixizumab has demonstrated robust activity when combined with paclitaxel in a Phase 1b study in platinum-resistant ovarian cancer patients including those who received prior bevacizumab. Navicixizumab has also demonstrated promising activity in a Phase 1b monotherapy study of heavily pretreated ovarian cancer patients, as well as in other tumor types. We seek to leverage the strong development and regulatory progress Mereo has already made to continue its development and ultimately make this investigational therapy available to patients as quickly as possible.”

As a consequence of the License Agreement with Oncologie, and in accordance with the terms and conditions of the Contingent Value Rights Agreement for former stockholders of OncoMed Pharmaceuticals, Inc. (“OncoMed”), dated April 23, 2019, by and among Mereo and Computershare Inc., as rights agent, (the “Mereo CVR Agreement”), holders of contingent value rights (“CVRs”) pursuant to the Mereo CVR Agreement will be entitled to receive certain eligible cash milestone payments made to Mereo under the License Agreement relating to navicixizumab. Details of the amount payable to holders of CVRs from the upfront payment will be announced within thirty days of the effective date of the License Agreement. Pursuant to the terms of the Mereo CVR Agreement, if a milestone occurs prior to the fifth anniversary of the closing of Mereo’s merger with OncoMed, then holders of CVRs will be entitled to receive an amount in cash equal to 70% of the aggregate principal amount received by Mereo after deduction of costs, charges and expenditures set out in detail in the Mereo CVR Agreement. Such milestone payments are also subject to a cash consideration cap, pursuant to which the aggregate principal amount of all cash payments made to holders of CVRs under the Mereo CVR Agreement shall in no case exceed $79.7 million.

About Navicixizumab

Navicixizumab is an anti-DLL4/VEGF bispecific antibody designed to inhibit both Delta-like ligand 4 (“DLL4”) in the Notch cancer stem cell pathway as well as vascular endothelial growth factor (“VEGF”) and thereby induce potent anti-tumor responses while mitigating certain angiogenic-related toxicities. In preclinical studies, navicixizumab demonstrated robust in vivo anti-tumor activity across a range of solid tumor xenografts, including colon, ovarian, lung and pancreatic cancers, among others. In a Phase 1a study with single-agent navicixizumab, 19 of 66 patients with various types of refractory solid tumors had tumor shrinkage following treatment with navicixizumab. Notably, 3 of the 12 (25%) ovarian cancer patients treated in the trial achieved an unconfirmed partial response with single-agent navicixizumab therapy.

A Phase 1b dose escalation and expansion study of navicixizumab plus paclitaxel has completed enrollment of 44 platinum resistant ovarian cancer patients who had failed >2 prior therapies and/or received prior bevacizumab. As of the last interim data analysis at the end of Q1 2019, the unconfirmed response rate was 41%. The unconfirmed ORR for bevacizumab-naïve patients was 64% and 30% for bevacizumab pre-treated patients. The median PFS for all patients was 7.3 months. The most common related adverse events of any

grade were hypertension (68%), fatigue (46%), headache (25%), neutropenia (21%), diarrhea (18%), pulmonary hypertension (14%), dyspnea (14%) and peripheral edema (14%). Other related adverse events of special interest were one Grade 1 related heart failure, one Grade 3 and one Grade 4 related thrombocytopenia, and one Grade 4 related gastrointestinal perforation.

The FDA has granted Fast Track designation to navicixizumab for the treatment of high grade ovarian, primary peritoneal or fallopian tube cancer in patients who have received at least 3 prior therapies and/or prior bevacizumab. Following a Type B End of Phase 1 meeting with the FDA held in July 2019, the FDA agreed in principle on an outline for a Phase 2 clinical trial that could potentially support accelerated approval of navicixizumab in this ovarian cancer patient population.

