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

Form 10-K

(Mark One)

☒ **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 _____

Commission file number 001-36620

ELEDON PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-1000967**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
19900 MacArthur Boulevard, Suite 550 Irvine, California	**92612**
(Address of principal executive offices)	**(Zip code)**

(949) 238-8090

(Registrant's telephone number, including area code)

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

Title of Class	Trading Symbol(s)	Name of Exchange on Which Registered
Common Stock, $0.001 par value	**ELDN**	**Nasdaq Capital Market**

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

None.

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

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

As of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common stock held by non-affiliates was $113,157,343, based on the last reported sale price of such stock on the Nasdaq Global Market as of such date.

As of March 22, 2022, the registrant had 14,306,788 shares of Common Stock, $0.001 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2022 Annual Meeting of Stockholders, which the registrant intends to file pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end December 31, 2021, are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K.

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In this Annual Report on Form 10-K, Annual Report, unless the context requires otherwise, "Eledon", the "Company", "we", "our", and "us" means Eledon Pharmaceuticals, Inc. (formerly Novus Therapeutics, Inc.) and all wholly owned subsidiaries.

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Any statements in this Annual Report on Form 10-K about the Company's future expectations, plans and prospects, including statements about its strategy, future operations, development of its product candidates, the review of strategic alternatives and the outcome of such review and other statements containing words such as "believes," "anticipates," "plans," "expects," "estimates," "intends," "predicts," "projects," "targets," "could," "may," and similar expressions, constitute forward-looking statements, although not all forward-looking statements include such identifying words. Forward-looking statements include, but are not limited to statements regarding:

- our product development plans, expectations for and the timing of commencement, enrollment, completion, data, and release of results of clinical trials for our product candidates;
- our estimates regarding expenses, capital requirements and needs for additional financing;
- our strategies with respect to our preclinical and clinical development programs;
- our plans, strategy and timing to obtain and maintain regulatory approvals of our product candidates;
- expectations about our future financial performance or condition.

Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including the factors listed under "Risk Factor Summary" below. These risks and uncertainties, as well as other risks and uncertainties that could cause the Company's actual results to differ significantly from the forward-looking statements contained herein, are described in greater detail in Part I, Item 1A. *Risk Factors* in this Annual Report on Form 10-K.

Any forward-looking statements contained in this Annual Report on Form 10-K speak only as of the date hereof and not of any future date, and the Company expressly disclaims any intent to update any forward-looking statements, whether as a result of new information, future events or otherwise.

The market data and certain other statistical information used in this Annual Report are based on independent industry publications, governmental publications, reports by market research firms or other independent sources. Some data are also based on our good faith estimates. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information.

RISK FACTOR SUMMARY

The following summarizes the principal factors that make an investment in the Company speculative or risky, all of which are more fully described in Part I, Item 1A, *Risk Factors in this Annual Report on Form 10-K*. This summary should be read in conjunction with the Risk Factors section and should not be relied upon as an exhaustive summary of the material risks facing our business. The occurrence of any of these risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. You should consider all of the risk factors described in our public filings when evaluating our business.

- Our short operating history and the Anelixis acquisition may make it difficult to evaluate the success of our business to date and to assess our future viability.
- We have incurred significant operating losses since our inception and expect that we will continue to incur losses over the next several years and may never achieve or maintain profitability.
- Our product candidates are in the early stages of clinical development and may not be successfully developed. If we are unable to successfully develop and commercialize these or any other product candidate, or if we experience significant delays in doing so, our business will be materially harmed.
- The ongoing COVID-19 pandemic and actions taken in response to it may result in additional disruptions to our business operations, which could have a material adverse effect on our business.
- Drug development involves a lengthy and expensive process with an uncertain outcome, including failure to demonstrate safety and efficacy to the satisfaction of the FDA or similar regulatory authorities outside the United States. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the formulation and commercialization of our product candidates.
- Delays or difficulties in the enrollment of patients in clinical trials could delay or prevent our receipt of necessary regulatory approvals and increase expenses for the development of our product candidates.
- If serious adverse events or unacceptable side effects are identified during the development of our product candidates, we may need to abandon or limit our development of some of our product candidates.
- We will require additional funding to be able to complete the development of our lead drug candidate. If we are unable to raise capital when needed, we may be forced to significantly alter our business strategy, substantially curtail our current operations, or liquidate and cease operations altogether.
- Our future success depends on our ability to retain executives and key employees and to attract, retain and motivate qualified personnel in the future.
- If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, or the approvals may be for a narrow indication, we may not be able to commercialize our product candidates, and our ability to generate revenue may be materially impaired.
- Legislation regulating the pharmaceutical and healthcare industries may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.
- Our internal computer systems, or those of our third-party collaborators, service providers, contractors or consultants, may fail or suffer security breaches, disruptions, or incidents, which could result in a material disruption of our development programs or loss of data or compromise the privacy, security, integrity or confidentiality of sensitive information related to our business and have a material adverse effect on our reputation, business, financial condition or results of operations
- Even if any of our product candidates receives marketing approval, we may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community necessary for commercial success.
- If our current product candidates, or a future product candidate receives marketing approval and we, or others, later discover that the product is less effective than previously believed or causes undesirable side effects that were not previously identified, the ability to market the product could be compromised.
- We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

- The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit our ability to market those products and decrease our ability to generate revenue.
- The reliance on third parties for the manufacture of our product candidates for nonclinical and clinical trials, and for eventual commercialization, increases the risk that we will not have sufficient quantities of our product candidates or products at an acceptable cost and quality, which could delay, prevent or impair our development or commercialization efforts.
- We depend on contract research organizations ("CROs") and other contracted third parties to perform nonclinical and clinical testing and certain other research and development activities. As a result, the outcomes of the activities performed by these organizations will be, to a certain extent, beyond our control.
- If we are unable to obtain and maintain intellectual property protection for our technology and products or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.
- Our stock price could be volatile as holders of our preferred stock and warrants become able to convert their shares to common stock and sell these shares in the open market.
- If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.
- Provisions in our corporate charter and under Delaware law could make an acquisition of the Company more difficult and may prevent attempts by our stockholders to replace or remove our current management.

PART I

Item 1. Business.

Overview

Eledon Pharmaceuticals, Inc. ("Eledon" or the "Company") is a clinical stage biopharmaceutical company focused on developing life-changing, targeted medicines for persons requiring an organ or cell-based transplant, living with autoimmune disease, or living with amyotrophic lateral sclerosis ("ALS"). The Company's lead compound in development is AT-1501, an IgG1, anti-CD40L antibody with high affinity for CD40 Ligand ("CD40L", also called "CD154"), a well-validated biological target that we believe has broad therapeutic potential.

AT-1501 is engineered to potentially both improve safety and provide pharmacokinetic, pharmacodynamic, and dosing advantages compared to other anti-CD40 approaches. The CD40L/CD40 pathway is recognized for its prominent role in immune regulation. CD40L is primarily expressed on activated CD4+ T cells, platelets and endothelial cells while the CD40 receptor is constitutively expressed on antigen presenting cells such as macrophages and dendritic cells, as well as B cells. By blocking CD40L and not the CD40 receptor, AT-1501 inhibits both the CD40 and CD11 costimulatory signaling pathways, providing the potential for improved efficacy compared to anti-CD40 receptor approaches. Blocking CD40L also increases polarization of CD4+ lymphocytes to Tregs, a specialized subpopulation of T cells that act to suppress an immune response, thus creating a more tolerogenic environment, which may play a therapeutic role for autoimmune diseases and in the transplant setting.

AT-1501 is designed to negate the risk of thrombolytic events seen in the first generation of anti-CD40L antibodies by introducing structural modifications that have been shown in preclinical models to eliminate binding to the Fcγ receptors associated with platelet activation without altering the binding of AT-1501 to CD40L. In non-human primate studies, dosing of AT-1501 up to 200 mg/kg per week for 26 weeks, demonstrated no adverse events regarding coagulation, platelet activation or thromboembolism.

In September 2020, we acquired Anelixis Therapeutics, Inc. ("Anelixis"), the company that owned or controlled the intellectual property related to AT-1501.

Our business strategy is to optimize the clinical and commercial value of AT-1501 and become a global biopharmaceutical company with a focused autoimmune franchise.

We have completed a single ascending dose Phase 1 study of AT-1501 in healthy volunteers and people with ALS. In this study, the doses of AT-1501 studied were well tolerated in healthy subjects and adults with ALS. AT-1501 demonstrated low anti-drug antibody responses that were not dose related, linear dose proportionality across the dose ranges, and a half-life of up to 26 days.

We plan to develop AT-1501 in up to four indications: ALS, prevention of kidney allograft rejection, prevention of islet cell allograft rejection, and IgA Nephropathy ("IgAN"). We selected our indications based on preclinical and clinical data that was generated with either our molecule or historical anti-CD40L molecules. In October 2020, we initiated a Phase 2a clinical trial of AT-1501 in ALS. In November 2020, we received clearance from Health Canada to proceed with the initiation of a Phase 2a clinical trial of AT-1501 for people with type 1 diabetes undergoing islet cell transplantation. In July 2021, we received clearance from Health Canada to proceed with initiation of a Phase 1b clinical trial of AT-1501 in patients undergoing kidney transplantation. In November 2021, we received investigational new drug ("IND") clearance from the FDA for a Phase 2a clinical trial of AT-1501 for people with type 1 diabetes undergoing islet cell transplantation in the United States. In December 2021, we received approval for a Phase 1b clinical trial of AT-1501 in kidney transplantation in the United Kingdom and received regulatory approvals for a Phase 2a clinical trial of AT-1501 in IgAN in Australia and New Zealand.

In January 2022, the United States Adopted Names ("USAN") Council adopted "tegoprubart" as the unique non-proprietary name for AT-1501. Going forward, Eledon will generally use tegoprubart in reference to AT-1501.

Prior to our acquisition of Anelixis, we focused on developing medicines for patients with disorders of the ear, nose, and throat ("ENT"). In June 2020, we announced that our lead program did not achieve statistical significance for the primary efficacy endpoints in the treatment of acute otitis media. As a result of this failure to achieve the primary study endpoint, we suspended the clinical development of our legacy ENT assets while we assessed potential development strategies. Following the June 2020 announcement, we significantly curtailed development expenses as we sought to identify strategic alternatives

that would maximize stockholder value. As a result of these activities, we acquired Anelixis and raised additional capital in September 2020, as described above.

Subsequent to our acquisition of Anelixis, we undertook a strategic review of the legacy ENT assets. We concluded this review and determined that the best path forward was to terminate license agreements associated with these ENT assets and return the rights to the original license holders, which we did in July 2021. There was no financial impact to returning these assets.

Amyotrophic Lateral Sclerosis

ALS is a progressive, paralytic disorder characterized by degeneration of motor neurons in the brain and spinal cord. In the U.S., the incidence is estimated at approximately 5,000 cases per year with a prevalence of approximately 30,000 cases overall. Despite 2 approved drugs, in most cases, death from respiratory failure occurs approximately 3 to 5 years after diagnosis, with 50% of patients living at least 3 years from diagnosis and only 20% of patients living at least 5 years from diagnosis.

While the exact pathogenic mechanism of ALS is still not fully understood, there is strong evidence indicating that neuroinflammation plays an important role in the disease's pathogenesis. Neuroinflammation in ALS is characterized by the infiltration of lymphocytes and macrophages into the central nervous system, and the activation of microglia and reactive astrocytes. Reactive astrocytes and microglia as well as infiltrating lymphocytes, dendritic cells, monocytes, macrophages, and immune complexes have been identified in cerebrospinal fluid and neural tissues in both animal models of ALS and at autopsy in ALS patients.

Tegoprubart is designed to block CD40L binding to CD40, thereby potentially inhibiting neuroinflammatory pathways leading to disease progression in ALS. In vitro proof-of-concept studies have shown that tegoprubart binds to CD40L in human cells and blocks CD40L binding on APCs and activated T cells. The potential for therapeutic benefit of CD40L blockage in treating ALS has been demonstrated in a SOD1 mouse model of ALS, where a murine anti-CD40L antibody, MR1, prolonged survival and delayed the onset of neurological disease progression. These clinical manifestations are believed to be due to reduced immune cell infiltration of macrophages into skeletal muscle and their destroying denervated nerves. The plasticity of the nervous system to repair itself in the absence of this immune cell attack is believed to result in improved neuromuscular junction occupancy and improved muscle function. Blocking CD40L signaling also prevents pro-inflammatory polarization of lymphocytes, reduced neuroinflammation and improved motor neuron survival in rodent ALS models (Figure 1).

Figure 1: Blocking CD40L Improves Survival and Pathophysiology Associated with ALS

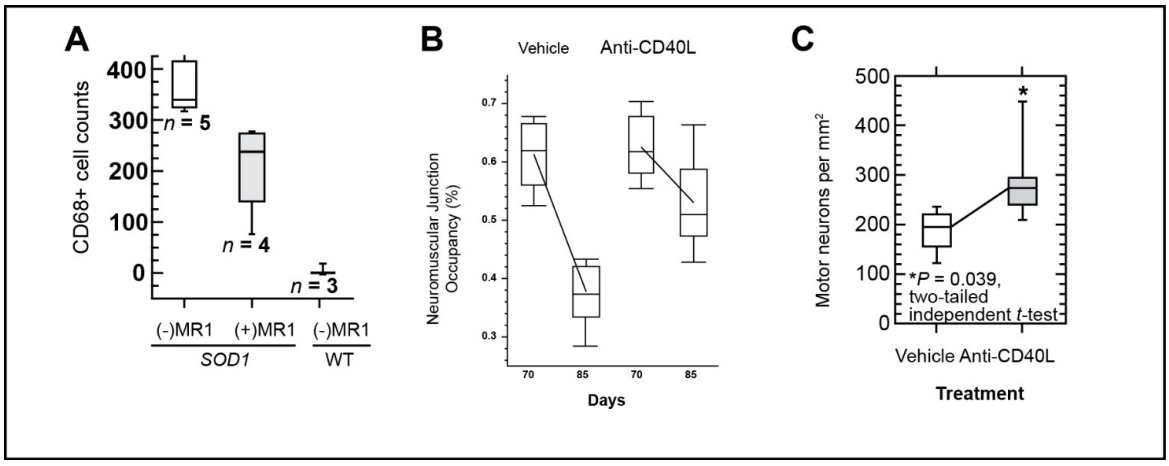

Figure 1: Anti-CD40L ("MR1") treatment decreases CD68+ macrophages, improves neuromuscular junction occupancy and improves motor neuron survival. (A) Quantification of reduction of CD68+ macrophages by anti-CD40L treatment at day 100. (White bar, control IgG); gray bar (anti-CD40L–treatment); black bar (untreated age-matched non-transgenic mice) (B) Quantification of neuromuscular occupancy in SOD1 mice prior to overt symptoms (day 70) versus

after symptom onset (day 85) treated with an IgG control antibody (vehicle) or anti-CD40L antibody. (C) Quantitative comparison of lumbar spinal cord motor neuron counts per mm2 in IgG vehicle control (White bar) versus anti-CD40L treated mice (grey bar) at day 100 (Lincecum, 2010).

In October 2020, we initiated a Phase 2a, open-label, multi-center study to evaluate the safety and tolerability of multiple doses of tegoprubart in adult subjects with ALS. Fifty-four subjects with ALS have been enrolled into the study in the United States and Canada at 13 ALS treatment sites. Ascending doses of tegoprubart are being administered as IV infusions to four sequentially enrolling cohorts. The first two cohorts consisted of nine participants, and the last two cohorts of 18 participants each. All enrolled subjects are to receive six bi-weekly infusions of tegoprubart over a 12-week study period. Blood samples for target engagement, and exploratory biomarkers for inflammation and neurodegeneration are being taken and analyzed. Participant-focused clinical outcomes will also be assessed. We completed enrollment in all four cohorts in December 2021.

Kidney transplantation: prevention of allograft rejection

Kidney transplantation is the most common type of solid organ transplantation in the United States with an estimated 227,000 Americans living with a transplanted kidney. In 2019, an estimated 23,000 kidneys were transplanted, of which up to 15% were re-transplants in persons that had already received at least one other kidney. Over 90,000 people in the U.S. are waiting for a kidney transplant and in 2014, nearly 5,000 Americans died waiting for a kidney with another nearly 4,000 becoming too sick to receive a transplant.

Calcineurin inhibitor (“CNI”s) are a critical component of many immunosuppressive regimens to prevent acute and long-term kidney transplant rejection. However, chronic exposure to certain CNIs including tacrolimus is associated with nephrotoxicity, cardiotoxicity, new onset diabetes due to pancreatic Beta cell toxicity and an increase in both opportunistic infections and malignancies. Over time, these CNI side effects may significantly damage transplanted kidneys or result in a requirement for reduced exposures to CNIs and a resulting potential decrease in the ability to prevent long-term rejection.

Tegoprubart seeks to address challenges associated with current immunosuppressive transplantation regimens using CNI-based therapies. The ability to prevent acute and chronic transplant rejection without the need for CNIs has the potential to transform the clinical management of preventing graft rejection by mitigating the adverse events associated with CNIs and improving long-term graft survival, thus potentially decreasing the need for repeat kidney transplants.

In aggregated data from the published studies referenced in Figure 2 below, non-human primates undergoing allograft renal transplantation receiving anti-CD40L monotherapy (e.g., 5c8, AI794, IDEC-131) had longer average survival than both those receiving anti-CD40 monotherapy (e.g., 4D11, cH5D12, Chi220, ASKP1240) and untreated controls (Figure 2).

Figure 2: Inhibition of CD40L improved survival vs. CD40 inhibition in non-human primate kidney transplantation monotherapy studies

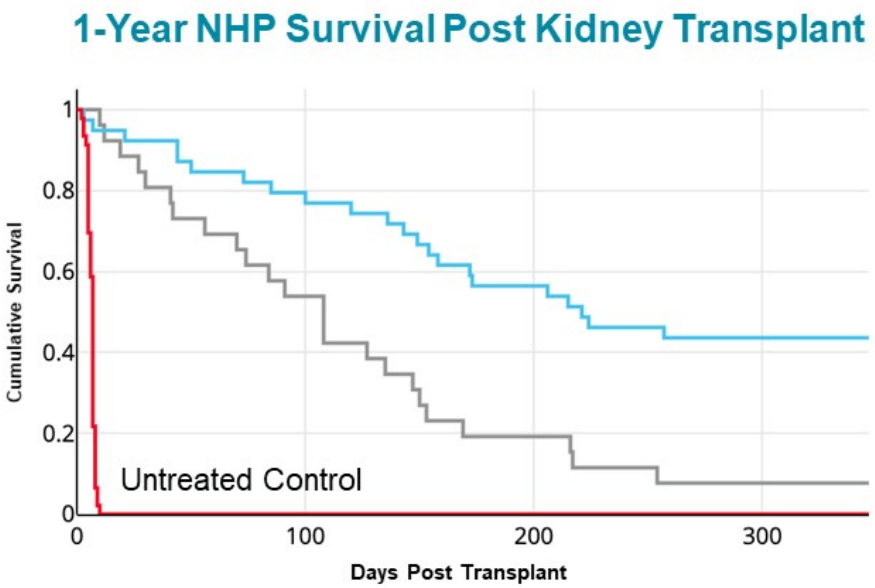

Figure 2: Kaplan-Meir estimates of the probability of rejection free survival by treatment group from eleven published studies of allograft kidney transplant in non-human primates. Median survival of untreated animals is 6 days (red line), monotherapy anti CD40 treated animals 131 days (gray line), and monotherapy anti CD40L treated animals 352 days (blue line), log rank test P= 0.0001. **(**Kirk, 1999; Preston, 2005; Montgomery, 2002; Xu, 2001; Xu, 2002; Kanmaz, 2004; Kim 2017; Song, 2014; Aoyagi, 2009; Imai, 2007; Haanstra, 2003; Pearson, 2002; Cordoba 2015). Analysis not based on head-to-head comparison. Differences between any individual programs may vary.

In July 2021, the Company initiated a preclinical renal transplant study evaluating AT-1501 monotherapy in at least four non-human primates. In July 2021, the company received a No Objection Letter (NOL) from Health Canada for a Phase 1b clinical trial of tegoprubart, in 6 to 12 subjects, replacing tacrolimus as an immunosuppressive regimen component in patients undergoing kidney transplantation. In December 2021, we received approval for a Phase 1b clinical trial of tegoprubart, replacing tacrolimus as an immunosuppressive regimen component in patients undergoing kidney transplantation in the United Kingdom.

Islet cell transplantation: prevention of allograft rejection

Type 1 diabetes is a T cell mediated autoimmune disease with progressive loss of insulin-producing pancreatic beta cells and affects over one million persons in the U.S. Of these individuals, an estimated 70,000 people have a particularly hard to control type 1 diabetes called Brittle Diabetes (“BT1D”), which is in part characterized by large swings in blood glucose levels and impaired awareness of hypoglycemia. Impaired awareness of hypoglycemia for people with type 1 diabetes is associated with severe hypoglycemic events which can lead to significant symptoms and even death. Pancreatic islet cell transplantation may be a therapeutic option for type 1 diabetes because it can restore physiological insulin secretion, minimize the risk of hypoglycemic unawareness, and reduce the risk of death due to severe hypoglycemia. The advances made in this field over the past decade have improved patient outcomes.

A number of issues are believed to continue to hamper the overall success of islet cell transplantation and need to be addressed in order for there to be widespread clinical acceptance. These include the acute loss of transplanted islets with current immunosuppressive treatments, particularly those with CNI-based therapies, due to islet cell toxicity and alloreactive immunologic responses to transplanted islets. Over time, the progressive loss of islet cells and decline in islet cell function

often leads to the need for multiple transplant procedures in order for BT1D patients to have optimal response to blood glucose levels and possibly achieve insulin independence. We believe that treatment with tegoprubart will address the challenges associated with current islet cell transplantation immunosuppressive regimens using CNI-based therapies, by replacing the CNIs with tegoprubart. CD40L blockade may abolish many effector mechanisms of inflammation, prevent, and intervene in the progression of autoimmunity, and instill transplant tolerance without causing harm to islet cells.

Historical studies in nonhuman primate models of islet cell transplantation have demonstrated that treatment with anti-CD40L antibodies induces long term islet cell function and graft survival, even as a monotherapy. Tegoprubart has shown pre-clinical, proof-of-concept efficacy in a non-human primate model of type 1 diabetes, where animals undergoing islet cell transplantation maintained glucose control and sustained levels of C-peptide with chronic tegoprubart treatment for up to a year. Compared to combination immunosuppressive therapy including CNIs, tegoprubart monotherapy was more effective in preventing long term islet cell rejection, associated with better graft function, and showed an improved safety profile (Figure 3 and Figure 4).