About Oncologie

Oncologie is a next generation, oncology therapeutics company. Oncologie leverages its unique biomarker platform to develop targeted therapies that are matched to individual tumors based on the dominant biology of the tumor microenvironment. The current pipeline is focused on mid-stage clinical programs that modify the immune system to enhance efficacy of current standards of care and emerging immunotherapy agents. Headquartered in Boston, Massachusetts and Shanghai, China, Oncologie is working with global partners to acquire and develop innovative drugs for cancer patients around the world. For more information on Oncologie, Inc., please visit WWW.ONCOLOGIE.INTERNATIONAL.

About Mereo BioPharma

Mereo BioPharma is a biopharmaceutical company focused on the development and commercialization of innovative therapeutics that aim to improve outcomes for patients with rare diseases. Mereo's strategy is to selectively acquire product candidates for rare diseases that have already received significant investment from pharmaceutical and large biotechnology companies and that have substantial preclinical, clinical and manufacturing data packages. Mereo's lead rare disease product candidate, setrusumab, has completed a Phase 2b dose ranging study in adult patients with osteogenesis imperfecta ("OI"). Mereo's second lead product candidate, alvelestat, is being investigated in a Phase 2 proof-of-concept clinical trial in patients with alpha-1 antitrypsin deficiency ("AATD") with topline data expected in mid-2020.

Mereo's broader pipeline consists of four additional clinical-stage product candidates; acumapimod for the treatment of acute exacerbations of chronic obstructive pulmonary disease ("AECOPD"), leflutrozole for the treatment of hypogonadotropic hypogonadism ("HH") in obese men, navicixizumab for the treatment of platinum-resistant ovarian cancer, and etigilimab for patients with advanced or metastatic solid tumors.

Mereo BioPharma Forward-Looking Statements

This document contains “forward-looking statements.” All statements other than statements of historical fact contained in this presentation are forward-looking statements within the meaning of Section 27A of the United States Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements usually relate to future events and anticipated revenues, earnings, cash flows or other aspects of our operations or operating results. Forward-looking statements are often identified by the words “believe,” “expect,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” “may,” “estimate,” “outlook” and similar expressions, including the negative thereof. The absence of these words, however, does not mean that the statements are not forward-looking. These forward-looking statements are based on the Company’s current expectations, beliefs and assumptions concerning future developments and business conditions and their potential effect on the Company. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the Company will be those that it anticipates.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, among others, risks relating to unanticipated costs, liabilities or delays in connection with the License Agreement and the development and commercialization of navicixizumab; failure to realize anticipated benefits of the License Agreement; failure or delays in research and development programs; unanticipated changes relating to competitive factors in the Company’s industry; the potential failure to achieve any of the applicable milestones and/ or royalties under the License Agreement; the outcome of any legal proceedings related to the License Agreement; risks related to the ability to correctly estimate operating expenses associated with the License Agreement; the potential impact of announcement of the License Agreement on relationships with third parties; changes in law or regulations affecting the Company; international, national or local economic, social or political conditions that could adversely affect the Company and its business; and risks associated with assumptions the Company makes in connection with its critical accounting estimates and other judgments.

All of the Company’s forward-looking statements involve risks and uncertainties (some of which are significant or beyond its control) and assumptions that could cause actual results to differ materially from the Company’s historical experience and its present expectations or projections. The foregoing factors and the other risks and uncertainties that affect the Company’s business, including those described in its Annual Report on Form 20-F, Reports on Form 6-K and other documents filed from time to time by the Company with the United States Securities and Exchange Commission (the “SEC”) and those described in other documents the Company may publish from time to time should be carefully considered. The Company wishes to caution you not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to publicly update or revise any of our forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except to the extent required by law.