Figure 3: Prolonged Graft Survival vs. CNI Containing Regimen ("CIS") in a non-human primate islet cell transplant model

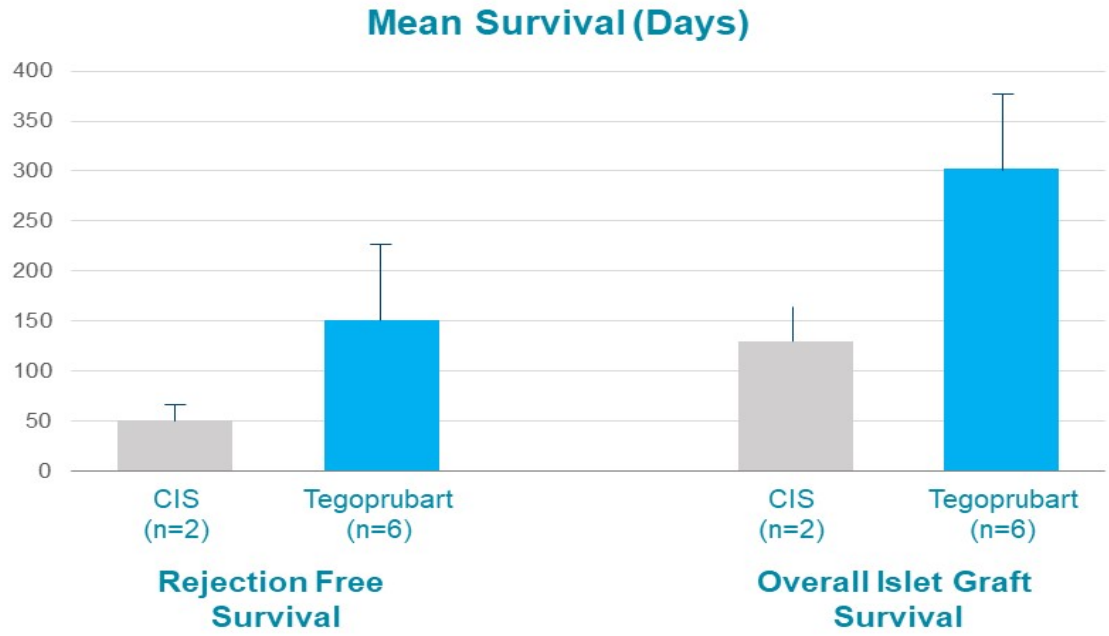

Figure 3: Non-human primates treated with tegoprubart (blue bars) had longer rejection free survival and longer overall graft survival vs CNI containing regimen (gray bars). (Kenyon, 2021).

Figure 4: Tegoprubart treatment was associated with improved health and superior metabolic control compared to CNI containing treatment

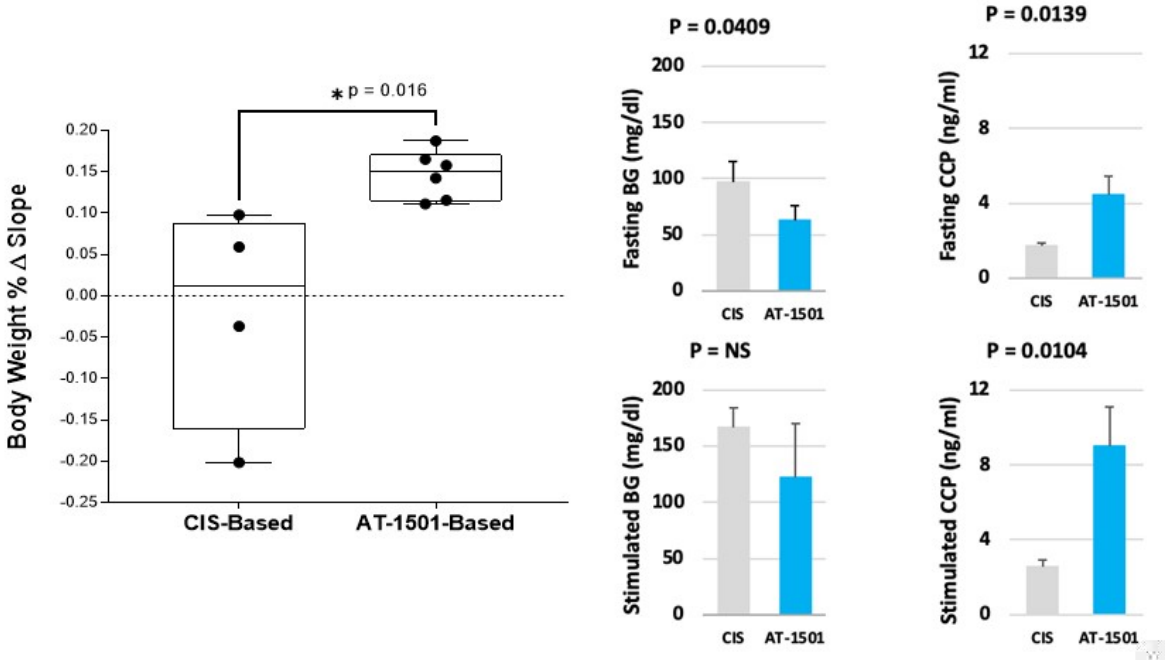

Figure 4: Left panel: Animals treated with tegoprubart had a statistically significant improvement in bodyweight post islet cell transplant compared to CNI treated animals. The improvement in bodyweight is associated with improved appetite in the tegoprubart treated animals (data not shown). Right panel: Animals treated with tegoprubart had improved metabolic control compared to animals treated with CNIs as shown by improved fasting and meal stimulated blood glucose levels as well as a statistically significant improvement in fasting and stimulated C peptide levels, a surrogate of improved islet cell function. (Kenyon, 2021)

In November 2020, we received clearance from Health Canada to proceed with the initiation of a Phase 2a clinical trial of tegoprubart for people with type 1 diabetes undergoing islet cell transplantation. In November 2021, we received IND clearance from the FDA to proceed with the initiation of a Phase 2a clinical trial of tegoprubart for people with type 1 diabetes undergoing islet cell transplantation in the United States.

IgA Nephropathy

IgAN is the leading cause of glomerulonephritis, a state of inflammation producing damage to the filtering part of the kidney. Disease manifestation and clinical presentation involves renal dysfunction characterized by proteinuria with a slow relentless course. Approximately 30%-40% of patients ultimately reach end stage renal disease (ESRD). The standard of care for ESRD is dialysis or kidney transplant, which represents a significant economic burden as well as a major impact on a patient's quality of life. With an estimated prevalence of approximately 150,000 persons in the United States, IgAN is one of the most common kidney diseases. There are currently no European Medicines Agency ("EMA") approved treatments for IgAN, although in the United States budesonide was approved for use in IgAN by the FDA in December 2021.

The pathophysiology of IgAN has been well characterized, and based on its mechanism of action, tegoprubart has the potential to impact the disease process both upstream, at the source of the immune complexes, and downstream in the kidney itself, where it may reduce inflammation in the glomeruli. By disrupting multiple steps in the IgAN's pathophysiology, tegoprubart has the potential to affect the clinical course of the disease and improve outcomes for patients. The inhibition of

CD40L has been shown to be effective in models of multiple glomerulonephritides, as measured by a reduction in proteinuria and were associated with a decrease in immune cell infiltrate into the glomeruli (Figure 5).

Figure 5: Blocking CD40L Improves Survival and Pathophysiology Associated with Autoimmune Nephritis

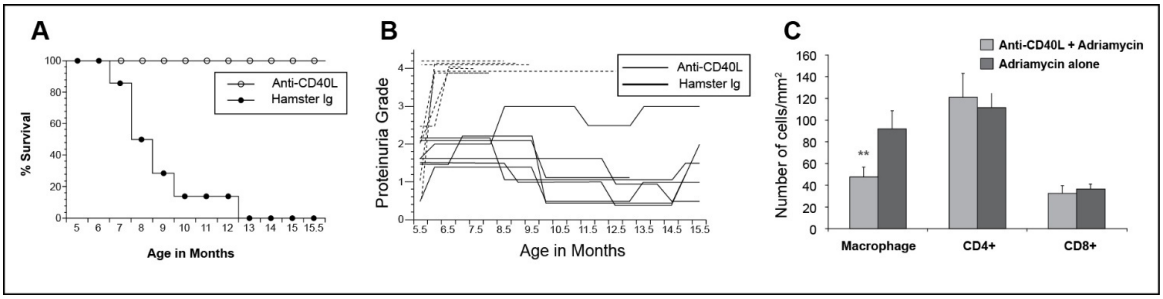

Figure 5: Effect of anti-CD40L in the SNF1 rodent model of Lupus. (A) The survival curves of anti-CD40L treated and HIg controls differ significantly ($p < 0.001$ by Wilcoxon test). Control mice receiving HIgG control die rapidly with the onset of severe nephritis, and all but one are dead by age 12 months while all anti-CD40L treated mice are alive when the study is terminated at age 15.5 months (Kalled, 1998). (B) Urine was monitored weekly for proteinuria. Proteinuria was scored as follows: 0.5+ (15 to 30 mg/dl); 1+ (30 mg/dl); 2+ (100 mg/dl); 3+ (300 mg/dl) and 4+ (>20000 mg/dl). The proportion of mice with => +3 proteinuria differed significantly between anti-CD40L treated and HIg controls at all timepoints ($p < 0.001$ by x^2 test). Controls that did not have => 3+ proteinuria at the start of treatment became 4+ soon after, as opposed to anti-CD40L treated mice where the proteinuria levels of six of seven mice declined and only one mouse developed 3+ proteinuria (Kalled, 1998). (C) MR1 treatment was associated with a significant reduction in the number of infiltrating macrophages. The number of infiltrating CD4+ and CD8+ cells was not statistically different from the Adriamycin alone group. Bars represent mean values + standard deviation. $^{**}P < 0.01$ vs. Adriamycin alone group (Kairatis, 2003).

In December 2021, we received regulatory clearances to initiate a phase 2a study in IgAN in Australia and New Zealand, and plan to expand to other countries. The global study will include up to 42 subjects in a high dose and a low dose cohort, with endpoints starting at 24 weeks including change in urinary protein.

The competitive conditions faced by the Company are described in greater detail in Part I, Item 1A. *Risk Factors* in this Annual Report on Form 10-K under the caption “We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.”

Intellectual Property

Eledon’s success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, novel discoveries, product technologies and other know-how, to operate without infringing on the proprietary rights of others and to prevent others from infringing our proprietary rights. We seek to protect our product candidates by, among other methods, filing U.S. and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trademarks, trade secrets, know-how, continuing technological innovation and potential in-licensing opportunities to develop and maintain proprietary protection for our product candidates.

Our intellectual property portfolio includes issued patents and patent applications directed toward isolated antibodies and methods of treatment using the isolated antibodies that block the interaction of CD40L and CD40 to treat CD-40L related diseases or disorders. We have exclusive rights to three patent families. Two of the three families are directed to tegoprubart and related antibodies. The first family is directed to methods for treating amyotrophic lateral sclerosis with antibodies and includes two United States patents and 14 foreign patents (Japan, Hong Kong, Belgium, China, Germany, Denmark, Spain, Finland, France, Great Britain, Ireland, Italy, the Netherlands, and Sweden). The second family is directed to tegoprubart (JB5 in the patents/applications in this family). Tegoprubart is the current clinical candidate, with 14 pending applications, and issued/allowed patents including two issued United States patents, one allowed United States patent application, and a Russian patent. The third family is directed to tegoprubart with 15 pending applications, including one United States patent application. In the first family, the patents will expire in December 2029, absent any term adjustments or extensions. In the second family, any issued patent will expire in February 2036, absent any term adjustments or extensions. In the third family, any issued patent will expire in May 2038, absent any term adjustments or extensions.

Subsequent to our acquisition of Anelixis, we undertook a strategic review of the legacy ENT assets. We concluded this review and determined that the best path forward was to terminate license agreements associated with these ENT assets and return the rights to the original license holders, which we did in July 2021. There was no financial impact to returning these assets.

Patents extend for varying periods according to the date of patent filing or grant and the legal term of patents in various countries where patent protection is obtained. The actual protection afforded by a patent, which can vary from country to country, depends on the type of patent, the scope of its coverage and the availability of legal remedies in the country.

Eledon also protects its proprietary information by requiring its employees, consultants, contractors, and other advisors to execute nondisclosure and assignment of invention agreements upon commencement of their respective employment or engagement. In addition, Eledon also requires confidentiality or service agreements from third parties that receive confidential information or materials.

See *Note 5. Commitments and Contingencies* of the consolidated financial statements included elsewhere herein under the caption "Grants and Licenses" for further information about the Company's intellectual property.

Manufacturing

We do not own or operate manufacturing facilities for the production of tegoprubart or any future product candidates, nor do we have plans to develop our own manufacturing operations in the foreseeable future. We currently rely on third parties for raw materials and the manufacturing of drug substance and drug product for nonclinical and clinical activities. As of the date of this Annual Report, we have not experienced any difficulty in obtaining raw materials required with respect to the manufacturing of tegoprubart. We believe we have enough drug substance and drug product on hand and manufacturing capacity with our third-party manufacturing providers to meet forecasted clinical trial demand.

We also rely on third parties to label, store and distribute drug product for our nonclinical and clinical trials.

Government Regulation

Government authorities in the United States, including federal, state, and local authorities, and in other countries, extensively regulate, among other things, the manufacturing, research and clinical development, marketing, labeling, and packaging, storage, distribution, post-approval monitoring and reporting, advertising and promotion, and export and import of pharmaceutical and biological products, such as those we are developing. Pricing of such products is also subject to regulation in many countries. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations require the expenditure of substantial time and financial resources.

U.S. Government Regulation

The FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act ("FDCA") and its implementing regulations, and biologics under the FDCA and the Public Health Service Act ("PHSA") and its implementing regulations. FDA approval is required before any new unapproved drug or biologic or dosage form, including a new use of a previously approved drug, can be marketed in the U.S. Drugs and biologics are also subject to other federal, state, and local statutes and regulations. If we fail to comply with applicable FDA or other requirements at any time during the product development process, clinical testing, approval process or after approval, we may become subject to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, untitled or warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties or criminal prosecution. Any FDA enforcement action could have a material adverse effect on us.

The process required by the FDA before product candidates may be marketed in the United States generally involves the following:

- completion of extensive preclinical laboratory tests and preclinical animal studies, all performed in accordance with the Good Laboratory Practices ("GLP") regulations;
- submission to the FDA of an IND which must become effective before human clinical trials may begin and must be updated annually;

- approval by an independent institutional review board ("IRB") or ethics committee representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials to establish the safety and efficacy of the product candidate for each proposed indication;
- completion of manufacturing scale up and stability studies, all performed in accordance with the Good Manufacturing Practices "GMP" regulations;
- preparation of and submission to the FDA of a biologics license application ("BLA") or a new drug application, or NDA, after completion of all pivotal clinical trials;
- potential review of the product application by an FDA advisory committee, where appropriate and if applicable;
- a determination by the FDA within 60 days of its receipt of a BLA or NDA to file the application for review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities where the proposed product is produced to assess compliance with current Good Manufacturing Practices ("cGMP") regulations;
- potential FDA audit of the clinical trial sites that generated the data in support of the BLA or NDA; and
- FDA review and approval of a BLA or NDA prior to any commercial marketing or sale of the product.

The preclinical and clinical testing and approval process requires substantial time, effort, and financial resources, and we cannot be certain that any approvals for our product candidates will be granted on a timely basis, if at all.

An IND is a request for authorization from the FDA to administer an investigational new drug product to humans in clinical trials. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational new drug. An IND must become effective before human clinical trials may begin. An IND will automatically become effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to the proposed clinical trials. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before clinical trials can begin. Accordingly, submission of an IND may or may not result in the FDA allowing clinical trials to commence. The FDA may impose a clinical hold at any time during clinical trials and may impose a partial clinical hold that would limit trials, for example, to certain doses or for a certain length of time.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with Good Clinical Practices ("GCPs") which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety, and the efficacy 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. Additionally, approval must also be obtained from each clinical trial site's IRB before the trials may be initiated, and the IRB must monitor the trial until completed. There are also requirements governing the reporting of ongoing clinical trials and clinical trial results to public registries.

The clinical investigation of a drug is generally divided into three phases. Although the phases are usually conducted sequentially, they may overlap or be combined.

- Phase 1. The drug is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to evaluate the safety, dosage tolerance, metabolism and pharmacologic actions of the investigational new drug in humans, the side effects associated with increasing doses, and if possible, to gain early evidence on effectiveness.
- Phase 2. The drug is administered to a limited patient population to evaluate dosage tolerance and optimal dosage, identify possible adverse side effects and safety risks, and preliminarily evaluate efficacy.
- Phase 3. The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites to generate enough data to evaluate dosage, clinical effectiveness and safety, to establish the overall

benefit-risk relationship of the investigational new drug product, and to provide an adequate basis for physician labeling.

In some cases, the FDA may condition approval of a BLA or NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after approval. In other cases, a sponsor may voluntarily conduct additional clinical trials after approval to gain more information about the drug. Such post-approval studies are typically referred to as Phase 4 clinical trials.

Sponsors must also report to the FDA, within certain timeframes, serious and unexpected adverse reactions, any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator's brochure, or any findings from other studies or animal or in vitro testing that suggest a significant risk in humans exposed to the product candidate. The FDA, the IRB, or the clinical trial 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. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. We may also suspend or terminate a clinical trial based on evolving business objectives or competitive climate.

The clinical trial process can take three to ten years or more to complete, and there can be no assurance that the data collected will support FDA approval or licensure of the product. Results from one trial are not necessarily predictive of results from later trials.

A drug being studied in clinical trials may be made available to individual patients in certain circumstances. Pursuant to the 21st Century Cures Act ("Cures Act") which was signed into law in December 2016, the manufacturer of an investigational drug for a serious disease or condition is required to make available, such as by posting on its website, its policy on evaluating and responding to requests for individual patient access to such investigational drug (compassionate use). This requirement applies on the later of 60 calendar days after the date of enactment of the Cures Act or the first initiation of a Phase 2 or Phase 3 trial of the investigational drug. At this time, Eledon does not have a program for the compassionate use of an investigational product outside of a clinical trial as it is not applicable to our investigational products.

Submission of a BLA or NDA to the FDA

Assuming successful completion of all required testing (e.g., completion of pivotal clinical trials) in accordance with all applicable regulatory requirements, detailed investigational new drug product information is submitted to the FDA in the form of a BLA or NDA requesting approval to market the product for one or more indications. Under federal law, the submission of most BLAs and NDAs is subject to an application user fee and these fees are typically increased on an annual basis. Applications for orphan drug products are exempted from the BLA and NDA user fees and may be exempted from product and establishment user fees, unless the application includes an indication for other than a rare disease or condition. No application user fees were paid for tegoprubart in calendar 2021.

A BLA or NDA for a new molecular entity must include all relevant data available from pertinent preclinical studies and clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls, and proposed labeling, among other things. Data can come from company-sponsored clinical trials intended to test the safety and effectiveness of a use of a product, or from several alternative sources, including investigator-initiated trials that are not sponsored by Eledon. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and effectiveness of the investigational new drug product to the satisfaction of the FDA.

Once a BLA or NDA for a new molecular entity has been submitted, the FDA's goal is to review the application within ten months after it accepts the application for filing, or, if the application relates to an unmet medical need in a serious or life-threatening indication, six months after the FDA accepts the application for filing. The review process is often significantly extended by the FDA's requests for additional information or clarification.

Before approving a BLA or NDA, 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 a BLA or NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

The FDA is required to refer an application for a novel drug to an advisory committee or explain why such referral was not made. Typically, 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.

The FDA's Decision on a BLA or NDA

The FDA evaluates a BLA to determine whether the data demonstrate that the biologic is safe, pure, and potent, or effective, and an NDA to determine whether the drug is safe and effective. After the FDA evaluates the BLA or NDA and conducts inspections of manufacturing facilities where the product will be produced, it may issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application is not ready for approval. A Complete Response Letter may require additional clinical data or an additional pivotal Phase 3 clinical trial(s), or other significant, expensive and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. Even if such additional information is submitted, the FDA may ultimately decide that the BLA or NDA does not satisfy the criteria for approval and issue a denial. The FDA could also approve the BLA or NDA with a Risk Evaluation and Mitigation Strategy ("REMS") plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling, development of adequate controls and specifications, or a commitment to conduct one or more post-market studies or clinical trials. Such post-market testing may include Phase 4 clinical trials and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

Pediatric Trials and Exclusivity

Under the Pediatric Research Equity Act of 2003 ("PREA") as amended, BLAs and NDAs must contain data to assess the safety and effectiveness of an investigational new drug product for the claimed indications in all relevant pediatric populations and to support dosing and administration for each pediatric subpopulation for which the drug is safe and effective. A sponsor who is planning to submit a marketing application for a drug product that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration must submit an initial Pediatric Study Plan ("PSP") within sixty days of an end-of-phase 2 meeting or as may be agreed between the sponsor and the FDA. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. 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 if certain criteria are met. The FDA and the sponsor must reach agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from preclinical studies, early phase clinical trials, and/or other clinical development programs. The requirements for pediatric data do not apply to any drug for an indication for which orphan designation has been granted. In the future we may seek pediatric approval for tegoprubart applications in connection with renal and islet cell transplantations, which may require the submission of a PSP.

Pediatric exclusivity is another type of non-patent exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the five-year and three-year non-patent and orphan exclusivity. This six-month exclusivity may be granted if a BLA or NDA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical trial is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of FDA-requested pediatric trials are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection covering the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot accept or approve another application relying on the BLA or NDA sponsor's data.

Post-Approval Requirements

Drugs 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 products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

Drug manufacturers are subject to periodic unannounced inspections by the FDA and state agencies for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting and documentation requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

We rely, and expect to continue to rely, on third parties for the production of clinical quantities of our product candidates and expect to rely in the future on third parties for the production of commercial quantities. Future FDA and state inspections may identify compliance issues at our facilities or at the facilities of our contract manufacturers that may disrupt production, distribution, or require substantial resources to correct. In addition, discovery of previously unknown problems with a product or the failure to comply with applicable requirements may result in restrictions on a product, manufacturer or holder of an approved BLA or NDA, including withdrawal or recall of the product from the market or other voluntary, FDA-initiated or judicial action that could delay or prohibit further marketing. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our products under development.

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

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

The FDA strictly regulates marketing, labeling, advertising, and promotion of products that are placed on the market. Drugs 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.

Orphan Designation and Exclusivity

The FDA may grant orphan drug designation to drugs intended to treat a rare disease or condition that affects fewer than 200,000 individuals in the United States, or if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making the drug for this type of disease or condition will be recovered from sales in the United States.

Orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages, and user-fee waivers. In addition, if a product is the first to receive FDA approval 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. The Company received an orphan drug designation for tegoprubart for the treatment of ALS.

Patent Term Restoration

Depending upon the timing, duration, and specifics of the FDA approval of the use of our product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. However, patent term restoration cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent term restoration period is generally one-half the time between the effective date of an IND and the submission date of a BLA or NDA, plus the time between the submission date and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved product is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent and within 60 days of the product's approval. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of the patent term for one of our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant BLA or NDA.

Abbreviated New Drug Applications for Generic Drugs

In 1984, with passage of the Hatch-Waxman Amendments, Congress authorized the FDA to approve generic drugs that are the same as drugs previously approved by the FDA under the NDA provisions of the statute. To obtain approval of a generic drug, an applicant must submit an abbreviated new drug application ("ANDA") to the agency. In support of such applications, a generic manufacturer may rely on the preclinical and clinical testing previously conducted for a drug product previously approved under an NDA, known as the reference listed drug ("RLD").

Specifically, in order for an ANDA to be approved, the FDA must find that the generic version is identical to the RLD with respect to the active ingredients, the route of administration, the dosage form, and the strength of the drug. At the same time, the FDA must also determine that the generic drug is "bioequivalent" to the innovator drug. Under the statute, a generic drug is bioequivalent to an RLD if "the rate and extent of absorption of the generic drug do not show a significant difference from the rate and extent of absorption of the listed drug..."

Upon approval of an ANDA, the FDA indicates that the generic product is "therapeutically equivalent" to the RLD and it assigns a therapeutic equivalence rating to the approved generic drug in its publication "Approved Drug Products with Therapeutic Equivalence Evaluations," also referred to as the "Orange Book." Physicians and pharmacists consider an "AB" therapeutic equivalence rating to mean that a generic drug is fully substitutable for the RLD. In addition, by operation of certain state laws and numerous health insurance programs, the FDA's designation of an "AB" rating often results in substitution of the generic drug without the knowledge or consent of either the prescribing physician or patient.

The FDCA provides a period of five years of non-patent exclusivity for a new drug containing a new chemical entity. In cases where such exclusivity has been granted, an ANDA may not be filed with the FDA until the expiration of five years unless the submission is accompanied by a Paragraph IV certification, in which case the applicant may submit its application four years following the original product approval. The FDCA also provides for a period of three years of exclusivity if the NDA includes reports of one or more new clinical investigations, other than bioavailability or bioequivalence studies, that were conducted by or for the applicant and are essential to the approval of the application. This three-year exclusivity period

often protects changes to a previously approved drug product, such as a new dosage form, route of administration, combination or indication.

Hatch-Waxman Patent Certification and the 30-Month Stay

Upon approval of an NDA or a supplement thereto, NDA sponsors are required to list with the FDA each patent with claims that cover the applicant's product or a method of using the product. Each of the patents listed by the NDA sponsor is published in the Orange Book. When an ANDA applicant files its application with the FDA, the applicant is required to certify to the FDA concerning any patents listed for the reference product in the Orange Book, except for patents covering methods of use for which the ANDA applicant is not seeking approval.

Specifically, the applicant must certify with respect to each patent that:

- the required patent information has not been filed;
- the listed patent has expired;
- the listed patent has not expired, but will expire on a particular date and approval is sought after patent expiration; or
- the listed patent is invalid, unenforceable or will not be infringed by the new product.

A certification that the new product will not infringe the already approved product's listed patents or that such patents are invalid or unenforceable is called a Paragraph IV certification. If the applicant does not challenge the listed patents or indicates that it is not seeking approval of a patented method of use, the ANDA application will not be approved until all the listed patents claiming the referenced product have expired.

If the ANDA applicant has provided a Paragraph IV certification to the FDA, the applicant must also send notice of the Paragraph IV certification to the NDA and patent holders once the ANDA has been accepted for filing by the FDA. The NDA and patent holders may then initiate a patent infringement lawsuit in response to the notice of the Paragraph IV certification. The filing of a patent infringement lawsuit within 45 days after the receipt of a Paragraph IV certification automatically prevents the FDA from approving the ANDA until the earlier of 30 months after the receipt of the Paragraph IV notice, expiration of the patent, or a decision in the infringement case that is favorable to the ANDA applicant.

European Union/Rest of World Government Regulation

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of our products. The cost of establishing a regulatory compliance system for numerous varying jurisdictions can be very significant. Although many of the issues discussed above with respect to the United States apply similarly in the context of the European Union ("EU") and in other jurisdictions, the approval process varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Whether or not we obtain FDA approval for a product candidate, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the EU, for example, a clinical trial authorization application ("CTA") must be submitted for each clinical protocol to each country's national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the CTA is accepted in accordance with a country's requirements, the clinical trial may proceed.

The requirements and process governing the conduct of clinical trials vary from country to country. In all cases, the clinical trials are conducted in accordance with GCP the applicable regulatory requirements, and the ethical principles that have their origin in the Declaration of Helsinki.

To obtain regulatory approval of an investigational medicinal product under EU regulatory systems, we must submit a marketing authorization application. The content of the BLA or NDA filed in the United States is like that required in the EU, except, among other things, country-specific document requirements

For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing product licensing, pricing, and reimbursement vary from country to country.

Countries that are part of the EU, as well as countries outside of the European Union, have their own governing bodies, requirements, and processes with respect to the approval of pharmaceutical and biologic products. If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Authorization Procedures in the EU

Medicines can be authorized in the EU by using either the centralized authorization procedure or national authorization procedures.

- Centralized procedure. The EMA implemented the centralized procedure for the approval of human medicines to facilitate marketing authorizations that are valid throughout the European Economic Area ("EEA"). This procedure results in a single marketing authorization issued by the EMA that is valid across the EEA. The centralized procedure is compulsory for human medicines that are: derived from biotechnology processes, such as genetic engineering, contain a new active substance indicated for the treatment of certain diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative disorders or autoimmune diseases and other immune dysfunctions, and officially designated orphan medicines.
- For medicines that do not fall within these categories, an applicant has the option of submitting an application for a centralized marketing authorization to the European Commission following a favorable opinion by the EMA, as long as the medicine concerned is a significant therapeutic, scientific or technical innovation, or if its authorization would be in the interest of public health.
- National authorization procedures. There are also two other possible routes to authorize medicinal products in several EU countries, which are available for investigational medicinal products that fall outside the scope of the centralized procedure:
- Decentralized procedure. Using the decentralized procedure, an applicant may apply for simultaneous authorization in more than one EU country of medicinal products that have not yet been authorized in any EU country and that do not fall within the mandatory scope of the centralized procedure.
- Mutual recognition procedure. In the mutual recognition procedure, a medicine is first authorized in one EU Member State, in accordance with the national procedures of that country. Following this, further marketing authorizations can be sought from other EU countries in a procedure whereby the countries concerned agree to recognize the validity of the original, national marketing authorization.

In some cases, a Pediatric Investigation Plan ("PIP") or a request for waiver or deferral, is required for submission prior to submitting a marketing authorization application. A PIP describes, among other things, proposed pediatric trials and their timing relative to clinical trials in adults. A PIP will be submitted to EMA and other EU countries, as required. The PIP will need to be submitted early during product development before marketing authorization applications are submitted. The timing of PIP submission cannot be after initiation of pivotal trials or confirmatory (phase 3) trials. In the future we may seek pediatric approval for tegoprubart applications in connection with renal and islet cell transplantations, which may require the submission of a PIP.

Exclusivity of New Chemical Entities and New Fixed Dose Combinations

In the EU, new chemical entities, sometimes referred to as new active substances as well as new fixed dose combinations, qualify for eight years of data exclusivity upon marketing authorization and an additional two years of market exclusivity. This data exclusivity, if granted, prevents regulatory authorities in the EU from referencing the innovator's data to assess a generic (abbreviated) application for eight years, after which a generic application can be submitted, and the innovator's data may be referenced, but not approved for two years. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those ten 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.

Exceptional Circumstances/Conditional Approval

Orphan drugs or drugs with unmet medical needs may be eligible for EU approval under exceptional circumstances or with conditional approval. Approval under exceptional circumstances may be applicable to orphan products and is used when an applicant is unable to provide comprehensive data on the efficacy and safety under normal conditions of use because the indication for which the product is intended is encountered so rarely that the applicant cannot reasonably be expected to provide comprehensive evidence, when the present state of scientific knowledge does not allow comprehensive information to be provided, or when it is medically unethical to collect such information. Conditional marketing authorization may be applicable to orphan medicinal products, medicinal products for seriously debilitating or life-threatening diseases, or medicinal products to be used in emergency situations in response to recognized public threats. Conditional marketing authorization can be granted on the basis of less complete data than is normally required in order to meet unmet medical needs and in the interest of public health, provided the risk-benefit balance is positive, it is likely that the applicant will be able to provide the comprehensive clinical data, and unmet medical needs will be fulfilled. Conditional marketing authorization is subject to certain specific obligations to be reviewed annually.

Accelerated Review

Under the centralized procedure in the EU, the maximum timeframe for the evaluation of a marketing authorization application is 210 days (excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the EMA's Committee for Medicinal Products for Human Use, or CHMP). Accelerated evaluation might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. In this circumstance, EMA ensures that the opinion of the CHMP is given within 150 days, excluding clock stops.

Pharmaceutical Coverage, Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any products for which we obtain regulatory approval. In the United States and in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend in part on the availability of coverage and reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations. The process for determining whether a payor will provide coverage for a product may be separate from the process for setting the reimbursement rate that the payor will pay for the product. Third-party payors may limit coverage to specific products on an approved list, or formulary, which might not include all of the FDA-approved products for a particular indication. Moreover, a payor's decision to provide coverage for a drug 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.

Third-party payors are increasingly challenging the price and examining the medical necessity and cost-effectiveness of medical products and services, in addition to their safety and efficacy. In order to obtain coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain regulatory approvals. Our product candidates may not be considered medically necessary or cost-effective. If third-party payors do not consider a product to be cost-effective compared to other available therapies, they may not cover the product after approval as a benefit under their plans or, if they do, the level of payment may not be sufficient to allow a company to sell its products at a profit.

The U.S. government, state legislatures and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. By way of example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, collectively, the Affordable Care Act, contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for drugs sold to Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal healthcare programs. Some of the provisions of the Affordable Care Act have yet to be fully implemented, while certain provisions have been subject to judicial and congressional challenges. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017, that while not a law, is widely viewed as the first step toward the passage of legislation that would repeal certain aspects of the Affordable Care Act. Further, on January 20, 2017, President Trump signed an Executive Order directing federal agencies with authorities and responsibilities under the Affordable Care Act to waive, defer, grant exemptions from, or delay the implementation of any provision of the Affordable Care Act that

would impose a fiscal burden on states or a cost, fee, tax, penalty or regulatory burden on individuals, healthcare providers, health insurers, or manufacturers of pharmaceuticals or medical devices. Congress also could consider subsequent legislation to replace elements of the Affordable Care Act that are repealed. Thus, the full impact of the Affordable Care Act, any law replacing elements of it, or the political uncertainty surrounding its repeal or replacement on our business remains unclear. Adoption of government controls, measures and tightening of restrictive policies in jurisdictions with existing controls and measures could limit payments for pharmaceuticals.

In European countries, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national healthcare systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products 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 may require the completion of clinical trials that compare the cost-effectiveness of a product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines but monitor and control company profits. The downward pressure on healthcare costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, the emphasis on cost containment measures in the United States and other countries has increased, and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Other Healthcare Laws and Compliance Requirements

If we obtain regulatory approval for any of our product candidates, we may be subject to various federal and state laws targeting fraud and abuse in the healthcare industry. These laws may impact, among other things, our proposed sales, marketing and education programs. In addition, we may be subject to patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, ("HIPAA"), which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;
- the federal transparency laws, including the provision of the Affordable Care Act referred to as the federal Physician Payment Sunshine Act, that requires drug and biologics manufacturers to disclose payments and other transfers of value provided to physicians and teaching hospitals and ownership interests of physicians and their immediate family members;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act ("HITECH") and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers, 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 may not have the same effect, thus complicating compliance efforts.

The Affordable Care Act broadened the reach of the fraud and abuse laws by, among other things, amending the intent requirement of the federal Anti-Kickback Statute and the applicable criminal healthcare fraud statutes contained within 42 U.S.C. § 1320a-7b. Pursuant to the statutory amendment, a person or entity no longer needs to have actual knowledge of this

statute or specific intent to violate it in order to have committed a violation. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act or the civil monetary penalties statute. Many states have adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for healthcare items or services reimbursed by any source, not only the Medicare and Medicaid programs.

We are also subject to the U.S. Foreign Corrupt Practices Act ("FCPA") which prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. Safeguards we implement to discourage improper payments or offers of payments by our employees, consultants, and others may be ineffective, and violations of the FCPA and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, any of which would likely harm our reputation, business, financial condition and result of operations.

If our operations are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, exclusion from participation in government healthcare programs, such as Medicare and Medicaid and imprisonment, damages, fines and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Employees

As of March 21, 2022, Eledon had twelve employees, all of whom are full time. None of our employees are represented by labor unions or covered by collective bargaining agreements. We consider our relationship with our employees to be good.

Corporate Information

On September 14, 2020, the Company acquired Anelixis Therapeutics, Inc. ("Anelixis"), a Delaware Corporation, after which Anelixis became a wholly owned subsidiary of the Company. On January 4, 2021, the Company changed its name from Novus Therapeutics, Inc. to Eledon Pharmaceuticals, Inc.

Our executive offices are located at 19900 MacArthur Boulevard, Suite 550, Irvine, California 92612. The Company also has a research and development office in Burlington, Massachusetts. Our telephone number is (949) 238-8090 and our website is www.eledon.com. We do not incorporate the information on or accessible through our website into this Annual Report, and you should not consider any information on, or that can be accessed through, our website as part of this Annual Report on Form 10-K.

You are advised to read this Annual Report on Form 10-K in conjunction with other reports and documents that we file from time to time with the Securities and Exchange Commission ("SEC"). In particular, please read our definitive proxy statement, which will be filed with the SEC in connection with our 2022 annual meeting of stockholders, our quarterly reports on Form 10-Q and any current reports on Form 8-K that we may file from time to time. You may obtain copies of these reports after the date of this annual report directly from us or from the SEC at its website at www.sec.gov. We make our periodic and current reports available on our internet website, free of charge, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

Item 1A. Risk Factors.

An investment in shares of our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this Annual Report on Form 10-K, and in our other public filings. The occurrence of any of these risks could harm our business, financial condition, results of operations and/or growth prospects or cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. You should consider all of the risk factors described in our public filings when evaluating our business.

Risks Related to Our Operations

Our short operating history and the Anelixis acquisition may make it difficult to evaluate the success of our business to date and to assess our future viability.

We are a clinical stage biopharmaceutical company. Our ongoing operations to date have been limited to organizing and staffing the Company, business planning, raising capital, acquiring and developing technology, identifying potential product candidates and pursuing nonclinical and clinical trials. We have not yet demonstrated our ability to successfully manufacture drug product in large enough quantities and with stability to support additional clinical trials, execute pivotal clinical trials, obtain marketing approvals, manufacture a commercial scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. It can take many years to develop a new medicine from the time it is discovered to when it is available for treating patients. Consequently, any predictions made about our future success or viability based on our short operating history to date may not be as accurate as they could be if we had a longer operating history. In addition, as a result of the acquisition of Anelixis our future business, prospects, financial position and operating results could be significantly different than those in historical periods or projected by our management.

In addition, as an early-stage business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. To successfully market any of our product candidates, we will need to transition from a company with a clinical development focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We have incurred significant operating losses since our inception and expect that we will continue to incur losses over the next several years and may never achieve or maintain profitability.

We have incurred significant annual net operating losses in every year since our inception. We have no products approved for commercial sale and have not generated any revenue from product sales to date, and we continue to incur significant research and development and other general and administrative expenses related to our ongoing operations. If tegoprubart or any future product candidates we develop are not successfully developed and approved, we may never generate any revenue from sales of products. The Company has experienced recurring net losses and negative cash flows from operating activities since its inception. The Company's net loss for the year ended December 31, 2021 is $34.5 million. As of December 31, 2021, the Company had cash and cash equivalents of $84.8 million, working capital of $83.9 million and an accumulated deficit of $114.9 million. We have not generated any revenues from product sales, have not completed the development of any product candidate and may never have a product candidate approved for commercialization. We expect it will be several years, if ever, before we have a product candidate ready for commercialization. We have financed our operations to date primarily through sales of equity. We have devoted substantially all of our financial resources and efforts to research and development, including preclinical studies and our clinical trials. Our net losses may fluctuate significantly from quarter to quarter and year to year and will depend, in part, on the rate at which we incur expenses and our ability to generate revenue. Net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

Although we raised approximately $108.1 million in total gross offering proceeds from our September and December 2020 financings, we anticipate that we will continue to incur significant expenses as we:

- conduct nonclinical and clinical development of our product candidates or any future product candidate;
- seek to identify and acquire additional product candidates;
- acquire or in-license other products and technologies;
- enter into collaboration arrangements with regards to product discovery or development;
- develop manufacturing processes;

- seek marketing approvals for any of our product candidates that successfully complete clinical trials;
- establish a sales, marketing, and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- maintain, expand, and protect our intellectual property portfolio;
- hire additional personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts; and
- operate as a public company.

To become and remain profitable, we must develop and eventually commercialize a product or products with significant market potential. This will require us to be successful in a range of challenging activities, including completing clinical trials of our product candidates, obtaining marketing approval for these product candidates and manufacturing, marketing and selling those products for which we obtain marketing approval. We may never succeed in these activities and, even if we do, may never generate revenues that are significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of the Company, could impair our ability to raise capital, maintain our nonclinical and clinical development efforts, and expand our business or continue our operations and may require us to raise additional capital that may dilute the ownership interest of common stockholders. A decline in the value of the Company could also cause stockholders to lose all or part of their investment.

Our product candidates are in the early stages of clinical development and may not be successfully developed. If we are unable to successfully develop and commercialize these or any other product candidate, or if we experience significant delays in doing so, our business will be materially harmed.

We currently do not have any products that have gained regulatory approval. We have invested substantially all our efforts and financial resources in product development, including funding our formulation and device development, manufacturing, nonclinical studies, and clinical trials. A significant portion of our financial resources were devoted to the development of products for patients with disorders of the ear, nose, and throat, particularly our surfactant-based product for the treatment of Otitis Media; however, in June 2020 topline results from our phase 2a clinical trial of OP0201 nasal aerosol in infants and children with acute otitis media did not meet the primary efficacy endpoints in the trial and our board of directors (the "Board") initiated a review of strategic alternatives that resulted in the acquisition of Anelixis, a privately held clinical stage biotechnology company with a single product candidate in clinical development (tegoprubart) and a second candidate in pre-clinical development (AT-2001). Our ability to generate product revenues, which we do not expect will occur for several years, if ever, will depend heavily on the successful development and eventual commercialization of one or more drug candidates. As a result, our business is substantially dependent on our ability to successfully complete the development of and obtain regulatory approval for one of our potential future additional product candidates.

We have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the pharmaceutical area. For example, to execute our business plan, we will need to successfully:

- execute formulation, manufacturing, clinical, and nonclinical development activities;
- manufacture drug product at commercial scale;
- establish and confirm commercially acceptable stability (shelf-life) of our drug products;
- in-license or acquire other product candidates and advance them through clinical development;
- obtain required regulatory approvals for the development and commercialization of tegoprubart or other product candidates;
- maintain, leverage, and expand our intellectual property portfolio;
- build and maintain robust sales, distribution and marketing capabilities, either on our own or in collaboration with strategic partners;
- gain market acceptance for any approved and marketed drug products;

- obtain and maintain adequate product pricing and reimbursement;
- develop and maintain any strategic relationships we elect to enter; and
- manage our spending as costs and expenses increase due to product manufacturing, nonclinical development, clinical trials, regulatory approvals, post-marketing commitments, and commercialization.

If we are unsuccessful in accomplishing these objectives, we may not be able to successfully develop and commercialize our or other product candidates, and our business will suffer.

The ongoing COVID-19 pandemic and actions taken in response to it have resulted and may continue to result in disruptions to our business operations, which could have a material adverse effect on our business.

Our business and operations, including but not limited to ongoing or planned research and development activities, have been and may continue to be adversely affected by the ongoing COVID-19 pandemic, which has also caused significant disruption in the operations of third parties upon whom we rely. The COVID-19 pandemic and actions taken by governments, businesses, and individuals in response to it, including executive orders, shelter-in-place orders and work-from-home policies, have had effects that have and may continue to negatively impact productivity and disrupt our business.

In response to the COVID-19 pandemic, we quickly implemented safety and health standards and protocols for our employees. We have been responsive to local guidelines in respect of the COVID-19 pandemic, which included shutting our offices for part of 2021 and having our employees work from home, re-opening in deliberate fashion following local guidelines, and installing COVID-19 plans and policies to be followed at our offices (including mask protocols, and limitations on attendance in common spaces).

In addition, our clinical trials have been affected by, and may continue to be affected by, the COVID-19 pandemic. Clinical site initiation and patient enrollment have been, and may continue to be, delayed due to the prioritization of hospital resources toward the COVID-19 pandemic. Some patients have not been able to, and others may not be able to, comply with clinical trial protocols if quarantines impede patient movement or interrupt healthcare services. Similarly, any inability to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19, may adversely impact our clinical trial operations.

Our business may experience additional disruptions as a result of the COVID-19 pandemic that could severely impact our operations and development activities, including, but not limited to:

- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees;
- delays in manufacturing of our drug candidates due to increased competition for manufacturing capacity as a result of the pandemic;
- limitations in employee resources that would otherwise be focused on the conduct of our development activities, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people;
- refusal of the FDA to accept data from clinical trials in affected geographies;
- delays in procuring drug substance and/or in manufacturing drug product due to limitations in employee resources or forced furloughs at our contract manufacturing organizations;
- delays in initiation of future clinical trials, including delays in receiving authorization from local regulatory authorities to initiate such clinical trials; and
- delays in enrollment and trial execution, for example, because clinical trial sites may be unable to operate normally, or patients may elect to forego visits to medical facilities or undertake voluntary medical procedures.

The further spread of COVID-19 and its effects, including actions to limit the spread of the illness, could impact our ability to carry out our business and may materially adversely impact global economic conditions. The extent of the impact of COVID-19 on our business will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the virus, such as the Delta and Omicron variants), the timing, distribution, rate of public acceptance and efficacy of vaccines and other treatments, the effect of governmental regulations imposed in response to the pandemic and the magnitude and duration of global supply chain constraints, all of which are highly uncertain and ever-changing. Any of the foregoing factors, or other effects of the COVID-19 pandemic,

could materially affect our business, possibly to a significant degree. The severity and duration of any such impacts cannot be predicted.

Drug development involves a lengthy and expensive process with an uncertain outcome, including failure to demonstrate safety and efficacy to the satisfaction of the FDA or similar regulatory authorities outside the United States. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the formulation and commercialization of our product candidates.

Given the early stage of development for our product candidates, the risk of failure is high. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must conduct nonclinical trials, and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Formulation and device development, nonclinical and clinical testing are all expensive activities, difficult to design and implement, and can take years to complete. Failure can occur at any time during the development program, including during the clinical trial process. Further, the results of nonclinical studies and early clinical trials of our product candidates, as well as earlier generation formulations may not be predictive of the results of later-stage clinical trials. Interim results of a clinical trial do not necessarily predict final results. Moreover, nonclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in nonclinical and clinical trials have nonetheless failed to obtain marketing approval of their products. There is a risk that additional nonclinical and/or clinical safety studies will be required by the FDA or similar regulatory authorities outside the United States and/or that subsequent studies will not match results seen in prior studies. It is impossible to predict when or if any of our product candidates will prove effective, safe and well-tolerated in humans or will receive regulatory approval.