Mereo BioPharma Contacts:

Mereo	**+44 (0)333 023 7300**
Denise Scots-Knight, Chief Executive Officer	
Richard Jones, Chief Financial Officer	
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Will Goode	
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FTI Consulting (UK Public Relations Adviser to Mereo)	
Simon Conway	
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Ciara Martin	

Investors:

investors@mereobiopharma.com

Oncologie Contacts:

Heather Savelle or Ryan Baker

Argot Partners

212.600.1902

oncologie@argotpartners.com

Exhibit 12.1

Certification by the Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Denise Scots-Knight, certify that:

1. I have reviewed this annual report on Form 20-F of Mereo BioPharma Group plc (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit and risk committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: March 31, 2022

/s/ Denise Scots-Knight, Ph.D.
Name: Denise Scots-Knight, Ph.D.
Title: Chief Executive Officer

Exhibit 12.2

Certification by the Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christine Fox, certify that:

1. I have reviewed this annual report on Form 20-F of Mereo BioPharma Group plc (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit and risk committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: March 31, 2022

/s/ Christine Fox
Name: Christine Fox
Title: Chief Financial Officer

Exhibit 13.1

Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Mereo BioPharma Group plc (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Denise Scots-Knight, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: March 31, 2022

By: /s/ Denise Scots-Knight, Ph.D.
Name: Denise Scots-Knight, Ph.D.
Title: Chief Executive Officer

Exhibit 13.2

Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Mereo BioPharma Group plc (the "Company") on Form 20-F for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christine Fox, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

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

Date: March 31, 2022

By: /s/ Christine Fox
Name: Christine Fox
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Mereo BioPharma Group plc
London, United Kingdom

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-249341 and No. 333-239708 and No. 333-258495) and Form S-8 (No. 333-231636 and No. 333-236498 and No. 333-252147 and No. 333-262151) of Mereo BioPharma Group plc of our report dated March 31, 2022, relating to the consolidated financial statements which appears in this Annual Report on Form 20-F.

/s/ BDO LLP

BDO LLP
Reading, United Kingdom

March 31, 2022

Exhibit 15.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement on Form S-8 (No, 333-231636) pertaining to both the Mereo BioPharma Group plc 2019 Equity Incentive Plan and the Mereo BioPharma Group plc 2019 Non-Employee Equity Incentive Plan; and

(2) Registration Statement on Form S-8 (No. 333-236498) pertaining to both the Mereo BioPharma Group plc 2019 Equity Incentive Plan and the Mereo BioPharma Group plc 2019 Non-Employee Equity Incentive Plan; and

(3) Registration Statement on Form S-8 (No. 333-252147) pertaining to i) Mereo BioPharma Group plc 2019 Equity Incentive Plan, as amended; ii) Mereo BioPharma Group plc 2019 Non-Employee Equity Incentive Plan, as amended, iii) Mereo BioPharma Group plc Share Option Scheme 2016, as amended; iv) Mereo BioPharma Group plc Deferred Bonus Share Plan 2016, as amended; v) Mereo BioPharma Group plc Long Term Incentive Plan 2016, as amended and vi) Mereo BioPharma Group Share Option Scheme 2015, as amended; and

(4) Registration Statement on Form S-8 (No, 333-262151) pertaining to both the Mereo BioPharma Group plc 2019 Equity Incentive Plan and the Mereo BioPharma Group plc 2019 Non-Employee Equity Incentive Plan; and

(5) Registration Statements on Form F-3 (No. 333-249341, No. 333-239708 and No. 333-258495) of Mereo BioPharma Group plc and in the related Prospectuses;

of our report dated March 31, 2021, with respect to the consolidated financial statements of Mereo BioPharma Group plc included in this Annual Report (Form 20-F) for the year ended December 31, 2021.

/s/ Ernst & Young LLP
London, United Kingdom
March 31, 2022

Exhibit 16.1

31 March 2022
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Ladies and Gentlemen:

We have read Item 16F “Change In Registrant’s Certifying Accountant” of Form 20-F dated 31 March 2022, of Mereo BioPharma Group plc and are in agreement with the statements contained in the paragraphs 2, 3, 4 and 5 on page 129 therein. We have no basis to agree or disagree with other statements of the registrant contained therein.

Regarding the registrant’s statement concerning the material weakness in its internal controls, included in paragraph 5 on page 129 therein, we had considered such matter in determining the nature, timing and extent of procedures performed in our audit of the registrant’s 2020 financial statements.

/s/ Ernst & Young LLP
Reading, United Kingdom