We may experience delays in our clinical trials, and we do not know whether planned clinical trials will begin or enroll subjects on time, need to be redesigned or be completed on schedule, if at all. There can be no assurance that the FDA or equivalent foreign regulatory bodies will approve investigational new drug applications and allow us to start clinical trials for any of our product candidates in the future, including for islet cell transplant. Once a clinical trial has commenced, there is also no assurance that the FDA or equivalent foreign regulatory body will not put any of our product candidates on clinical hold. We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval or commercialize our product candidates. Clinical trials may be delayed, suspended or prematurely terminated for a variety of reasons, such as:

- delay or failure in reaching agreement with the FDA or a comparable foreign regulatory authority on a trial design that we want to execute;
- delay or failure in obtaining authorization to commence a trial or inability to comply with conditions imposed by a regulatory authority regarding the scope or design of a clinical trial;
- delays in reaching, or failure to reach, agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites;
- delays in completing formulation development and manufacturing as a prerequisite to commencing clinical work;
- inability, delay, or failure in identifying and maintaining a sufficient number of trial sites, many of which may already be engaged in other clinical programs;
- delay or failure in recruiting and enrolling suitable subjects to participate in a trial;
- delay or failure in having subjects complete a trial or return for post-treatment follow-up;
- clinical sites and investigators deviating from trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial;
- lack of adequate funding to continue the clinical trial, including the incurrence of unforeseen costs due to enrollment delays, requirements to conduct additional clinical trials and increased expenses associated with the services of our contract research organizations (“CROs”) and other third parties;
- clinical trials of our product candidates may produce negative or inconclusive results, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate, or participants may drop out of these clinical trials at a higher rate than we anticipate;

- we may experience delays or difficulties in the enrollment of patients that our product candidates are designed to target;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we may have difficulty partnering with experienced CROs and study sites that can identify patients that our product candidates are designed to target and run our clinical trials effectively;
- regulators or IRBs may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; or
- there may be changes in governmental regulations or administrative actions. In addition, our development and commercialization activities could be harmed or delayed by a shutdown of the U.S. government, including the FDA. For example, a prolonged shutdown may significantly delay the FDA's ability to timely review and process any submissions we may file or cause other regulatory delays, which could materially and adversely affect our business.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive, or if there are safety concerns, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings that would reduce the potential market for our products or inhibit our ability to successfully commercialize our products;
- be subject to additional post-marketing restrictions and/or testing requirements; or
- have the product removed from the market after obtaining marketing approval.

Our product development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any of our nonclinical studies or clinical trials will need to be restructured or will be completed on schedule, or at all. Significant nonclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or may allow our competitors to bring products to market before we do and impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented and expenses for the development of our product candidates could increase.

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials to demonstrate safety and efficacy. We do not know whether the ongoing or planned clinical trials will enroll subjects in a timely fashion, require redesign of essential trial elements or be completed on its projected schedule. In addition, competitors may have ongoing clinical trials for product candidates that treat related or the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether.

Patient enrollment is affected by other factors including:

- the eligibility criteria for the study in question;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;

- the inability to identify and maintain a sufficient number of trial sites, many of which may already be engaged in other clinical trial programs, including some that may be for the same disease indication;
- the patient referral practices of physicians;
- the proximity and availability of clinical trial sites for prospective patients;
- ambiguous or negative interim results of our clinical trials, or results that are inconsistent with earlier results;
- feedback from regulatory authorities, IRBs, ethics committees ("ECs"), or data safety monitoring boards, or results from earlier stage or concurrent nonclinical and clinical trials, that might require modifications to the protocol;
- decisions by regulatory authorities, IRBs, ECs, or the Company, or recommendations by data safety monitoring boards, to suspend or terminate clinical trials at any time for safety issues or for any other reason; and
- unacceptable risk-benefit profile or unforeseen safety issues or adverse effects.

Enrollment delays in our clinical trials may result in increased development costs for our product candidates, which would cause the value of the Company to decline and limit our ability to obtain additional financing.

We may not be able to conduct clinical trials in some jurisdictions outside of the United States.

We expect to open clinical trial sites in regions outside the United States during 2022, including the European Union and the United Kingdom, and we may conduct future clinical trials in markets outside the United States. Our ability to conduct clinical trials at sites located outside the United States is subject to numerous risks unique to conducting business in jurisdictions outside the United States, including:

- difficulty in establishing or managing relationships with qualified CROs, physicians and clinical trial sites;
- different local standards for the conduct of clinical trials;
- difficulty in complying with various and complex import laws and regulations when shipping drugs to certain countries;
- the potential burden of complying with a variety of laws, medical standards and regulatory requirements, including the regulation of pharmaceutical and biotechnology products and treatments;
- lack of consistency in standard of care from country to country;
- diminished protection of intellectual property in some countries;
- instability in economic or political conditions, including inflation, recession and actual or anticipated military conflicts, social upheaval or political uncertainty;
- foreign exchange fluctuations;
- cultural differences in medical practice and clinical research; and
- changes in country or regional regulatory requirements.

Additionally, Russia's February 2022 invasion of Ukraine and the resulting imposition of economic and other sanctions by the United States, European Union and many other nations on Russia, individuals in Russia, Russian businesses and the Russian central bank, or any escalation of tensions in the region, could have a broader impact that expands into other countries. Although the length and impact of any military action and expansion of the conflict into other countries are highly unpredictable, if the conflict spreads or has effects on countries outside Ukraine and Russia, we may experience disruptions or delays in our plans to conduct clinical trial activities in affected regions outside the United States.

If serious adverse events or unacceptable side effects are identified during the development of our product candidates, we may need to abandon or limit our development of some of our product candidates.

If our product candidates are associated with undesirable effects in nonclinical or clinical trials or have characteristics that are unexpected, we may need to interrupt, delay or abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Any occurrences of clinically significant adverse events with our product candidates may harm our business, financial condition and prospects significantly.

Tegoprubart is an early-product candidate, and the side effect profile in humans has not been fully established. Currently unknown, drug-related side effects may be identified through ongoing and future clinical trials and, as such, these possible drug-related side effects could affect patient recruitment, the ability of enrolled subjects to complete the trial, or result in potential product liability claims.

Although we have raised significant capital, we will require additional funding to be able to complete the development of our lead drug candidate and identify and develop new product candidates. If we are unable to raise capital when needed, we may be forced to significantly alter our business strategy, substantially curtail our current operations, or liquidate and cease operations altogether.

We expect our expenses to increase in parallel with our ongoing activities, particularly as we incur expenses relating to the exploration of strategic options intended to maximize stockholder value, seek to identify new clinical candidates and potentially seek to partner, out-license or otherwise monetize our drug candidates. If we are unable to raise capital when needed or on attractive terms, we may be forced to significantly alter our business strategy, substantially curtail our current operations, or liquidate and cease operations altogether. Our funding needs may fluctuate significantly based on a number of factors, such as:

- the scope, progress, results and costs of formulation development and manufacture of drug product to support nonclinical and clinical development of our product candidates;
- the extent to which we enter into additional collaboration arrangements regarding product discovery or development, or acquire or in-license products or technologies;
- our ability to establish additional collaborations with favorable terms, if at all;
- the costs, timing, and outcome of regulatory review of our product candidates;
- the costs of future commercialization activities, including product sales, marketing, manufacturing and distribution, for any of our product candidates for which we receive marketing approval;
- revenue, if any, received from commercial sales of our product candidates, should any of our product candidates receive marketing approval; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims.

Identifying potential product candidates and conducting formulation development, nonclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for several years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Even if we generate positive clinical data, additional financing may not be available to us on acceptable terms, or at all. If we are unable to raise sufficient capital to fund our planned operations, we may be forced to significantly alter our business strategy, substantially curtail our current operations, or liquidate and cease operations altogether.

Our future success depends on our ability to retain executives and key employees and to attract, retain and motivate qualified personnel in the future.

We are highly dependent on the product development, clinical and business development expertise of the principal members of our management, scientific and clinical team. Although we have entered into employment agreements with our executives and key employees, each of them may terminate their employment with us at any time. We do not maintain “key person” insurance for any of our executives or other employees. Our recent acquisition of Anelixis and the resulting integration of the company may increase the likelihood that employees depart in the foreseeable future.

Recruiting and retaining qualified scientific, clinical, manufacturing, sales and marketing personnel is critical to our success. Due to the small size of the Company and the limited number of employees, each of our executives and key employees serves in a critical role. The loss of the services of our executive officers or other key employees could impede the achievement of our development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience

required to successfully develop, gain regulatory approval of, and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating drug product, nonclinical development, clinical development, regulatory strategy, and commercial strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to provide services to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals, or the approvals may be for a narrow indication, we may not be able to commercialize our product candidates, and our ability to generate revenue may be materially impaired.

Our product candidates must be approved by the FDA pursuant to a new drug application in the United States and by other regulatory authorities outside the United States prior to commercialization in the respective regions. The process of obtaining marketing approvals, both in the United States and outside the United States, is expensive and takes several years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not received approval to market any of our product candidates from regulatory authorities in any country. We have no experience in filing and supporting the applications necessary to gain marketing approvals for our products and may engage third-party consultants to assist in this process. Securing marketing approval requires the submission of extensive nonclinical and clinical data, and other supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product formulation and manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. Our product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional nonclinical, clinical or other data. In addition, varying interpretations of the data obtained from nonclinical and clinical trials could delay, limit or prevent marketing approval of a product candidate. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may also cause delays in or prevent the approval of an application.

Any marketing approval we ultimately obtain may be for fewer or more limited indications than requested or subject to restrictions or post-approval commitments that render the approved product not commercially viable or its market potential significantly impaired. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our product candidates.

In order to market and sell our products in the EU and other international jurisdictions outside of the United States, we or our third-party collaborators must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and may require additional nonclinical, clinical or health outcome data. In addition, the time required to obtain approval may differ substantially amongst international jurisdictions. The regulatory approval process outside the United States generally includes all the risks associated with obtaining FDA approval. In addition to regulatory approval, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country.

If we experience delays in obtaining approval or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired.

Any product candidate for which we obtain marketing approval will be subject to extensive post-marketing regulatory requirements and could be subject to post-marketing restrictions or withdrawal from the market, and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our products, when and if any of them are approved.

Our product candidates and the activities associated with their development and commercialization, including their testing, manufacture, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation that are specific to those defined by regulatory authorities in the countries where the product is approved. In the United States and other countries that follow the International Conference on Harmonization, these requirements include submissions of safety and other post-marketing information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, including periodic inspections by the FDA and other regulatory authorities, requirements regarding the distribution of samples to physicians and recordkeeping.

The FDA, or other regulatory authorities, may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding use of their products and if we promote our products beyond their approved indications, we may be subject to enforcement action for off-label promotion. Violations of the Federal Food, Drug, and Cosmetic Act relating to the promotion of prescription drugs may lead to investigations alleging violations of federal and state healthcare fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, manufacturers, or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Non-compliance with EU requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with the EU's requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

Legislation regulating the pharmaceutical and healthcare industries may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes intended to contain healthcare costs and modify the regulation of drug and biologic products. These and other regulatory changes could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any product candidates for which we obtain marketing approval.

We expect that additional state and federal healthcare reform measures and regulations will be adopted in the future. Any of these measures and regulations could limit the amounts that federal and state governments will pay for healthcare products and services, result in reduced demand for our product candidates or additional pricing pressures and affect our product development, testing, marketing approvals and post-market activities.

Laws, restrictions, and other regulatory measures are also imposed by healthcare laws and regulations in international jurisdictions and in those jurisdictions we face the same issues as in the United States regarding difficulty and cost for us to obtain marketing approval and commercialization of our product candidates and which may affect the prices we may obtain.

In some countries, particularly the countries of the EU, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed, possibly materially.

Our business operations and relationships with healthcare providers, physicians, third-party payers, and customers will be subject to applicable anti-kickback, fraud and abuse and other broadly applicable healthcare laws, which could expose us to criminal sanctions, civil penalties, program exclusion, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and third-party payers will play a primary role in the recommendation and prescription of any product candidates for which we receive marketing approval. Our current and future arrangements may expose us to broadly applicable fraud and abuse and other healthcare laws that may constrain the business or financial arrangements and relationships through which we would market, sell and distribute the products for which we receive marketing approval. Even though we will not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third-party payers, federal and state healthcare laws are and will be applicable to our business. Such laws include, but are not limited to federal false claims, false statements and civil monetary penalties laws, including the federal civil False Claims Act (“FCA”), the federal Anti-Kickback Statute, the federal Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), patient data privacy and security regulation, including, in the United States, HIPAA, as amended by the Health Information Technology for Clinical Health Act of 2009 (“HITECH”), the federal transparency requirements under the Physician Payments Sunshine Act, and analogous state, local or foreign law.

Pharmaceutical and other healthcare companies have been prosecuted under these laws for a variety of promotional and marketing activities, such as: providing free trips, free goods, sham consulting fees and grants and other monetary benefits to prescribers; reporting to pricing services inflated average wholesale prices that were then used by federal programs to set reimbursement rates; engaging in off-label promotion; and submitting inflated best price information to the Medicaid Rebate Program to reduce liability for Medicaid rebates. Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations 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 these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, disgorgement, fines, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, additional oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment or restructuring of our operations. If any of the physicians or other healthcare providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, that person or entity may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Laws, restrictions, and other regulatory measures are also imposed by anti-kickback, fraud and abuse, and other healthcare laws and regulations in international jurisdictions, and in those jurisdictions we face the same issues as in the United State regarding exposure to criminal sanctions, civil penalties, program exclusion, contractual damages, reputational harm, and diminished profits and future earnings.

We depend on our information technology systems and those of our third-party collaborators, service providers, contractors or consultants. Our internal computer systems, or those of our third-party collaborators, service providers, contractors or consultants, may fail or suffer security breaches, disruptions, or incidents, which could result in a material disruption of our development programs or loss of data or compromise the privacy, security, integrity or confidentiality of sensitive information related to our business and have a material adverse effect on our reputation, business, financial condition or results of operations.

In the ordinary course of our business, we collect, store and transmit large amounts of confidential information, including intellectual property, proprietary business information and personal information. Our internal technology systems and infrastructure, and those of our current or future third-party collaborators, service providers, contractors and consultants are vulnerable to damage from computer viruses, unauthorized access or use resulting from malware, natural disasters, terrorism, war and telecommunication and electrical failures, denial-of-service attacks, cyber-attacks or cyber-intrusions over the Internet, hacking, phishing and other social engineering attacks, persons inside our organizations (including employees or contractors), loss or theft, or persons with access to systems inside our organization. Attacks on information technology systems are increasing in their frequency, levels of persistence, sophistication and intensity, and they are being conducted by increasingly sophisticated and organized foreign governments, groups and individuals with a wide range of motives and expertise. In addition to extracting or accessing sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the security, confidentiality, integrity and availability of information. The prevalent use of mobile devices that access sensitive information also increases the risk of data security incidents which could lead to the loss of confidential information or other intellectual property. While to our knowledge we have not experienced any material system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations or the operations of third-party collaborators, service providers, contractors and consultants, it could result in a material disruption of our development programs and significant reputational, financial, legal, regulatory, business or operational harm. The costs to us to mitigate, investigate and respond to potential security incidents, breaches, disruptions, network security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and while we have implemented security measures to protect our data security and information technology systems, our efforts to address these problems may not be successful, and these problems could result in unexpected interruptions, delays, cessation of service and other harm to our business and our competitive position.

For example, the loss of clinical trial data from completed, ongoing or planned clinical trials for our product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any real or perceived security breach affects our systems (or those of our third-party collaborators, service providers, contractors or consultants), or results in the loss of or accidental, unlawful or unauthorized access to, use of, release of, or other processing of personally identifiable information or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities and the further development of our product candidates could be delayed. Such a breach may require notification to governmental agencies, the media or individuals pursuant to various foreign, domestic (federal and state) privacy and security laws, if applicable, including HIPAA, as amended by HITECH, and its implementing rules and regulations, as well as regulations promulgated by the Federal Trade Commission and state breach notification laws. In addition, our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related incidents.

Any failure or perceived failure by us or any third-party collaborators, service providers, contractors or consultants to comply with our privacy, confidentiality, data security or similar obligations, or any data security incidents or other security breaches that result in the accidental, unlawful or unauthorized access to, use of, release of, processing of, or transfer of sensitive information, including personally identifiable information, may result in negative publicity, harm to our reputation, governmental investigations, enforcement actions, regulatory fines, litigation or public statements against us, could cause third parties to lose trust in us or could result in claims by third parties, including those that assert that we have breached our privacy, confidentiality, data security or similar obligations, any of which could have a material adverse effect on our reputation, business, financial condition or results of operations. To the extent we maintain individually identifiable health information, we could be subject to fines and penalties (including civil and criminal) under HIPAA for any failure by us or our business associates to comply with HIPAA's requirements. Moreover, data security incidents and other security breaches can be difficult to detect, and any delay in identifying them may lead to increased harm. While we have implemented data security measures intended to protect our information, data, information technology systems, applications and infrastructure, there can be no assurance that such measures will successfully prevent service interruptions or data security incidents.

European data collection is governed by restrictive regulations governing the collection, use, processing and cross-border transfer of personal information.

We may collect, process, use or transfer personal information from individuals located in the European Economic Area in connection with our business, including in connection with conducting clinical trials in the EEA. Additionally, if any of our product candidates are approved, we may seek to commercialize those products in the European Economic Area. The collection and use of personal health data in the European Economic Area is governed by the provisions of the General Data Protection Regulation ((EU) 2016/679) (the "GDPR"), along with other European Union and country-specific laws and regulations. The United Kingdom and Switzerland have also adopted data protection laws and regulations. These legislative acts (together with regulations and guidelines) impose requirements relating to having legal bases for processing personal data relating to identifiable individuals and transferring such data outside of the European Economic Area, including to the United States, providing details to those individuals regarding the processing of their personal data, keeping personal data secure, having data processing agreements with third parties who process personal data, responding to individuals' requests to exercise their rights in respect of their personal data, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers or corporate representatives, conducting data protection impact assessments and record-keeping. The GDPR imposes additional responsibilities and liabilities in relation to personal data that we process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. Failure to comply with the requirements of the GDPR and related national data protection laws of the member states of the European Economic Area and other states in the European Economic Area may result in substantial fines, other administrative penalties and civil claims being brought against us, which could have a material adverse effect on our business, financial condition and results of operations. European data protection authorities may interpret the GDPR and national laws differently and may impose additional requirements, which adds to the complexity of processing personal data in or from the EEA or United Kingdom. Guidance on implementation and compliance practices are often updated or otherwise revised.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business.

We may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our nonclinical or clinical development or production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Risks Related to the Commercialization of Our Product Candidates

Even if any of our product candidates receives marketing approval, we may fail to achieve the degree of market acceptance by physicians, patients, third-party payers and others in the medical community necessary for commercial success.

If any of our product candidates receives marketing approval, we may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payers and others in the medical community. In addition, physicians, patients and third-party payers may prefer other novel products to ours. If our product candidates do not achieve an adequate level of acceptance, we may not generate significant product revenues and we may not become profitable. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety and potential advantages and disadvantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- the convenience and ease of administration compared to alternative treatments;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of our marketing and distribution support;
- the availability of third-party coverage and adequate reimbursement, including patient cost-sharing programs such as copays and deductibles;
- the ability to develop or partner with third-party collaborators to develop companion diagnostics;
- the prevalence and severity of any side effects; and
- any restrictions on the use of our products together with other medications.

If our current product candidates, or a future product candidate receives marketing approval and we, or others, later discover that the product is less effective than previously believed or causes undesirable side effects that were not previously identified, the ability to market the product could be compromised.

Clinical trials are conducted in carefully defined subsets of patients who have agreed to enter into clinical trials. Consequently, it is possible that our clinical trials may indicate an apparent beneficial effect of a product candidate that is greater than the actual positive effect in a broader patient population or alternatively fail to identify undesirable side effects. If, following approval of a product candidate, we, or others, discover that the product is less effective than previously believed or causes undesirable side effects that were not previously identified, any of the following events could occur:

- regulatory authorities may withdraw their approval of the product or seize the product;
- the product may be required to be recalled or changes may be required to the way the product is administered;
- additional restrictions may be imposed on the marketing of, or the manufacturing processes for, the product;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- the creation of a Medication Guide outlining the risks of the previously unidentified side effects for distribution to patients;
- additional restrictions may be imposed on the distribution or use of the product via a Risk Evaluation and Mitigation Strategy;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

Any of these events could have a material and adverse effect on our operations and business. The commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired.

We currently have no marketing and sales force. If we are unable to establish effective marketing and sales capabilities or enter into agreements with third parties to market and sell our product candidates, we may not be able to effectively market and sell our product candidates, if approved, or generate product revenues.

We currently do not have a marketing or sales team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. In order to commercialize any product candidates, we must build on a territory-by-territory basis marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we intend to establish an internal sales and marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time-consuming, will require significant attention of our executive officers to manage and may nonetheless fail to effectively market and sell our product candidates. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our products that we obtain approval to market. With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval, or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer, and we may incur significant additional losses.

We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.

The development and commercialization of new drug products is highly competitive. We face competition with respect to our current product candidates and will face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. There are several large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of products for the treatment of the disease indications for which

we are developing our product candidates. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Specifically, there are a number of companies developing competing anti-CD40 and anti-CD40L therapeutics, including Novartis, Boehringer Ingelheim, Astellas, AbbVie, Sanofi, UCB, Horizon Therapeutics (post acquisition of Viela Bio), Bristol Myers Squibb, and Kiniksa. All of these companies are larger than Eledon and have significantly greater resources to develop their drug candidates.

If approved, we expect that tegoprubart will face competition from numerous FDA-approved therapeutics for the prevention of transplant rejection, including PROGRAF®, ASTAGRAF XL®, ENVARSUS XR®, NULOJIX®, CELLCEPT®, MYFORTIC®, and numerous other branded and generic immunosuppressive agents. Multiple companies are working on islet cell and kidney transplant solutions that may ultimately potentially negate the need for immunosuppressive agents in these indications altogether.

If approved, we expect tegoprubart will face competition from other FDA-approved therapeutics for the treatment of LN, FSGS or IgAN, including TARPEYO™, LUPKYNIS™ and BENLYSTA®, SPARSENTAN, and numerous other branded and generic medicines are already being used “off-label” to treat them.

We expect that tegoprubart will face competition from FDA-approved therapeutics for the treatment of ALS including RADICAVA®, RILUZOLE, and numerous other branded and generic immunosuppressive agents. Multiple pharmaceutical and biotechnology companies, including but not limited to Biogen, Ionis Pharmaceuticals, Alexion Pharmaceuticals, Orion Pharma, Orphazyme, AZTherapies, Voyager Therapeutics, Apic Bio, Brainstorm Cell Therapeutics, Cytokinetics, and Amylyx Pharmaceuticals are also working on competing ALS pharmaceutical, gene therapy and cell therapy approaches.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that we may develop. In addition, our ability to compete may be affected in many cases by insurers or other third-party payers seeking to encourage the use of generic products.

Generic products are currently available, with additional generic products expected to become available over the coming years, potentially creating pricing pressure. If our product candidates achieve marketing approval, we expect that they will be priced at a significant premium over competitive generic products.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, conducting nonclinical studies, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller 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 for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit our ability to market those products and decrease our ability to generate revenue.

The availability and extent of reimbursement by governmental and private payers is essential for most patients to be able to afford expensive treatments. Sales of our product candidates will depend substantially, both domestically and internationally, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payers. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a sufficient return on our investment.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new medicines are typically made by CMS, as CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare. Private payers tend to follow CMS to a substantial degree. It is difficult to predict what CMS will decide with respect to reimbursement for fundamentally novel products such as ours, as there is no body of established practices and precedents for these new products. Reimbursement agencies in Europe may be more conservative than CMS. Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in Europe, Canada, and other countries has and will continue to put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In general, the prices of medicines under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for medicines but monitor and control company profits. 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 products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenues and profits.

Moreover, increasing efforts by governmental and third-party payers, in the United States and internationally, to cap or reduce healthcare costs may cause such organizations to limit both coverage and level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for our product candidates. Increased expense is incurred to cover costs of health outcome focused research used to generate data necessary to justify the value of our products in order to secure reimbursement. We expect to experience pricing pressures in connection with the sale of any of our product candidates, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products into the healthcare market.

In addition, many private payers contract with commercial vendors who sell software that provide guidelines that attempt to limit utilization of, and therefore reimbursement for, certain products deemed to provide limited benefit to existing alternatives. Such organizations may set guidelines that limit reimbursement or utilization of our products.

Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend against claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in decreased demand for any product candidates or products that we may develop; injury to our reputation and significant negative media attention; withdrawal of clinical trial participants; significant costs to defend the related litigation; substantial monetary awards to trial participants or patients; loss of revenue; reduced resources of our management to pursue our business strategy; and the inability to commercialize any products that we may develop.

We currently hold $10.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $10.0 million, which may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

Risks Related to Our Dependence on Third Parties

We contract with third parties for the manufacture of our product candidates for nonclinical and clinical trials and expect to continue to do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products at an acceptable cost and quality, which could delay, prevent or impair our development or commercialization efforts.

We have utilized, and intend to continue utilizing, third parties to formulate, manufacture, package, and distribute clinical supplies of our drug candidates. We have no experience in manufacturing and do not have any manufacturing facilities. Currently, we rely on third parties for the manufacturing of drug substance and drug product for nonclinical and clinical activities. Our manufacturing vendors utilize proprietary cell culture media, cell lines, buffers, manufacturing

equipment, manufacturing supplies, and storage buffers for the manufacturing of tegoprubart and other product candidates. These materials are custom-made and available from only a limited number of sources. Although we believe that our third-party suppliers maintain a significant supply of these materials and equipment on hand, any sustained disruption in this supply, including as a result of operational disruptions related to the ongoing COVID-19 pandemic, could adversely affect our operations. We do not have any long-term agreements in place with our current suppliers. If we are required to change manufacturers, we may experience delays associated with finding an alternate manufacturer that is properly qualified to produce supplies of our products and product candidates in accordance with regulatory requirements and our specifications. Any delays or difficulties in obtaining or in manufacturing, packaging or distributing approved product candidates could negatively impact our clinical trials.

We expect to rely on third-party manufacturers or third-party collaborators for the manufacture of commercial supply of any other product candidates for which our collaborators or we obtain marketing approval. Despite drug substance and product risk management, this reliance on third parties presents a risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts. In addition, the operations of these third parties have been and may continue to be significantly disrupted by the ongoing COVID-19 pandemic. Any delay or performance failure on the part of our existing or future manufacturers of drug substance or drug products could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply. If suppliers cannot supply us with our requirements, we may be required to identify alternative manufacturers, which would lead us to incur added costs and delays in identifying and qualifying any such replacement.

Formulations and devices used in early studies are not final formulations and devices for commercialization. Additional changes may be required by the FDA or other regulatory authorities on specifications and storage conditions. These may require additional studies and may result in a delay in our clinical trials and commercialization activities.

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

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

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

The third parties we rely on for manufacturing and packaging are also subject to regulatory review, and any regulatory compliance problems with these third parties could significantly delay or disrupt our clinical or commercialization activities. Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products. Additionally, macro-economic conditions may adversely affect these third parties, causing them to suffer liquidity or operational problems. If a key third-party vendor becomes insolvent or is forced to lay off workers assisting with our projects, our results and development timing could suffer.

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

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

We depend on CROs and other contracted third parties to perform nonclinical and clinical testing and certain other research and development activities. As a result, the outcomes of the activities performed by these organizations will be, to a certain extent, beyond our control.

The nature of outsourcing a substantial portion of our business will require that we rely on CROs and other contractors to assist us with research and development, clinical testing activities, patient enrollment, data collection, and regulatory submissions to the FDA or other regulatory bodies. As a result, our success will depend partially on the success of these third parties in performing their responsibilities. Although we intend to pre-qualify our CROs and other contractors and we believe that the contractors selected will be fully capable of performing their contractual obligations, we cannot directly control the adequacy and timeliness of the resources and expertise that they apply to these activities. Additionally, macro-economic conditions may affect our development partners and vendors, which could adversely affect their ability to timely perform their tasks. If our contractors do not perform their obligations in an adequate and timely manner, the pace of clinical development, regulatory approval and commercialization of our drug candidates could be significantly delayed, and our prospects could be adversely affected.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain intellectual property protection for our technology and products or if the scope of the intellectual property protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our success depends in large part on our ability to obtain and maintain patent protection in relevant countries with respect to our proprietary technology and products. We seek to protect our proprietary position by filing patent applications in the United States and internationally that are related to our novel technologies and product candidates. This patent portfolio includes issued patents and pending patent applications covering pharmaceutical compositions and methods of use.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may choose not to seek patent protection for certain innovations and may choose not to pursue patent protection in certain jurisdictions, and under the laws of certain jurisdictions, patents or other intellectual property rights may be unavailable or limited in scope. It is also possible that we will fail to identify patentable aspects of our discovery and nonclinical development output before it is too late to obtain patent protection. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. For example, India and China do not allow patents for methods of treating the human body. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we were the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the EU, the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection.

The risks described pertaining to our patents and other intellectual property rights also apply to the intellectual property rights that we license, and any failure to obtain, maintain and enforce these rights could have a material adverse effect on our business. In some cases, we may not have control over the prosecution, maintenance or enforcement of the patents that we license, and our licensors may fail to take the steps that we believe are necessary or desirable in order to obtain, maintain and enforce the licensed patents. Any inability on our part to protect adequately our intellectual property may have a material adverse effect on our business, operating results and financial position.

The USPTO and various non-U.S. governmental patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In certain situations, non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of

patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

In addition, we have acquired rights to tegoprubart and other product candidates through a license agreement with The ALS Therapy Development Institute, and may in the future enter into other license agreements with third parties for other intellectual property rights or assets. These license agreements may impose various diligence, milestone payment, royalty, and other obligations on us. If we fail to comply with our obligations under these agreements, or we are subject to a bankruptcy, we may be required to make certain payments to the licensor, we may lose the exclusivity of our license, or the licensor may have the right to terminate the license, in which event we would not be able to develop or market products covered by the license. Additionally, the milestone and other payments associated with these licenses will make it less profitable for us to develop our drug candidates than if we had developed the licensed technology internally.

In some cases, patent prosecution of our licensed technology may be controlled solely by the licensor. If our licensors fail to obtain and maintain patent or other protection for the proprietary intellectual property we license from them, we could lose our rights to the intellectual property or our exclusivity with respect to those rights, and our competitors could market competing products using the intellectual property. In certain cases, we may control the prosecution of patents resulting from licensed technology. In the event we breach any of our obligations related to such prosecution, we may incur significant liability to our licensing partners. If disputes over intellectual property and other rights that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

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

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology, including interference or derivation proceedings before the USPTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

Because competition in our industry is intense, competitors may infringe or otherwise violate our issued patents, patents of our licensors or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly, or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or interpreted narrowly. We may also elect to enter into license agreements in order to settle patent infringement claims or to resolve disputes prior to litigation, and any such license agreements may require us to pay royalties and other fees that could be significant. 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.

We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

A third party may hold intellectual property, including patent rights, that are important or necessary to the development of our products. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our products, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business could be harmed, possibly materially. If we were not able to obtain a license or are not able to obtain a license on commercially reasonable terms, our business could be harmed, possibly materially.

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

In addition to seeking patents for some of our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Any NDAs or similar agreements entered into by the Company may not be with all relevant parties, or adequately protect the confidentiality of our trade secrets. Moreover, to the extent we enter into such agreements, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate them, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

We may be subject to claims of misappropriation of trade secrets from former employers of Company personnel.

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

Risks Related to Our Common Stock

We expect our stock price to be volatile, and the market price of our common stock may drop unexpectedly.

The market price of our common stock could be subject to significant fluctuations. Market prices for securities of early-stage pharmaceutical, biopharmaceutical, and other life sciences companies have historically been particularly volatile. Some of the factors that may cause the market price of our common stock to fluctuate include:

- our ability to obtain regulatory approvals for our product candidates or other product candidates, and delays or failures to obtain such approvals;
- failure of any of our product candidates, if approved, to achieve commercial success;
- issues in manufacturing our approved products, if any, or product candidates;
- the results of our current and any future clinical trials of our product candidates;
- the entry into, or termination of, key agreements, including key commercial partner agreements;
- the initiation of, material developments in, or conclusion of litigation to enforce or defend any of our intellectual property rights or defend against the intellectual property rights of others;
- announcements by commercial partners or competitors of new commercial products, clinical progress, or the lack thereof, significant contracts, commercial relationships, or capital commitments;
- the introduction of technological innovations or new therapies that compete with our potential products;
- the loss of key employees;

- changes in estimates or recommendations by securities analysts, if any, who cover our common stock;
- general and industry-specific economic conditions that may affect our research and development expenditures;
- changes in the structure of healthcare payment systems; and
- period-to-period fluctuations in our financial results.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of our common stock.

In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our profitability and reputation.

If we fail to establish and maintain proper and effective internal control over financial reporting, our operating results and our ability to operate our business could be harmed.

Ensuring that we will have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with accounting principles generally accepted in the United States ("GAAP").

If we are unable to successfully maintain internal controls over financial reporting, the accuracy and timing of our financial reporting, and our stock price, may be adversely affected and we may be unable to maintain compliance with the applicable stock exchange listing requirements. Additionally, as we become a larger company, we will become subject to Section 404(b) of the Sarbanes-Oxley Act, which requires our independent auditors to document and test our internal controls. These additional requirements are costly, and our auditors may identify control deficiencies.

Implementing any appropriate changes to our internal controls may distract the officers and employees of the Company, entail substantial costs to modify its existing processes and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of the internal controls of the Company, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase operating costs and harm the business. In addition, investors' perceptions that the internal controls of the Company are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm the stock price of the Company.

Provisions in our corporate charter documents and under Delaware law could make an acquisition of the Company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our corporate charter and bylaws may discourage, delay or prevent a merger, acquisition or other change in control of the Company that stockholders may consider favorable, including transactions in which our stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our Board is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by stockholders to replace or remove the current management by making it more difficult for stockholders to replace members of our Board. Among other things, these provisions:

- establish a classified Board such that not all members of the Board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our Board;
- limit the manner in which stockholders can remove directors from our Board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our Board;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;

- limit who may call stockholder meetings;
- authorize our Board to issue preferred stock without stockholder approval, which could be used to institute a “poison pill” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our Board; and
- require the approval of the holders of at least 75% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of the Company’s charter or bylaws.

We do not expect to pay any cash dividends in the foreseeable future.

We expect to retain our future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be the sole source of gain, if any, for any stockholders for the foreseeable future.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Our executive offices are located in Irvine, California. We lease approximately 5,197 square feet of office space under an operating lease that expires on December 31, 2022. Additionally, the company has an operating lease for approximately 6,138 square feet of office space in Burlington, Massachusetts, that expires on November 20, 2024.

Item 3. Legal Proceedings.

Neither we nor any of our subsidiaries is a party to, and none of their respective property is the subject of, any material legal proceeding, although we are from time-to-time party to legal proceedings that arise in the ordinary course of our business.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is traded on the Nasdaq Capital Market under the symbol "ELDN".

As of March 21, 2022, there were approximately 35 stockholders of record of our common stock.

Dividends

We have never declared or paid, and do not anticipate declaring or paying in the foreseeable future, any cash dividends on our common stock. Future determination as to the declaration and payment of dividends, if any, will be at the discretion of our Board and will depend on then existing conditions, including our operating results, financial condition, contractual restrictions, capital requirements, business prospects and other factors that our Board may deem relevant.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to help the reader understand the results of operations and financial condition of the Company. The Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2021. In addition to historical information, this Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. See "Special Note Regarding Forward-Looking Statements" in this report. Our actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under the Part I, Item 1A. Risk Factors section and elsewhere in this report, as well as, in other reports and documents we file with the Securities and Exchange Commission from time to time. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report on Form 10-K.

RECENT DEVELOPMENTS

Legacy Operations and Acquisition of Anelixis Therapeutics, Inc.

On September 14, 2020, the Company completed the acquisition of Anelixis Therapeutics, Inc. ("Anelixis"), a privately held clinical stage biotechnology company developing a next generation anti-CD40L antibody as a potential treatment for organ and cellular transplantation, autoimmune diseases, and ALS. Concurrent with the Company's acquisition of Anelixis on September 14, 2020, the Company entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with certain institutional and accredited investors (the "PIPE Investors"), pursuant to which the Company issued and sold approximately 199,112 shares of Series X1 Preferred Stock (the "PIPE Shares") for an aggregate purchase price of approximately $99.1 million (the "Financing"). The Financing was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The proceeds from the private placement will be used to fund the Company's operations, including up to four clinical trials of our lead asset, tegoprubart. At the closing of the Financing, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the Investors. Pursuant to the Registration Rights Agreement, on December 22, 2020, the Company registered the resale by certain selling stockholders of 12,065,875 shares of common stock, which may be issued upon conversion of the PIPE Shares under its effective shelf registration statement on Form S-3 (File No. 333-251305).

Prior to our acquisition of Anelixis, we had been focused on developing novel products for patients with disorders of the ear, nose, and throat ("ENT"). In June 2020, we announced that our lead program did not achieve statistical significance for the primary efficacy endpoints in the treatment of acute otitis media. As a result of this failure to achieve the primary study endpoint and expected need to reformulate the investigational drug, we suspended the clinical development of our legacy ENT assets while we assessed alternate development strategies, including the out-licensing or sale of these assets. Following the June 2020 announcement, we significantly curtailed development expenses as we sought to identify strategic alternatives that would maximize stockholder value. As a result of these activities, we acquired Anelixis and raised additional capital in September 2020, as described above.

Subsequent to our acquisition of Anelixis, we undertook a strategic review of the legacy ENT assets. We concluded this review and determined that the best path forward was to terminate license agreements associated with these ENT assets and return the rights to the original license holders, which we did in July 2021. There was no financial impact to returning these assets.

Other Developments

September 2020 Stock Purchase Agreement

On September 14, 2020, Eledon entered into a Stock Purchase Agreement (the "Purchase Agreement") with certain institutional and accredited investors (the "Investors"). Pursuant to the Purchase Agreement, Eledon agreed to sell an aggregate of approximately 199,112 shares of Series X1 non-voting Convertible Preferred Stock ("Series X1 Preferred Stock") for an aggregate purchase price of approximately $99.1 million (collectively, the "Financing"). Eledon had commitments for an additional $9.0 million in equity financing that was contingent upon the satisfaction of certain incremental closing conditions, including stockholder approval of the issuance of the Company's common stock upon the conversion of the Company's X1 Preferred Stock and the effective registration of its common stock. Subject to stockholder approval, each share of Series X1 Preferred Stock was convertible into 55.5556 shares of Common Stock, as described below.

The preferences, rights and limitations applicable to the Series X1 Preferred Stock are set forth in the Certificate of Designation, as filed with the SEC. The Financing was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The Investors have acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends have been affixed to the securities issued in this transaction.

On December 18, 2020, the Company held a special meeting of stockholders (the "Special Meeting"). At the Special Meeting, the Company's stockholders approved the issuance of the Company's common stock, upon conversion of the Company's Series X1 Preferred Stock, par value $0.001 per share, issued in September 2020.

On December 23, 2020, the Company sold 1,004,111 shares of its common stock for gross proceeds of $9.0 million that was contingent upon the satisfaction of certain incremental closing conditions, as described above.

2020 Common Stock Exchange Agreements

On February 13, 2020, the Company entered into an exchange agreement (the "Exchange Agreement") with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P. and Biotechnology Value Trading Fund OS, L.P. (the "Exchanging Stockholders"), pursuant to which the Exchanging Stockholders exchanged (the "February Exchange") 210,888 shares of the Company's common stock, par value $0.001 per share, for 3,796 shares of newly designated Series X non-voting Convertible Preferred Stock (the "Series X Preferred Stock"). The Company agreed to reimburse the Exchanging Stockholders for their expenses in connection with the Exchange up to a total of $25,000, which was recorded as operating expense in the Company's condensed consolidated statements of operations and comprehensive loss.

On February 13, 2020, in connection with the February Exchange, the Company filed a Certificate of Designation setting forth the preferences, rights and limitations of the Series X Preferred Stock with the Secretary of State of the State of Delaware. Each share of Series X Preferred Stock will be convertible into 55.5556 shares of common stock at the option of the holder at any time; subject to certain limitations, including, that the holder will be prohibited from converting Series X Preferred Stock into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares of common stock above a conversion blocker, which is initially set at 9.99% of the total common stock then issued and outstanding immediately following the conversion of such shares of Series X Preferred Stock. In the event of the Company's liquidation, dissolution or winding up, holders of Series X Preferred Stock will participate pari passu with any distribution of proceeds to holders of common stock. Holders of Series X Preferred Stock are entitled to receive dividends on shares of Series X Preferred Stock equal (on an as-if-converted-to-common stock basis) to and in the same form as dividends actually paid on the common stock or other junior securities of the Company. Shares of Series X Preferred Stock will generally have no voting rights, except as required by law and except that the consent of a majority of the holders of the outstanding Series X Preferred Stock will be required to amend the terms of the Series X Preferred Stock.

On June 1, 2020 and June 10, 2020, the Exchanging Stockholders converted a total of 3,285 shares of Series X Preferred Stock into 182,500 shares of common stock.

2020 Warrant Exercise Transactions

On January 10, 2020 and January 15, 2020, the Company entered into warrant exercise agreements (the "Exercise Agreements") with the holders (the "Holders") of its Series A Warrants and Series B Warrants (collectively, the "Warrants"), pursuant to which the Holders agreed to exercise in cash their Warrants to purchase an aggregate of 383,235 shares of the Company's common stock at a reduced exercise price of $12.87 per share, plus an additional $2.25 per share for the issuance of the private placement warrants for gross proceeds (before placement agent fees and expenses) to the Company of approximately $5.8 million (the "Exercise Transaction").

Under the Exercise Agreements, the Company also agreed to issue to the Holders new warrants to purchase up to 383,235 shares of the Company's common stock at an exercise price of $12.96 per share, with an exercise period of five and a half years (the "Private Placement Warrants"). The Private Placement Warrants transaction subsequently closed and the Private Placement Warrants were issued on January 14, 2020 with respect to the Warrants exercised on January 10, 2020 and on or about January 17, 2020, with respect to the Warrants exercised on January 15, 2020. In addition, the Company agreed to issue to the placement agent warrants to purchase up to 19,162 shares of common stock, representing 5.0% of the aggregate number of shares of common stock issued in the Exercise Transaction. The placement agent warrants have substantially the same terms as the Private Placement Warrants issued to the Holders, except that the placement agent warrants have an exercise price equal to $18.90. A warrant inducement expense of $4.8 million was incurred which was

determined using the Black-Scholes option pricing model and was calculated as the difference between the fair value of the Warrants prior to, and immediately after, the reduction in the exercise price on the date of repricing in addition to the fair value of the Private Placement Warrants issued.

For the year ended December 31, 2020, the Holders exercised approximately 64,171 Private Placement Warrants in a cashless exchange for 28,553 shares of the Company's common stock. Additionally, approximately 9,985 private placement warrants were exercised for 9,985 shares of the Company's common stock for gross proceeds of $188,773.

December 2020 Exchange Agreements

On December 31, 2020, the Company entered into an exchange agreement (the "Series X Exchange Agreement") with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P. , MSI BVF SPV, L.L.C. (the "BVF Exchanging Stockholders") and Cormorant Global Healthcare Master Fund, LP (together with the BVF Exchanging Stockholders, the "Exchanging Stockholders"), pursuant to which the Exchanging Stockholders exchanged (the "Series X Exchange") 344,666 shares of the Company's common stock, for 6,203.98 shares of Series X Preferred Stock.

In addition, on December 31, 2020, the Company entered into an exchange agreement (the "Warrant Exchange Agreement," and together with the Series X Exchange Agreement, the "Exchange Agreements") with the BVF Exchanging Stockholders, pursuant to which the BVF Exchanging Stockholders exchanged (the "Warrant Exchange," and together with the Series X Exchange, "the Exchanges") 509,117 shares of the Common Stock for one or more pre-funded warrants to purchase an aggregate of 509,117 shares of the Common Stock at a nominal exercise price (the "Warrants").

The Company recorded the shares of Series X Preferred Stock and Warrants issuable as preferred stock and warrant subscriptions at December 31, 2020, since the physical settlement of the Exchanges was made on January 5, 2021, whereby the transfer agent recorded the exchange of common stock for the issuance of preferred stock and warrants.

September 2021 Exchange Agreements

On September 21, 2021, the Company issued warrants exercisable for 298,692 shares of common stock in exchange for warrants exercisable for 5,376.456 shares of Series X1 Preferred Stock previously issued as part of the Anelixis merger. These Series X1 Preferred Stock warrants were replaced by the Company for the outstanding warrants issued by Anelixis that were not settled upon completion of the merger.

Common Stock Warrants

As of December 31, 2021, 1,145,631 warrants were exercisable into common stock (after rounding for fractional shares and subject to beneficial ownership conversion blockers). The shares of common stock underlying the registered direct and private placement warrants are registered for offer and sale under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the Company's effective registration statements on Forms S-1.

Series X1 Preferred Stock Warrants

As of December 31, 2021, 50,207.419 warrants were exercisable into Series X1 Preferred Stock which are convertible into 2,789,301 shares of common stock (after rounding for fractional shares and subject to beneficial ownership conversion blockers).

2021 Equity Distribution Agreement

On March 31, 2021, the Company filed a prospectus and prospectus supplement (the "2021 Prospectus") under which the Company may offer and sell, from time to time, pursuant to an equity distribution agreement with Jeffries LLC, up to

$75.0 million in shares of its common stock. During the year ended December 31, 2021, no shares were sold under the 2021 Prospectus.

COVID-19 Impact

The COVID-19 pandemic and resulting global disruptions have adversely affected our business and operations, including, but not limited to, the operations of third parties upon whom we rely. The effects of executive and similar government orders, including shelter-in-place orders and work-from-home policies may negatively impact our productivity and disrupt our business. Although the impacts of COVID-19 have not been material to-date, we have experienced delays in certain clinical studies and resulting delays in data collection and have also experienced inefficiencies in planning and executing trials due to our limited ability to conduct meetings with key third parties. In response to the COVID-19 pandemic, we quickly implemented safety and health standards and protocols for our employees. We have been responsive to local guidelines in respect of the COVID-19 pandemic, which included shutting our offices for part of 2021 and having our employees work from home, re-opening in deliberate fashion following local guidelines, and installing COVID-19 plans and policies to be followed at our offices (including mask protocols, and limitations on attendance in common spaces).

The further spread of COVID-19 and its effects, including actions to limit the spread of the illness, could impact our ability to carry out our business and may materially adversely impact global economic conditions. The extent of the impact of COVID-19 on our business will depend on future developments, including the duration and severity of the outbreak (including the severity and transmission rates of new variants of the virus, such as the Delta and Omicron variants), the timing, distribution, rate of public acceptance and efficacy of vaccines and other treatments, the effect of governmental regulations imposed in response to the pandemic and the magnitude and duration of global supply chain constraints, all of which are highly uncertain and ever-changing. The COVID-19 pandemic and resulting global disruptions have caused significant volatility in financial and credit markets. We have utilized a range of financing methods to fund our operations in the past; however, current conditions in the financial and credit markets may limit the availability of funding or increase the cost of funding. Any of the foregoing factors, or other effects of the COVID-19 pandemic, could materially affect our business, possibly to a significant degree. The severity and duration of any such impacts cannot be predicted.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

Our management's discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, and expenses and the disclosure of contingent assets and liabilities as of the date of the financial statements. On an ongoing basis, we evaluate our estimates and judgments. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Business Combinations

Accounting for acquisitions requires extensive use of estimates and judgment to measure the fair value of the identifiable tangible and intangible assets acquired, including in-process research and development ("IPR&D") and liabilities assumed. Additionally, the Company must determine whether an acquired entity is considered a business or a set of net assets because the excess of the purchase price over the fair value of net assets acquired can only be recognized as goodwill in a business combination. The Company accounted for the acquisition of Anelixis as a business combination under the acquisition method of accounting. Consideration paid to acquire Anelixis was measured at fair value and included the exchange of Anelixis' common stock. The allocation of the purchase price resulted in recognition of intangible assets related to goodwill and IPR&D. Acquired IPR&D is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. The operating activity for Anelixis, the acquiree for accounting purposes, was immediately integrated with Eledon post-acquisition, therefore it is not practical to segregate results of operations related specifically to Anelixis since the date of acquisition.

During the measurement period, which extends no later than one year from the acquisition date, the Company may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations as operating expenses or income.

Goodwill

Goodwill represents the difference between the consideration transferred and the fair value of the net assets acquired under the acquisition method of accounting. Goodwill is not amortized but is evaluated for impairment as of December 31 of each year or earlier if indicators of impairment exist that would, more likely than not, reduce the fair value from its carrying amount. No impairment was recorded for the years ended December 31, 2021 and 2020.

The Company performs its goodwill impairment analysis at the reporting unit level, which aligns with the Company's reporting structure and availability of discrete financial information. The Company performs its annual impairment analysis by either comparing the reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. The Company may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and it does not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value or significantly increase its net assets. If a quantitative assessment is performed the evaluation includes management estimates of cash flow projections based on internal future projections and/or use of a market approach by looking at market values of comparable companies. Key assumptions for these projections include revenue growth, future gross and operating margin growth, and its weighted cost of capital and terminal growth rates. The revenue and margin growth are based on increased sales of new products as the Company maintains investments in research and development. Additional assumed value creators may include increased efficiencies from capital spending. The resulting cash flows are discounted using a weighted average cost of capital. Operating mechanisms and requirements to ensure that growth and efficiency assumptions will ultimately be realized are also considered in the evaluation, including timing and probability of regulatory approvals for Company products to be commercialized. The Company's market capitalization is also considered as a part of its analysis.

Research and Development Expenses

Research and development expenses include personnel and facility-related expenses, outside contracted services including clinical trial costs, manufacturing and process development costs, research costs and other consulting services and non-cash stock-based compensation. Research and development costs are expensed as incurred. Amounts due under contracts with third parties may be either fixed fee or fee for service, and may include upfront payments, monthly payments and payments upon the completion of milestones or receipt of deliverables. Non-refundable advance payments under agreements are capitalized and expensed as the related goods are delivered or services are performed.

The Company's contracts with third parties to perform various clinical trial activities in the on-going development of potential products. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows to its vendors. Payments under the contracts depend on factors such as the achievement of certain events, successful enrollment of patients, and completion of portions of the clinical trial or similar conditions. The Company's accrual for clinical trials is based on estimates of the services received and efforts expended pursuant to contracts with clinical trial centers and clinical research organizations. These contracts may be terminated by the Company upon written notice and the Company is generally only liable for actual effort expended by the organizations to the date of termination, although in certain instances the Company may be further responsible for termination fees and penalties. The Company estimates its research and development expenses and the related accrual as of each balance sheet date based on the facts and circumstances known to the Company at that time. There have been no material adjustments to the Company's prior period accrued estimates for clinical trial activities through December 31, 2021.

Stock-Based Compensation

For stock options granted to employees and directors, the Company recognizes compensation expense for all stock-based awards based on the grant-date estimated fair value. The fair value of stock options is determined using the Black-Scholes option pricing model, using assumptions which are subjective and require significant judgment and estimation by management. The risk-free rate assumption was based on observed yields from governmental zero-coupon bonds with an equivalent term. The expected volatility assumption was based on historical volatilities of a group of comparable industry companies whose share prices are publicly available. The peer group was developed based on companies in the pharmaceutical industry. The expected term of stock options represents the weighted-average period that the stock options are expected to be outstanding. Because the Company does not have historical exercise behavior, the Company determined the expected life assumption using the simplified method for stock options granted to employees, which is an average of the options ordinary vesting period and the contractual term. For stock options granted to the Board, the Company determined the expected life assumption using the simplified method as the starting point with an average period of twelve (12) months added to take into account for the extended range of time of 12 to 18 months vested stock options granted to Board members

may be exercised upon termination. The expected dividend assumption was based on the Company's history and expectation of dividend payouts. The Company has not paid and does not expect to pay dividends at any time in the foreseeable future. The Company recognizes forfeitures on an actual basis and as such did not estimate forfeitures to calculate stock-based compensation.

Restricted Stock Units ("RSU") and Performance-Based Restricted Stock Units ("PRSU") are measured and recognized based on the quoted market price of our common stock on the date of grant.

Stock-based compensation expense related to stock options granted to nonemployees is recognized based on the estimated fair value of the stock options on their grant date, determined using the Black-Scholes option pricing model. The awards generally vest over the period the Company expects to receive services from the nonemployees. Similar to stock options granted to employees, the fair value of stock options granted nonemployees, determined using the Black-Scholes option pricing model, involves assumptions that are subjective and require significant judgment and estimation by management. The risk-free rate assumption was based on observed yields from governmental zero-coupon bonds with an equivalent term. The expected volatility assumption was based on historical volatilities of a group of comparable industry companies whose share prices are publicly available. The peer group was developed based on companies in the pharmaceutical industry. The expected term of stock options represents the weighted-average period that the stock options are expected to be outstanding. Because the Company does not have historical exercise behavior on stock options granted to nonemployees, the Company determined the contractual term is the appropriate period for expected life on stock options granted to nonemployees. The expected dividend assumption was based on the Company's history and expectation of dividend payouts. The Company has not paid and does not expect to pay dividends at any time in the foreseeable future. The Company recognizes forfeitures on an actual basis and as such did not estimate forfeitures to calculate stock-based compensation.

RESULTS OF OPERATIONS

Comparison of the Years Ended December 31, 2021 and 2020

The following table provides comparative results of operations for the years ended December 31, 2021 and 2020 (in thousands):

	Year Ended December 31,			
	2021	2020	$ Variance	% Variance
Operating expenses:				
Research and development	$ 23,735	$ 6,131	$ 17,604	287%
General and administrative	13,132	10,052	3,080	31%
Restructuring expense	—	2,282	(2,282)	100%
Total operating expenses	36,867	18,465	18,402	100%
Loss from operations	(36,867)	(18,465)	(18,402)	100%
Other income, net	7	79	(72)	-91%
Warrant inducement expense	—	(4,829)	4,829	100%
Loss before income tax benefit	(36,860)	(23,215)	(13,645)	59%
Income tax benefit	2,354	404	1,950	100%
Net loss and comprehensive loss	$ (34,506)	$ (22,811)	$ (11,695)	51%

Research and Development Expenses

Research and development expenses increased $17.6 million for the year ended December 31, 2021 compared to the year ended December 31, 2020. The increase was primarily due to an increase in external costs related to the production of clinical trial materials and clinical development costs, primarily with external CRO's of $7.0 million and $4.4 million, respectively, as we advance our tegoprubart program, an increase in professional and consulting fees of $2.2 million, as well as increases in personnel costs of $2.1 million, and stock-based compensation costs of $1.9 million, associated with the hiring of staff to build out our clinical and development capabilities.

General and Administrative Expenses

General and administrative expenses increased $3.1 million for the year ended December 31, 2021 compared to December 31, 2020. The increase was primarily due to an increase in stock-based compensation costs and personnel costs of $2.8 million and $1.5 million, respectively, associated with increased headcount, an increase in professional and consulting fees of $1.4 million, and $0.3 million in higher general operating expenses. This was partially offset by a decrease in merger related costs of $2.9 million that were incurred for the year ended December 31, 2020, as a result of the Anelixis acquisition. No merger related expenses were recorded for the year ended December 31, 2021.

Restructuring Expense

On June 11, 2020, following the prior announcement of topline results of the Phase 2a Clinical Trial of OP0201 in acute otitis media, the Board approved a reduction in force. Following the acquisition of Anelixis, the severance terms of certain terminated employees were modified. Additionally, on September 3, 2020, the Board accepted the resignation of Gregory Flesher as the Company's Chief Executive Officer and a member of the Board. Mr. Flesher's resignation was effective as of the close of business on September 4, 2020. The resignation of Mr. Flesher was not the result of any dispute or disagreement with the Company on any matter relating to the Company's operations, policies or practices. Furthermore, following the acquisition of Anelixis, the severance terms of certain terminated employees were modified. The Company incurred charges totaling $2.3 million for the estimated cash payments related to employee separation costs, including severance and post-employment health benefits.

Other Income, Net

The decrease in other income, net, was primarily due to a decrease in interest income, partially offset by an increase in losses related to currency revaluation, for the year ended December 31, 2021.

Warrant Inducement Expense

The Company recognized warrant inducement expense of $4.8 million for the year ended December 31, 2020 as a result of the Warrant Exercise Transaction in addition to the fair value of the Private Placement Warrants issued. No warrant inducement expenses were recorded for the year ended December 31, 2021. (See Note 7 to the consolidated financial statements included elsewhere in this filing).

Income Tax Benefit

The Company recognized an income tax benefit of $2.4 million for the year ended December 31, 2021, due to the current year change in deferred tax liability for the acquired IPR&D related to the Anelixis acquisition in 2020. The Company recognized an income tax benefit of $404,000 for the year ended December 31, 2020 due to the current year change in deferred tax liability for the acquired IPR&D related to the Anelixis acquisition.

Pro Forma Financial Information for Year Ended December 31, 2020

The following table provides pro forma combined financial information presented to illustrate the estimated effects of the Anelixis acquisition based on the historical financial statements and accounting records of the Company and Anelixis after giving effect to the acquisition. This pro forma information is not necessarily indicative either of the combined results of operations that actually would have been realized by us had the Anelixis acquisition been consummated at the beginning of the period for which the pro forma information is presented, or of future results. Additionally, the pro forma combined financial information does not reflect any merger-related expenses.

	Year Ended December 31, 2020
Revenue	$ 120
Operating expenses	
Research and development	9,489
General and administrative	8,317
Restructuring expense	2,282
Total operating expenses	20,088
Loss from operations	(19,968)
Other income, net	79
Warrant inducement expense	(4,829)
Loss before income tax provision	(24,718)
Income tax benefit	404
Net loss and other comprehensive loss	$ (24,314)

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

To date, our operations have been financed primarily by net proceeds from the sale of preferred and common stock and warrants and the issuance of convertible promissory notes. In September 2020, we completed a $99.1 million Financing and in December 2020, we sold 1,004,111 shares of common stock for gross proceeds of $9.0 million as part of the 2020 Purchase Agreement. On March 31, 2021, we filed the 2021 Prospectus under which we may offer and sell, from time to time, pursuant to an equity distribution agreement with Jeffries LLC, up to $75.0 million in shares of its common stock. During the year ended December 31, 2021, no shares were sold under the 2021 Prospectus.

We do not have any approved products for commercial sale and have never generated revenue from product sales and have incurred significant net losses since our inception and expect to continue to incur net operating losses for the foreseeable future. We do not expect to receive any revenue from any product candidates that we develop unless and until we obtain regulatory approval and commercialize our product candidates or enter into collaborative arrangements with third parties. We currently have no credit facility or committed sources of capital.

As of December 31, 2021, we had cash and cash equivalents of approximately $84.8 million, consisting of readily available cash and cash equivalents in bank accounts. While we believe our cash and cash equivalents are not subject to excessive risk, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Material Cash Requirements

We believe our cash balance at December 31, 2021, will be sufficient to meet our projected operating requirements for at least the next 12 months from the date of this filing. We have based this estimate on assumptions that may prove to be incorrect, and we could utilize our available resources sooner than we currently expect. Further our operating plan may change, and we may need additional funds to meet operational needs for clinical studies sooner than planned or to fund additional clinical studies.

Our primary use of cash is to fund operating expenses, which consist of clinical research and development expenses, manufacturing expenses, legal and compliance expenses, compensation and related expenses, and general overhead costs. Cash used to fund operating expenses is impacted by the timing of when we pay or prepay these expenses. We expect our expenses to increase in connection with our ongoing activities, particularly as we expand our clinical program with

tegoprubart, continue the research and development of, and seek marketing approval for, our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution.

We will continue to require additional financing in order to advance our drug product through clinical development, to manufacture, obtain regulatory approval for and to commercialize our product candidates, to develop, acquire or in-license other potential product candidates, and to fund operations for the foreseeable future. Therefore, we will seek to raise additional capital through equity offerings, debt financings or other capital sources, including potentially collaborations, licenses and other similar arrangements. The ability to raise substantial additional capital will depend on many factors, including:

- the initiation, progress, timing, costs and results of our ongoing and future clinical trials of tegoprubart, including as such activities may be adversely impacted by the COVID-19 pandemic;
- the number and scope of indications we decide to pursue for tegoprubart development;
- the cost, timing and outcome of regulatory review of any BLA, we may submit for tegoprubart;
- the costs and timing of manufacturing for tegoprubart, if approved;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectualproperty-related claims;
- our efforts to enhance operational systems and our ability to attract, hire and retain qualified personnel, including personnel to support the development of tegoprubart;
- the costs associated with being a public company;
- the terms and timing of establishing and maintaining collaborations, licenses and other similar arrangements;
- the extent to which we acquire or in-license other product candidates and technologies; and
- the cost associated with commercializing tegoprubart, if approved for commercial sale.

Adequate additional funding may not be available to us on acceptable terms on a timely basis, or at all. Any such failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies, and may cause us to delay the scope of or suspend one or more of our clinical trials, research and development programs or commercialization efforts, out-license intellectual property rights to our product candidates or sell unsecured assets, or a combination of the above. Any of these actions could materially harm our business. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our stockholders' ownership interests will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. Debt financing, if available, would result in fixed payment obligations and may involve agreements that include restrictive covenants that limit our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends, that could adversely impact our ability to conduct our business. If we raise funds through collaborations, licenses and other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. Please see the section of this Annual Report titled "Risk Factors" for additional risks associated with our substantial capital requirements and the challenges we may face in raising capital.

We lease our office facilities in Irvine, California and Burlington, Massachusetts under non-cancelable operating leases that expire in December 2022 and November 2024, respectively. As of December 31, 2021, we expect to make total lease payments of $0.8 million through November 2024.

We enter into contracts in the normal course of business with third-party contract organizations for preclinical and clinical studies, manufacture and supply of our preclinical and clinical materials and providing other services and products for operating purposes. Contracts for preclinical and clinicals studies and other services generally provide for termination following a certain period after notice, and therefore we believe that our non-cancelable obligations under these agreements are not material. We do not have any long-term manufacturing and supply agreements with our third-party contract manufacturers but enter into specific contracts on an as needed basis for individual batch production runs.

See Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations* in this Annual Report on Form 10-K under the caption "Recent Developments" for a discussion of additional sources of liquidity, including the Exercise Transaction and the Financing.

Cash Flows

The following table provides a summary of our net cash flow activity for the years ended December 31, 2021 and 2020 (in thousands):

	Year Ended December 31,	
	2021	2020
Net cash used in operating activities	$ (28,913)	$ (15,212)
Net cash provided by investing activities	—	11,035
Net cash (used in) provided by financing activities	(449)	109,581
Net change in cash and cash equivalents	$ (29,362)	$ 105,404

Comparison of the Years Ended December 31, 2021 and 2020

Net cash used in operating activities for the year ended December 31, 2021 consisted primarily of our net loss of $34.5 million, net deferred income taxes of $2.4 million, and a net decrease in cash from changes in operating assets and liabilities of $0.2 million. partially offset by non-cash items consisting primarily of amortization of $0.2 million, and stock-based compensation totaling $7.9 million.

Net cash used in operating activities for the year ended December 31, 2020 consisted primarily of our net loss of $22.8 million, net deferred income taxes of $0.4 million, partially offset by non-cash items consisting primarily of depreciation and amortization of $0.2 million, warrant inducement expense of $4.8 million, and stock-based compensation totaling $3.2 million. Additionally, cash used in operating activities for the year ended December 31, 2020 reflected a net decrease in cash from changes in operating assets and liabilities of $0.2 million, due to a decrease in operating lease liability.

There was no cash provided by or used in investing activities for the year ended December 31, 2021

Net cash provided by investing activities for the year ended December 31, 2020 consisted of cash and cash equivalents received from the acquisition of Anelixis.

Net cash used in financing activities for the year ended December 31, 2021 was comprised of $0.5 million of offering costs accrued as of December 31, 2020 in connection with the sale of shares of common stock and paid during the year ended December 31, 2021.

Net cash provided by financing activities for the year ended December 31, 2020 was comprised of $95.2 million in net proceeds from the 2020 Purchase Agreement for the sale of 199,112 shares of Series X1 Preferred Stock, $5.4 million in net proceeds from the exercise of warrants by stockholders to purchase approximately 0.4 million shares of common stock, and $9.0 million in net proceeds for the sale of approximately 1.0 million shares of common stock, offset by $25,000 of cash paid in connection with the cancellation of common stock related to the Company's reverse stock-split.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Per §229.305 of Regulation S-K, the Company, designated a Smaller Reporting Company as defined in §229.10(f)(1) of Regulation S-K, is not required to provide the disclosure required by this Item.

Item 8. Financial Statements and Supplementary Data.

The Report of Independent Registered Public Accounting Firm, our consolidated financial statements and accompanying notes listed under Part IV, Item 15. *Exhibits, Financial Statement Schedules* of this Annual Report on Form 10-K are set forth beginning on page F-1 immediately following the signature page hereof and incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost benefit relationship of possible controls and procedures. Based on this evaluation, management concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of December 31, 2021.

Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and Board regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework") in its 2013 *Internal Control—Integrated Framework.* Management believes that the COSO Framework is a suitable framework for its evaluation of financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of our internal control over financial reporting, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of our internal control over financial reporting are not omitted and is relevant to an evaluation of internal control over financial reporting.

Based on this assessment, our management has concluded that as of December 31, 2021, our internal control over financial reporting is effective.

As a non-accelerated filer, we are not required to provide an attestation report on our internal control over financial reporting issued by the Company's independent registered accounting firm.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item 10 is incorporated herein by reference to information in our proxy statement for our 2022 Annual Meeting of Stockholders (the "2022 Proxy Statement"), which we expect to be filed with the SEC within 120 days of the end of our fiscal year ended December 31, 2021, including under headings "Board of Directors and Corporate Governance—Election of Directors," "Executive Officers and Executive Compensation—Executive Officers," "Board of Directors and Corporate Governance—Director Nomination Process" and "Board of Directors and Corporate Governance—Committees of the Board of Directors".

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code is available on the Corporate Governance section of our website, which is located at *http://ir.eledon.com/corporate-governance/governance-overview*. We intend to disclose on our website any amendments to, or waivers from, the code of business conduct and ethics that are required to be disclosed pursuant to the disclosure requirements of Item 5.05 of Form 8-K within four business days following the date of the amendment or waiver.

Item 11. Executive Compensation.

The information required by this Item 11 is incorporated herein by reference to information in our 2022 Proxy Statement, including under headings "Executive Compensation," "Director Compensation," and "Board of Directors and Corporate Governance—Compensation Committee Interlocks and Insider Participation".

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 is incorporated herein by reference to information in our 2022 Proxy Statement, including under headings "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans".

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 is incorporated herein by reference to information in our 2022 Proxy Statement, including under headings "Board of Directors and Corporate Governance—Related Person Transactions," "Board of Directors and Corporate Governance," and "Board of Directors and Corporate Governance—Committees of the Board of Directors".

Item 14. Principal Accountant Fees and Services.

The information required by this Item 14 is incorporated herein by reference to information in our 2022 Proxy Statement, including under headings "Matters to be Voted—on Proposal No. 2—Ratification of the Appointment of Independent Registered Public Accounting Firm".

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements:

The Report of Independent Registered Public Accounting Firm, our consolidated financial statements and accompanying notes are set forth beginning on page F-1 immediately following the signature page of this Annual Report on Form 10-K.

(2) Financial Statement Schedules:

The financial statement schedules are omitted as they are either not applicable or the information required is presented in the financial statements and notes thereto under Part II, Item 8. *Financial Statements and Supplementary Data*.

(3) Exhibits:

Exhibit Number	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
1.1	Open Market Sales Agreement by and between the Registrant and Jefferies, LLC dated March 30, 2021	10-K	001-36620	1.1	March 31, 2021	
2.1	Agreement and Plan of Merger, dated September 14, 2020, by and among Novus Therapeutics, Inc., Nautilus Merger Sub 1, Inc., Nautilus Merger Sub 2, LLC and Anelixis Therapeutics, Inc.	8-K	001-36620	2.1	September 15, 2020	
3.1	Restated Certificate of Incorporation of Novus Therapeutics, Inc., a Delaware corporation, dated September 22, 2014	8-K	001-36620	3.1	September 26, 2014	
3.2	Certificate of Amendment to Certificate of Incorporation of Novus Therapeutics, Inc. (effecting, among other things a reverse stock-split), filed with the Secretary of the State of Delaware on May 9, 2017	8-K	001-36620	3.1	May 15, 2017	
3.3	Certificate of Amendment to Certificate of Incorporation of Novus Therapeutics, Inc. (effecting, among other things a change in the corporation's name to "Novus Therapeutics, Inc."), filed with the Secretary of the State of Delaware on May 9, 2017	8-K	001-36620	3.2	May 15, 2017	
3.4	Certificate of Amendment to the Restated Certificate of Incorporation of Novus Therapeutics, Inc., (effecting, among other things a reverse stock-split) effective as of October 5, 2020	8-K	001-36620	3.1	October 6, 2020	
3.5	Certificate of Amendment to the Restated Certificate of Incorporation of Novus Therapeutics, Inc., (effecting, among other things a change in the corporation's name to "Eledon Pharmaceuticals, Inc.") effective as of January 5, 2021	8-K	001-36620	3.1	January 5, 2021	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
3.6	Amended and Restated Bylaws of Eledon Pharmaceuticals, Inc.	8-K	001-36620	3.2	January 5, 2021	
3.7	Certificate of Designations of Series X Convertible Preferred Stock	8-K	001-36620	3.1	February 19, 2020	
3.8	Certificate of Designations of Series X1 Convertible Preferred Stock	8-K	001-36620	3.1	September 15, 2020	
4.1	Form of Common Stock Certificate	8-A/A	001-36620	4.1	June 23, 2017	
4.2	Form of Warrant	8-K	001-36620	4.1	May 2, 2019	
4.3	Form of Placement Agent Warrant	8-K	001-36620	4.2	May 2, 2019	
4.4	Form of Common Stock Purchase Warrant	8-K	001-36620	4.1	January 16, 2020	
4.5	Description of Securities	10-K	001-36620	4.5	March 31, 2021	
10.1*	Form of Indemnification Agreement	8-K	001-36620	10.1	September 15, 2020	
10.2	Lease Agreement, dated as of September 2, 2015, by and between The Irvine Company LLC and Otic Pharma, Inc.	10-Q	001-36620	10.2	August 9, 2017	
10.3	First Amendment to Lease Agreement, dated April 19, 2018, by and between The Irvine Company LLC and Novus Therapeutics, Inc.	10-Q	001-36620	10.1	August 7, 2018	
10.4*	Tokai Pharmaceuticals, Inc. 2007 Stock Incentive Plan	10-K	001-36620	10.11	April 2, 2018	
10.5*	Tokai Pharmaceuticals, Inc. 2014 Stock Incentive Plan	10-Q	001-36620	10.2	August 7, 2018	
10.6*	Novus Therapeutics, Inc., 2014 Employee Stock Purchase Plan	10-Q	001-36620	10.3	August 7, 2018	
10.7*	Executive Employment Agreement, dated September 9, 2020, between Novus Therapeutics, Inc. and David-Alexandre C. Gros, M.D.	10-K	001-36620	10.8	March 31, 2021	
10.8*	Executive Employment Agreement, dated March 1, 2021, between Eledon Pharmaceuticals, Inc. and Jon Kuwahara	10-K	001-36620	10.9	March 31, 2021	
10.9*	Executive Employment Agreement, dated March 15, 2021, between Eledon Pharmaceuticals, Inc. and Paul Little	10-K	001-36620	10.10	March 31, 2021	
10.10*	Novus Therapeutics, Inc., 2020 Long Term Incentive Plan	10-K	001-36620	10.11	March 31, 2021	

Exhibit Number	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
10.11	Series X1 Exchange Agreement, dated as of January 11, 2022, by and among Eledon Pharmaceuticals, Inc. and the Stockholders named therein	8-K	001-36620	10.12	January 13, 2022	
10.12*	Performance Stock Option Agreement, dated February 1, 2022, between Eledon Pharmaceuticals, Inc. and David-Alexandre C. Gros, M.D.					X
10.13	Second Amendment to Lease Agreement, dated May 3, 2021, by and between Newport Gateway Office LLC and Eledon Pharmaceuticals, Inc.					X
10.14	Sublease Agreement, dated as of November 4, 2021, by and between Corporate Technologies, Inc. and Eledon Pharmaceuticals, Inc.					X
21.1	Subsidiaries of the Registrant	10-K	001-36620	21.1	March 17, 2020	
23.1	Consent of KMJ Corbin & Company LLP, independent registered public accounting firm					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1#	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
32.2#	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	INLINE XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					
101.SCH	INLINE XBRL Taxonomy Extension Schema Document					
101.CAL	INLINE XBRL Taxonomy Extension Calculation Linkbase Document					

Exhibit Number	Exhibit Description	Incorporated by Reference			Filing Date	Filed Herewith
		Form	File No.	Exhibit		
101.DEF	INLINE XBRL Taxonomy Extension Definition Linkbase Document					
101.LAB	INLINE XBRL Taxonomy Extension Label Linkbase Document					
101.PRE	INLINE XBRL Taxonomy Extension Presentation Linkbase Document					
104	Cover Page Interactive Data File – the cover page interactive date file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document					
*	Indicates a management contract or compensatory plan					
#	These certifications are not deemed filed by the SEC and are not to be incorporated by reference in any filing we make under the Securities Act of 1933 or the Securities Exchange Act of 1934, irrespective of any general incorporation language in any filings.					

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

Eledon Pharmaceuticals, Inc.

Date: March 24, 2022 By: /s/ David-Alexandre C. Gros, M.D.

David-Alexandre C. Gros, M.D.
Chief Executive Officer
and Director (Principal
Executive Officer)

Date: March 24, 2022 By: /s/ Paul Little

Paul Little
Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ David-Alexandre C. Gros, M.D. **David-Alexandre C. Gros, M.D.**	Chief Executive Officer and Director **(**Principal Executive Officer)	March 24, 2022
/s/ Paul Little **Paul Little**	Chief Financial Officer (Principal Financial and Accounting Officer)	March 24, 2022
/s/ Keith A. Katkin **Keith A. Katkin**	Chairman of the Board of Directors	March 24, 2022
/s/ Jan Hillson, M.D. Jan Hillson, M.D.	Director	March 24, 2022
/s/ Gary A. Lyons **Gary A. Lyons**	Director	March 24, 2022
/s/ John S. McBride **John S. McBride**	Director	March 24, 2022
/s/ Walter Ogier **Walter Ogier**	Director	March 24, 2022
/s/ June Lee, M.D. **June Lee, M.D.**	Director	March 24, 2022
/s/ Steven Perrin **Steven Perrin**	President, Director	March 24, 2022

ELEDON PHARMACEUTICALS, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Eledon Pharmaceuticals, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Eledon Pharmaceuticals, Inc. (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for the each of the two years in the period 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 as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits 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 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 consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Stock-Based Compensation

Critical Audit Matter Description

As described in Notes 2 and 8 to the consolidated financial statements, the Company grants employees and directors various stock-based awards, including stock options. In addition, the Company modified certain stock options during the year in connection with employee terminations. Management performed the valuation of the stock option awards on the dates of grant and modified stock option awards on the dates of modification using the Black-Scholes option pricing model.

Auditing management's valuation of the granted and modified stock options required significant auditor judgment and subjectivity as estimates underlying the determination of the estimated fair values were based on significant assumptions used in the Black-Scholes option pricing model. In addition, the accounting for the modified stock options was challenging due to the complex nature of the relevant accounting guidance.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures included, among others, reading the relevant Board of Directors minutes and granted and modified stock option agreements for accuracy and completeness of the granted and modified stock option terms. We evaluated the significant assumptions made by management to calculate the estimated fair value of the granted and modified stock options, which included the expected option term and an independent recalculation of the expected volatility based upon actual historical stock price movements of a group of comparable industry companies over a period equal to the expected stock option terms. We developed an independent estimate of the fair value for the granted and modified stock options and compared our estimate of fair value to the fair value determined by management.

/s/ KMJ Corbin & Company LLP

We have served as the Company's auditor since 2019.

Irvine, California
March 24, 2022

ELEDON PHARMACEUTICALS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 84,833	$ 114,195
Prepaid expenses and other current assets	3,513	1,435
Total current assets	88,346	115,630
Operating lease asset, net	768	138
Goodwill	48,648	48,648
In-process research and development	32,386	32,386
Other assets	400	383
Total assets	$ 170,548	$ 197,185
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,813	$ 1,366
Current operating lease liability	369	144
Accrued expenses and other liabilities	2,219	973
Total current liabilities	4,401	2,483
Deferred tax liability	1,752	4,106
Non-current operating lease liability	400	—
Total liabilities	6,553	6,589
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Series X1 non-voting convertible preferred stock, $0.001 par value, 515,000 shares authorized; 108,070 shares issued and outstanding at December 31, 2021 and 2020	—	—
Series X non-voting convertible preferred stock, $0.001 par value, 10,000 shares authorized; 6,204 and no shares issued and outstanding at December 31, 2021 and 2020, respectively	—	—
Common stock, $0.001 par value, 200,000,000 shares authorized at December 31, 2021 and 2020; 14,306,788 and 15,160,397 shares issued and outstanding at December 31, 2021 and 2020, respectively	14	15
Additional paid-in capital	278,880	270,974
Accumulated deficit	(114,899)	(80,393)
Total stockholders' equity	163,995	190,596
Total liabilities and stockholders' equity	$ 170,548	$ 197,185

See accompanying notes to consolidated financial statements.

ELEDON PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except share and per share data)

	Year Ended December 31,	
	2021	2020
Operating expenses		
Research and development	$ 23,735	$ 6,131
General and administrative	13,132	10,052
Restructuring expense	—	2,282
Total operating expenses	36,867	18,465
Loss from operations	(36,867)	(18,465)
Other income, net	7	79
Warrant inducement expense	—	(4,829)
Loss before income tax benefit	(36,860)	(23,215)
Income tax benefit	2,354	404
Net loss and comprehensive loss	$ (34,506)	$ (22,811)
Net loss per share, basic and diluted	$ (2.33)	$ (15.72)
Weighted-average common shares outstanding, basic and diluted	14,819,582	1,451,432

See accompanying notes to consolidated financial statements.

ELEDON PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Series X[1] Non-Voting Convertible Preferred Stock		Series X Non-Voting Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance as of December 31, 2020	108,070	$ —	—	$ —	15,160,397	$ 15	$ 270,974	$ (80,393)	$ 190,596
Cancellation of common stock in connection with exchange for preferred stock	—	—	6,204	—	(344,666)	—	—	—	—
Cancellation of common stock in connection with exchange for warrants	—	—	—	—	(509,117)	(1)	1	—	—
Stock-based compensation	—	—	—	—	—	—	7,904	—	7,904
Stock options exercised	—	—	—	—	174	—	1	—	1
Net loss and other comprehensive loss	—	—	—	—	—	—	—	(34,506)	(34,506)
Balance as of December 31, 2021	108,070	$ —	6,204	$ —	14,306,788	$ 14	$ 278,880	$ (114,899)	$ 163,995
Balance as of December 31, 2019	—	$ —	—	$ —	720,408	$ 1	$ 67,046	$ (57,582)	$ 9,465
Issuance of common stock in connection with PIPE transaction, net of issuance costs	—	—	—	—	1,004,111	1	8,549	—	8,550
Issuance of common stock in connection with exercise of warrants, net of issuance costs	—	—	—	—	421,772	—	5,380	—	5,380
Issuance of common stock in connection with conversion of Series X preferred stock	—	—	(3,796)	—	210,888	—	—	—	—
Issuance of common stock in connection with conversion of Series X[1] preferred stock	(231,068)	—	—	—	12,837,056	13	(13)	—	—
Issuance of common stock in connection with vesting of restricted stock units	—	—	—	—	3,056	—	—	—	—
Issuance of preferred stock in connection with acquisition	—	—	—	—	175,488	—	1,194	—	1,194
Cancellation of common stock in connection with exchange for preferred stock	—	—	3,796	—	(210,889)	—	—	—	—
Cancellation of common stock in connection with reverse split	—	—	—	—	(1,493)	—	(25)	—	(25)
Issuance of preferred stock in connection with acquisition	140,026	—	—	—	—	—	69,723	—	69,723
Issuance of preferred stock in connection with PIPE transaction, net of issuance costs	199,112	—	—	—	—	—	95,226	—	95,226
Fair value of options assumed in acquisition	—	—	—	—	—	—	2,950	—	2,950
Fair value of warrants assumed in acquisition	—	—	—	—	—	—	12,944	—	12,944
Warrant inducement expense	—	—	—	—	—	—	4,829	—	4,829
Stock-based compensation	—	—	—	—	—	—	3,171	—	3,171
Net loss and other comprehensive loss	—	—	—	—	—	—	—	(22,811)	(22,811)
Balance as of December 31, 2020	108,070	$ —	—	$ —	15,160,397	$ 15	$ 270,974	$ (80,393)	$ 190,596

See accompanying notes to consolidated financial statements.

ELEDON PHARMACEUTICALS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2021	2020
Operating activities		
Net loss	$ (34,506)	$ (22,811)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	—	5
Amortization of operating lease asset	195	178
Warrant inducement expense	—	4,829
Stock-based compensation	7,904	3,171
Deferred income taxes	(2,354)	(404)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(2,095)	39
Accounts payable and accrued expenses	2,143	(39)
Operating lease liability	(200)	(180)
Net cash used in operating activities	(28,913)	(15,212)
Investing activities		
Cash and cash equivalents received from acquisition	—	11,035
Net cash provided by investing activities	—	11,035
Financing activities		
Proceeds from issuance of common stock, net	—	9,000
Proceeds from issuance of non-voting preferred stock in connection with PIPE transaction, net	—	95,226
Proceeds from exercise of warrants, net	—	5,380
Proceeds from exercise of stock options	1	—
Payment of offering costs in connection with PIPE transaction	(450)	—
Cash paid for cancellation of common stock in connection with reverse split	—	(25)
Net cash (used in) provided by financing activities	(449)	109,581
Net change in cash and cash equivalents	(29,362)	105,404
Cash and cash equivalents at beginning of year	114,195	8,791
Cash and cash equivalents at end of year	$ 84,833	$ 114,195
Supplemental disclosure of non-cash investing and financing activities		
Increase in operating lease asset and liability due to new and modified operating leases	$ 825	$ —
Common stock exchange for warrants	$ 1	$ —
Conversion of Series X1 non-voting convertible preferred stock into common stock	$ —	$ 13
Issuance of common stock in acquisition	$ —	$ 1,194
Issuance of Series X non-voting convertible preferred stock in acquisition	$ —	$ 69,723
Fair value of options assumed in acquisition	$ —	$ 2,950
Fair value of warrants assumed in acquisition	$ —	$ 12,944
Accrued offering costs	$ —	$ 450

See accompanying notes to consolidated financial statements.

Note 1. Description of Business

Eledon Pharmaceuticals, Inc. (formerly Novus Therapeutics, Inc.) is a clinical stage biopharmaceutical company focused on developing life-changing, targeted medicines for persons living with an autoimmune disease, requiring an organ or cell-based transplant, or living with amyotrophic lateral sclerosis ("ALS"). Unless otherwise indicated, references to the terms "Eledon," "our," "us," "we", or the "Company" refer to Eledon Pharmaceuticals, Inc. and its wholly owned subsidiaries, on a consolidated basis.

The Company's lead compound in development is tegoprubart, an anti-CD40L antibody with high affinity for CD40 ligand, a well-validated biological target with broad therapeutic potential.

On September 14, 2020, Eledon acquired Anelixis Therapeutics, Inc. ("Anelixis"), a privately held clinical stage biotechnology company developing a next generation anti-CD40L antibody as a potential treatment for organ and cellular transplantation, autoimmune diseases, and neurodegenerative diseases (see Note 10). Following the acquisition of Anelixis, Novus changed its name to Eledon Pharmaceuticals, Inc. The Company has continued to maintain its corporate headquarters in Southern California and has research and development facilities in the Boston, Massachusetts area.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Eledon, a Delaware corporation, owns 100% of the issued and outstanding common stock or other ownership interest in Anelixis Therapeutics, LLC, a Delaware corporation, and Otic Pharma, Ltd., a private limited company organized under the laws of the State of Israel ("Otic"). Otic owns 100% of the issued and outstanding common stock or other ownership interest in its U.S. subsidiary, Otic Pharma, Inc. The functional currency of the Company's foreign subsidiary is the U.S. Dollar; however, certain expenses, assets and liabilities are transacted at the local currency. These transactions are translated from the local currency into U.S. Dollars at exchange rates during or at the end of the reporting period. The activities of the Company's foreign subsidiary are not significant to the consolidated financial statements.

All significant intercompany accounts and transactions among the entities have been eliminated in consolidation.

Liquidity and Financial Condition

The Company has experienced recurring net losses and negative cash flows from operating activities since its inception. The Company recorded a net loss of $34.5 million and used $28.9 million of cash in operating activities for the year ended December 31, 2021. As of December 31, 2021, the Company had cash and cash equivalents of $84.8 million, working capital of $83.9 million and an accumulated deficit of $114.9 million. Due to continuing research and development activities, the Company expects to continue to incur net losses into the foreseeable future. In order to continue these activities, the Company will need to raise additional funds through public or private debt and equity financings or strategic collaboration and licensing arrangements. The Company's ability to raise additional capital in the equity and debt markets is dependent on a number of factors, including, but not limited to, the market demand for the Company's common stock, which itself is subject to a number of development and business risks and uncertainties, as well as the uncertainty that the Company would be able to raise such additional capital at a price or on terms that are favorable to the Company. If the Company issues equity or convertible debt securities to raise additional funding, its existing stockholders may experience dilution, it may incur significant financing costs, and the new equity or convertible debt securities may have rights, preferences and privileges senior to those of its existing stockholders. If the Company issues debt securities to raise additional funding, it would incur additional debt service obligations, it could become subject to additional restrictions limiting its ability to operate its business, and it may be required to further encumber its assets.

At the time of issuance of the consolidated financial statements for the year ended December 31, 2021, the Company's management performed an analysis and concluded that the Company had sufficient cash resources to meet its anticipated cash needs through at least the next 12 months from the date of issuance of the accompanying consolidated financial statements.

September 2020 Stock Purchase Agreement

On September 14, 2020, Eledon entered into a Stock Purchase Agreement (the "Purchase Agreement") with certain institutional and accredited investors (the "Investors"). Pursuant to the Purchase Agreement, Eledon agreed to sell an aggregate of approximately 199,112 shares of Series X1 non-voting Convertible Preferred Stock ("Series X1 Preferred Stock") for an aggregate purchase price of approximately $99.1 million (collectively, the "Financing"). Each share of Series X1 Preferred Stock is convertible into 55.5556 shares of common stock. The preferences, rights and limitations applicable to the Series X1 Preferred Stock are set forth in the Certificate of Designation, as filed with the SEC. The Financing was exempt from registration pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The Investors have acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends have been affixed to the securities issued in this transaction.

On December 23, 2020, the Company sold 1,004,111 shares of its common stock for gross proceeds of $9.0 million as part of the September 2020 Purchase Agreement.

Reverse Stock Split

On October 5, 2020, Eledon effected a reverse stock-split of its issued and outstanding common stock and options for common stock at a ratio of one-for-eighteen. The Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware effecting the reverse stock-split. The accompanying consolidated financial statements and notes, as well as other share and per-share data herein, give retroactive effect to the reverse stock-split for all periods presented.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make informed estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in the Company's consolidated financial statements and accompanying notes. The most significant estimates in the Company's consolidated financial statements relate to stock-based compensation, accruals for liabilities, fair value of assets acquired and liabilities assumed in a business combination, impairment of long-lived assets, including goodwill, and other matters that affect the consolidated financial statements and related disclosures. Actual results could differ materially from those estimates under different assumptions or conditions and the differences may be material to the consolidated financial statements.

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. The Company considers all liquid investments purchased with an original maturity of three months or less and that can be liquidated without prior notice or penalty to be cash equivalents. The carrying value of cash equivalents approximates their fair value due to the short-term maturities of these instruments. Cash equivalents are held for the purpose of meeting short-term liquidity requirements, rather than for investment purposes. The Company had $9.2 million in cash equivalents at December 31, 2021 and 2020.

Fair Value Measurements

Financial assets and liabilities are recorded at fair value.

The Company measures the fair value of certain of its financial instruments on a recurring basis. A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1—Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

There have been no transfers of assets for liabilities between these fair value measurement classifications during the periods presented.

The Company had no financial instruments, assets or liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020.

Concentration of Credit Risk and Other Risks and Uncertainties

As of December 31, 2021 and 2020, all of the Company's long-lived assets were located in the United States.

Financial instruments that are subject to concentration of credit risk consist primarily of cash equivalents. The Company's policy is to invest cash in institutional money market funds to limit the amount of credit exposure. At times, the Company maintains cash equivalents in short-term money market funds and it has not experienced any losses on its cash equivalents.

The Company's products will require approval from the U.S. Food and Drug Administration ("FDA") and foreign regulatory agencies before commercial sales can commence. There can be no assurance that its products will receive any of these required approvals. The denial or delay of such approvals may impact the Company's business in the future. In addition, after the approval by the FDA, there is still an ongoing risk of adverse events that did not appear during the product approval process.

The Company is subject to risks common to companies in the pharmaceutical industry, including, but not limited to, new technological innovations, clinical development risk, establishment of appropriate commercial partnerships, protection of proprietary technology, compliance with government and environmental regulations, uncertainty of market acceptance of products, product liability, the volatility of its stock price and the need to obtain additional financing.

Our facilities and equipment, including those of our suppliers and vendors, may be affected by natural or man-made disasters. Our administrative office is based in Irvine, California and we manage all our research and development activities through third parties that are located throughout the world. We have taken precautions to safeguard our facilities, equipment and systems, including insurance, health and safety protocols, and off-site storage of computer data. However, our facilities and systems, as well as those of our third-party suppliers and vendors, may be vulnerable to earthquakes, fire, storm, health emergencies, including the ongoing COVID-19 pandemic, power loss, telecommunications failures, physical and software break-ins, software viruses and similar events which could cause substantial delays in our operations, damage or destroy our equipment or inventory, and cause us to incur additional expenses and delay research and development activities. In addition, the insurance coverage we maintain may not be adequate to cover our losses in any circumstance and may not continue to be available to use on acceptable terms, or at all.

Business Combinations

Accounting for acquisitions requires extensive use of estimates and judgment to measure the fair value of the identifiable tangible and intangible assets acquired, including in-process research and development ("IPR&D") and liabilities assumed. Additionally, the Company must determine whether an acquired entity is considered a business or a set of net assets because the excess of the purchase price over the fair value of net assets acquired can only be recognized as goodwill in a business combination. The Company accounted for the acquisition of Anelixis as a business combination under the acquisition method of accounting. Consideration paid to acquire Anelixis was measured at fair value and included the exchange of Anelixis' common stock. The allocation of the purchase price resulted in recognition of intangible assets related to goodwill and IPR&D. Acquired IPR&D is recognized at fair value and initially characterized as an indefinite-lived intangible asset, irrespective of whether the acquired IPR&D has an alternative future use. The operating activity for Anelixis, the acquiree for accounting purposes, was immediately integrated with Eledon post-acquisition, therefore it is not practical to segregate results of operations related specifically to Anelixis since the date of acquisition.

During the measurement period, which extends no later than one year from the acquisition date, the Company may record certain adjustments to the carrying value of the assets acquired and liabilities assumed with the corresponding offset to goodwill. After the measurement period, all adjustments are recorded in the consolidated statements of operations as operating expenses or income.

Reportable Segments

Operating segments under GAAP are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), or decision-making group, in deciding how to allocate resources and in assessing performance. The CODM is the Company's Chief Executive Officer and the Company has determined that it operates in one business segment, which is the development of products for therapeutic medicines selectively targeting critical pathways associated with the underlying molecular pathogenesis for patients with severe inflammation and autoimmune diseases.

Goodwill

Goodwill represents the difference between the consideration transferred and the fair value of the net assets acquired under the acquisition method of accounting. Goodwill is not amortized but is evaluated for impairment as of December 31 of each year or if indicators of impairment exist that would, more likely than not, reduce the fair value from its carrying amount.

The Company performs its goodwill impairment analysis at the reporting unit level, which aligns with the Company's reporting structure and availability of discrete financial information. The Company performs its annual impairment analysis by either comparing the reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. The Company may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and it does not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value or significantly increase its net assets. If a quantitative assessment is performed the evaluation includes management estimates of cash flow projections based on internal future projections and/or use of a market approach by looking at market values of comparable companies. Key assumptions for these projections include revenue growth, future gross and operating margin growth, and its weighted cost of capital and terminal growth rates. The revenue and margin growth is based on increased sales of new products as the Company maintains investments in research and development. Additional assumed value creators may include increased efficiencies from capital spending. The resulting cash flows are discounted using a weighted average cost of capital. Operating mechanisms and requirements to ensure that growth and efficiency assumptions will ultimately be realized are also considered in the evaluation, including timing and probability of regulatory approvals for Company products to be commercialized. The Company's market capitalization is also considered as a part of its analysis.

The Company's annual evaluation for impairment of goodwill consists of one reporting unit. In accordance with the Company's policy, the Company completed its annual evaluation for impairment as of December 31, 2021 using the qualitative assessment and determined that no impairment existed.

Long-Lived Assets

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Additions, major renewals and improvements are capitalized and repair and maintenance costs are charged to expense as incurred. Leasehold improvements are amortized over the remaining life of the initial lease term or the estimated useful lives of the assets, whichever is shorter.

The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value. Significant management judgment is required in the forecast of future operating results that are used in the preparation of expected cash flows. No impairments of long-lived assets have been identified during the years presented.

In-Process Research and Development

The fair value of in-process research and development ("IPR&D") acquired through a business combination is capitalized as an indefinite-lived intangible asset until the completion or abandonment of the related research and development activities. When the related research and development is completed, the asset will be assigned a useful life and amortized.

The fair value of an IPR&D intangible asset is determined using the replacement cost method. This method involves arriving at an asset's value by reference to the present-day cost, in an arms-length transaction, of replacing that asset with a similar asset in a similar condition.

Research and Development Expenses

Research and development expenses include personnel and facility-related expenses, outside contracted services including clinical trial costs, manufacturing and process development costs, research costs and other consulting services and non-cash stock-based compensation. Research and development costs are expensed as incurred. Amounts due under contracts with third parties may be either fixed fee or fee for service, and may include upfront payments, monthly payments and payments upon the completion of milestones or receipt of deliverables. Non-refundable advance payments under agreements are capitalized and expensed as the related goods are delivered or services are performed.

The Company's contracts with third parties to perform various clinical trial activities in the on-going development of potential products. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows to its vendors. Payments under the contracts depend on factors such as the achievement of certain events, successful enrollment of patients, and completion of portions of the clinical trial or similar conditions. The Company's accrual for clinical trials is based on estimates of the services received and efforts expended pursuant to contracts with clinical trial centers and clinical research organizations. These contracts may be terminated by the Company upon written notice and the Company is generally only liable for actual effort expended by the organizations to the date of termination, although in certain instances the Company may be further responsible for termination fees and penalties. The Company estimates its research and development expenses and the related accrual as of each balance sheet date based on the facts and circumstances known to the Company at that time. There have been no material adjustments to the Company's prior period accrued estimates for clinical trial activities through December 31, 2021.

Net Loss Per Share

Basic net loss per common share is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for potentially dilutive securities. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of common shares and potentially dilutive securities outstanding for the period determined using the treasury-stock and if-converted methods. For purposes of the diluted net loss per share calculation, preferred stock, and stock options and warrants are considered to be potentially dilutive securities and are excluded from the calculation of diluted net loss per share because their effect would be anti-dilutive. Therefore, basic and diluted net loss per share was the same for the periods presented due to the Company's net loss position.

	Year Ended December 31,	
	2021	2020
	(In thousands, except share and per share data)	
Net loss	$ (34,506)	$ (22,811)
Net loss per share, basic and diluted	$ (2.33)	$ (15.72)
Weighted-average number of common shares	14,819,582	1,451,432

The computation of diluted earnings per share excludes stock options, warrants, and restricted stock units that are anti-dilutive. For the year ended December 31, 2021, common share equivalents of 1,087,174 shares were anti-dilutive. For the year ended December 31, 2020, common share equivalents of 632,543 shares were anti-dilutive.

Stock-Based Compensation

For stock options granted to employees and directors, the Company recognizes compensation expense for all stock-based awards based on the grant-date estimated fair value. The fair value of stock options is determined using the Black-Scholes option pricing model, using assumptions which are subjective and require significant judgment and estimation by management. The risk-free rate assumption was based on observed yields from governmental zero-coupon bonds with an equivalent term. The expected volatility assumption was based on historical volatilities of a group of comparable industry companies whose share prices are publicly available. The peer group was developed based on companies in the

pharmaceutical industry. The expected term of stock options represents the weighted-average period that the stock options are expected to be outstanding. Because the Company does not have historical exercise behavior, the Company determined the expected life assumption using the simplified method for stock options granted to employees, which is an average of the options ordinary vesting period and the contractual term. For stock options granted to the Company's board of directors (the "Board"), the Company determined the expected life assumption using the simplified method as the starting point with an average period of twelve (12) months added to take into account for the extended range of time of 12 to 18 months vested stock options granted to Board members may be exercised upon termination. The expected dividend assumption was based on the Company's history and expectation of dividend payouts. The Company has not paid and does not expect to pay dividends at any time in the foreseeable future. The Company recognizes forfeitures on an actual basis and as such did not estimate forfeitures to calculate stock-based compensation.

Restricted Stock Units ("RSU") and Performance-Based Stock Units ("PRSU") are measured and recognized based on the quoted market price of our common stock on the date of grant.

In March 2020, the Board approved an increase of 28,816 shares issuable under the 2014 Stock Incentive Plan (the "2014 Plan") and 7,204 shares issuable under the 2014 Employee Stock Purchase Plan (the "ESPP").

On December 18, 2020, the Company held the Special Meeting, whereby the Company's stockholders approved the 2020 Long Term Incentive Plan (the "2020 Plan"). The aggregate number of shares of stock available for issuance under the 2020 Plan will initially be 4,860,000 shares of Common Stock, which represented approximately 15% of the total issued and outstanding shares of the Company's common stock as of the record date of the Special Meeting (calculated on an as-converted basis and without regard to the potential application of beneficial ownership conversion limitations on the Preferred Stock) and may be increased by the number of shares under the 2014 Plan that expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by the Company. Based on projected utilization rates, the Board currently intends that the initial shares under the 2020 Plan will be sufficient to fund the Company's equity compensation needs for approximately three years from the date of the Special Meeting.

The 2014 Plan was closed to new grants following the approval of the 2020 Plan, and therefore, there were no shares reserved for issuance under the 2014 Plan as of December 31, 2021. The number of shares reserved for issuance under the 2020 Plan and ESPP was 4,077,417 and 24,077 shares, respectively, as of December 31, 2021.

Stock-based compensation expense related to stock options granted to nonemployees is recognized based on the estimated fair value of the stock options on their grant date, determined using the Black-Scholes option pricing model. The awards generally vest over the period the Company expects to receive services from the nonemployees. Similar to stock options granted to employees, the fair value of stock options granted to nonemployees, is determined using the Black-Scholes option pricing model, involves assumptions that are subjective and require significant judgment and estimation by management. The risk-free rate assumption was based on observed yields from governmental zero-coupon bonds with an equivalent term. The expected volatility assumption was based on historical volatilities of a group of comparable industry companies whose share prices are publicly available. The peer group was developed based on companies in the pharmaceutical industry. The expected term of stock options represents the weighted-average period that the stock options are expected to be outstanding. Because the Company does not have historical exercise behavior on stock options granted to nonemployees, the Company determined the contractual term is the appropriate period for expected life on stock options granted to nonemployees. The expected dividend assumption was based on the Company's history and expectation of dividend payouts. The Company has not paid and does not expect to pay dividends at any time in the foreseeable future. The Company recognizes forfeitures on an actual basis and as such did not estimate forfeitures to calculate stock-based compensation.

Income Taxes

Significant judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against net deferred tax assets. We assess the likelihood that deferred tax assets will be recovered as deductions from future taxable income. The evaluation of the need for a valuation allowance is performed on a jurisdiction-by-jurisdiction basis and includes a review of all available positive and negative evidence. Factors reviewed include projections of pre-tax book income for the foreseeable future, determination of cumulative pre-tax book income after permanent differences, earnings history, and reliability of forecasting. We have provided a valuation allowance on our deferred tax assets as of December 31, 2021 and 2020 because we believe it is more likely than not that a majority of our deferred tax assets will not be realized as of this date.

The Company evaluates the accounting for uncertainty in income tax recognized in its consolidated financial statements and determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in its consolidated financial statements. For those tax positions where it is "not more likely than not" that a tax benefit will be sustained, no tax benefit is recognized. Where applicable, associated interest and penalties are also recorded. The Company has not accrued any liabilities for any such uncertain tax positions as of December 31, 2021 and 2020. The Company is subject to U.S. federal and state tax authority examinations for all the years since inception due to net operating loss and tax credit carryforwards. The net operating losses and tax credits are subject to adjustment until the statute closes on the year the attributes are ultimately utilized.

The Company's income tax returns are based on calculations and assumptions that are subject to examination by the Internal Revenue Service and other tax authorities. In addition, the calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. While the Company believes it has appropriate support for the positions taken on its tax returns, the Company regularly assesses the potential outcomes of examinations by tax authorities in determining the adequacy of its provision for income taxes. The Company continually assesses the likelihood and amount of potential revisions and adjusts the income tax provision, income taxes payable and deferred taxes in the period in which the facts that give rise to a revision become known. For additional information, see *Note 6. Income Taxes.*

Reclassifications

Certain reclassifications of prior period amounts have been made to conform to the current period presentation.

Recently Adopted Accounting Pronouncements

No new accounting pronouncement issued or effective during the fiscal period had or is expected to have a material impact on the Company's consolidated financial statements or disclosures.

Note 3. Prepaid Expenses, Other Assets, Accrued Expenses and Other Liabilities

Prepaid expenses and other current assets consisted of the following as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Prepaid insurance	$ 1,344	$ 1,157
Prepaid clinical	2,039	89
Prepaid other	96	41
Insurance receivable	—	110
Other current assets	34	38
Total prepaid expenses and other current assets	$ 3,513	$ 1,435

Accrued expenses and other liabilities consisted of the following as of December 31, 2021 and 2020 (in thousands):

	December 31,	
	2021	2020
Accrued compensation and related expenses	$ 1,411	$ 98
Accrued severance	104	12
Accrued clinical	454	258
Accrued professional services	167	9
Accrued costs associated with PIPE financing	-	450
Accrued other	83	146
Total accrued expenses and other liabilities	$ 2,219	$ 973

Note 4. Goodwill

On September 14, 2020, the Company acquired Anelixis (see Note 10).

The changes in the carrying amount of goodwill consisted of the following for the years ended December 31, 2021 and 2020 (in thousands):

	Total
Balance as of January 1, 2020	$ —
Acquisition of Anelixis	48,648
Balance as of December 31, 2020	48,648
Goodwill acquired	—
Balance as of December 31, 2021	$ 48,648

Note 5. Commitments and Contingencies

Operating Leases

The Company leases office space under various operating leases. Total rent expense for all operating leases in the consolidated statements of operations and comprehensive loss was approximately $0.3 million and $0.2 million for the years ended December 31, 2021 and 2020, respectively.

The Company has an operating lease for approximately 5,197 square feet of office space in Irvine, California, which was set to expire on September 30, 2021. On May 3, 2021, the Company extended the term of the lease through December 31, 2022, by amending the office lease effective October 1, 2021.

On November 4, 2021, the Company entered into an operating lease for approximately 6,138 square feet of office space in Burlington, Massachusetts, that expires on November 20, 2024.

The Company determines if a contract contains a lease at inception. Our office leases have remaining terms ranging from one year to three years and do not include options to extend the leases for additional periods.

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities as adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases. As we have no outstanding debt nor committed credit facilities, secured or otherwise, we estimate this rate based on prevailing financial market conditions, comparable company and credit analysis, and management’s judgment.

Our leases contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce our right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

While we do not currently have any lease agreement with lease and non-lease components, we elected to account for lease and non-lease components as separate components.

We have elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the consolidated balance sheet.

The components of lease expense were as follows:

	Year Ended December 31,	
	2021	2020
Operating lease cost[(a)]	$ 283	$ 195

(a) Includes variable operating lease expenses, which are immaterial.

Other information related to leases was as follows (in thousands, except lease term and discount rate):

	Year Ended December 31,	
	2021	2020
Supplemental Cash Flows Information		
Cash paid for amounts included in the measurement of lease liability:		
Operating cash flows from operating lease	$ 208	$ 188
Operating lease asset obtained in exchange for lease liability:		
Operating lease	$ 825	$ —
Remaining lease term		
Operating lease	2.41 years	0.75 years
Discount rate		
Operating lease	3.00%	3.25%

Future payments under noncancelable operating leases having initial or remaining terms of one year or more are as follows for the succeeding fiscal year and thereafter (in thousands):

	Year Ended December 31,
	2021
2022	$ 387
2023	212
2024	200
Total minimum lease payments	799
Less imputed interest	(30)
Present value of lease liabilities	769
Less current portion of operating lease liability	(369)
Non-current operating lease liability	$ 400

Grants and Licenses

ALS Therapy Development Foundation, Inc. License Agreement

In May 2015, Anelixis executed a License Agreement (the "Agreement"), which is an exclusive patent rights agreement with ALS Therapy Development Foundation, Inc. ("ALS TDI") for certain patents and "know-how" of ALS TDI. This agreement continues until the licensee terminates the agreement with ninety days written notice. The Agreement requires license fees payable to ALS TDI, subject to the achievement of certain milestones and other conditions.

The first and second milestones of the Agreement are the dosing of the first subjects in a first toxicity study in non-human primates and the dosing of the first patient in a Phase I Clinical Trial, respectively. Both of these milestones were achieved as of December 31, 2018 and 2017. The fee due for the achievement of these milestones was $1.0 million each. During 2018 and 2017, Anelixis issued $1.0 million worth of its common stock in lieu of making a cash payment. There were no milestones achieved during 2021 and 2020.

The Agreement was amended and restated in February 2020, and a first amendment to the restated license agreement was executed in September 2020. As amended in September 2020, the remaining milestone payments for a first licensed product total $6.0 million. In the event that the Company develops a second licensed product, the Company is obligated to pay up to $2.5 million in additional milestone payments.

In addition to the milestone payments, the Company is required to pay ALS TDI an amended annual license maintenance fee of $0.1 million beginning on the earlier of January 1, 2022, the Company's first sublicense, or change in control, as defined in the Agreement.

Furthermore, the Company shall pay ALS TDI fees based on reaching certain levels of annual net sales of any product produced with the patent rights. A royalty in the low single digits will be due on aggregate net sales. Upon the first calendar year of reaching $500.0 million in aggregate net sales, the Company shall pay ALS TDI a one-time milestone payment of $15.0 million. Upon the first calendar year of reaching $1.0 billion in aggregate net sales, the Company is obligated to pay ALS TDI a one-time milestone payment of $30.0 million.

Israeli Innovation Authority Grant

From 2012 through 2015, the Company received grants in the amount of approximately $0.5 million from the Israeli Innovation Authority (previously the Office of Chief Scientist) of the Israeli Ministry of Economy and Industry designated for investments in research and development. The grants are linked to the U.S. dollar and bear annual interest of LIBOR. The grants are to be repaid as royalties from sales of the products developed by the Company from their investments in research and development. Because the Company has not yet earned revenues related to these investments and cannot estimate potential royalties, no liabilities related to these grants have been recorded as of each period presented. Repayment of the grant is contingent upon the successful completion of the Company's research and development programs and generating sales. The Company has no obligation to repay these grants, if the research and development program fails, is unsuccessful or aborted or if no sales are generated. The Company had not yet generated sales as of December 31, 2021; therefore, no liability was recorded for the repayment in the accompanying consolidated financial statements.

Legal Matters

The Company is involved in various lawsuits and claims arising in the ordinary course of business, including actions with respect to intellectual property, employment, and contractual matters. In connection with these matters, the Company assesses, on a regular basis, the probability and range of possible loss based on the developments in these matters. A liability is recorded in the financial statements if it is believed to be probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Because litigation is inherently unpredictable and unfavorable results could occur, assessing contingencies is highly subjective and requires judgments about future events. The Company regularly reviews outstanding legal matters to determine the adequacy of the liabilities accrued and related disclosures. The amount of ultimate loss may differ from these estimates. Each matter presents its own unique circumstances, and prior litigation does not necessarily provide a reliable basis on which to predict the outcome, or range of outcomes, in any individual proceeding. Because of the uncertainties related to the occurrence, amount, and range of loss on any pending litigation or claim, the Company does not consider a liability probable and is currently unable to predict their ultimate outcome, and, with respect to any pending litigation or claim where no liability has been accrued, to make a meaningful estimate of the reasonably possible loss or range of loss that could result from an unfavorable outcome. In the event that opposing litigants in outstanding litigation proceedings or claims ultimately succeed at trial and any subsequent appeals on their claims, any potential loss or charges in excess of any established accruals, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition, results of operations, and/or cash flows in the period in which the unfavorable outcome occurs or becomes probable, and potentially in future periods.

Legal Proceedings

On September 22, 2014, Tokai, the legal predecessor of the Company, completed the initial public offering of its common stock (the "IPO"). On July 25, 2017, a purported stockholder of Tokai filed a lawsuit in the U.S. District Court for the District of Massachusetts, entitled Peter B. Angelos v. Tokai Pharmaceuticals, Inc., et al., No. 1:17-cv-11365-MLW. The lawsuit was filed against Tokai, Jodie P. Morrison, Lee H. Kalowski, Seth L. Harrison, Timothy J. Barberich, David A. Kessler, Joseph A. Yanchik, III, and the underwriters of the IPO. The lawsuit alleges that Tokai made false and misleading statements and omissions about its clinical trials for galeterone, in violation of the Securities Act of 1933 and the Securities Exchange Act of 1934. The lawsuit seeks, among other things, unspecified compensatory damages, interest, costs, and attorneys' fees.

On September 7, 2018, plaintiff filed an amended complaint. Defendants moved to dismiss the amended complaint on October 15, 2018. Plaintiff opposed defendants' motion on November 19, 2018, defendants filed a reply in support of their motion on December 17, 2018, and plaintiff filed a sur-reply in support of his opposition on January 8, 2019. On February 18, 2020, the court held a hearing on defendants' motion to dismiss. The court also ordered the parties to confer and notify it

by March 10, 2020, if they reached an agreement to settle the case. On March 10, 2020, pursuant to the court's order, the parties advised the court they did not agree on a settlement. On July 15, 2020, plaintiff filed a Notice of Supplemental Authority, and on July 21, 2020, defendants filed a response. On October 9, 2020, the court entered an order granting defendants' motion to dismiss and dismissing the action in its entirety. Judgment was entered on October 14, 2020. On November 12, 2020, plaintiff filed a notice of appeal. On February 17, 2021, the parties submitted a stipulated motion to dismiss the appeal, following a settlement payment to plaintiff by the Company's insurance carrier of an immaterial amount. On February 18, 2021, the United States Court of Appeals for the First Circuit granted the motion, enter judgment dismissing the appeal, and issued the mandate.

Indemnifications

In the normal course of business, the Company enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Company's exposure under these agreements is unknown because it involves future claims that may be made against the Company but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Company may record charges in the future because of these indemnification obligations. No amounts associated with such indemnifications have been recorded to date.

Contingencies

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and such expenditures can be reasonably estimated. There have been no contingent liabilities requiring accrual at December 31, 2021 and 2020.

Note 6. Income Taxes

Loss before income taxes are as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Losses before income taxes:		
U.S.	$ (37,055)	$ (23,408)
Non-U.S.	195	193
Total	$ (36,860)	$ (23,215)

The provision (benefit) for income taxes are as follows (in thousands):

	Year Ended December 31,	
	2021	2020
Current:		
Federal	$ —	$ —
State	—	—
Foreign	—	—
	—	—
Deferred:		
Federal	(2,746)	(404)
State	392	—
Foreign	—	—
	(2,354)	(404)
Provision (benefit) for income taxes	$ (2,354)	$ (404)

The Company is subject to income taxes under U.S. tax laws. The Company is subject to an Israeli corporate tax rate of 23% in 2020 and thereafter. The Company was subject to a blended U.S. tax rate (federal as well as state corporate tax) of 21% in 2021 and 2020.

Significant judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities and the valuation allowance recorded against net deferred tax assets. Deferred tax assets and liabilities are determined using the enacted tax rates in effect for the years in which those tax assets are expected to be realized. A valuation allowance is established when it is more likely than not the future realization of all or some of the deferred tax assets will not be achieved. The evaluation of the need for a valuation allowance is performed on a jurisdiction-by-jurisdiction basis, and includes a review of all available positive and negative evidence. Factors reviewed include projections of pre-tax book income for the foreseeable future, determination of cumulative pre-tax book income after permanent differences, earnings history, and reliability of forecasting.

Based on its review, the Company concluded that it was more likely than not that they would not realize the benefit of a portion of its deferred tax assets in the future. This conclusion was based on historical and projected operating performance, as well as the Company's expectation that its operations will not generate sufficient taxable income in future periods to realize the tax benefits associated with the deferred tax assets within the statutory carryover periods. Therefore, the Company has a valuation allowance on its deferred tax assets as of December 31, 2021.

The Company will continue to assess the need for a valuation allowance on its deferred tax assets by evaluating both positive and negative evidence that may exist. Any adjustment to the net deferred tax asset valuation allowance would be recorded in the statement of operations for the period that the adjustment is determined to be required.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year Ended December 31,	
	2021	2020
Statutory Federal income tax rate	$ (7,741)	$ (4,875)
State income taxes, net of Federal tax benefits	(445)	—
Tax credits	(651)	(215)
Change in warrant fair market value	—	1,014
Stock-based compensation	651	252
Goodwill impairment	—	—
Permanent items	2	627
Section 382 limitation on net operating losses and credits	—	10,562
State rate differential	235	—
NOL true-up	(991)	—
Other	146	89
Change in valuation allowance	6,440	(7,858)
Total provision (benefit) for income taxes	$ (2,354)	$ (404)

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2021 and 2020 consisted of the following (in thousands):

	Year Ended December 31,	
	2021	2020
Net operating loss carryforwards	$ 12,531	$ 5,151
Research and development tax credits	1,356	705
Accruals and reserves	296	14
Stock compensation	1,867	802
Depreciation and amortization	1,713	1,905
Lease liability	171	30
Total deferred tax assets	17,934	8,607
Right-of-use asset	(171)	(29)
Acquired IPR&D	(7,192)	(6,801)
Total deferred tax liabilities	(7,363)	(6,830)
Less: valuation allowance	(12,323)	(5,883)
Net deferred tax liabilities	$ (1,752)	$ (4,106)

The following table reconciles the beginning and ending amounts of unrecognized tax benefits for the years presented (in thousands):

	Year Ended December 31,	
	2021	2020
Gross unrecognized tax benefits at the beginning of the year	$ 764	$ 548
Additions from tax positions taken in the current year	712	233
Additions from tax positions taken in prior years	—	531
Reductions from tax positions taken in prior years	(7)	(548)
Tax settlements	—	—
Gross unrecognized tax benefits at the end of the year	$ 1,469	$ 764

The deferred income tax assets have been offset by a valuation allowance, as realization is dependent on future earnings, if any, the timing and amount of which are uncertain. The net valuation allowance increased by $6.4 million from December 31, 2020 to December 31, 2021. The net valuation allowance decreased by $5.1 million from December 31, 2019 to December 31, 2020.

The Company's accounting for deferred taxes involves the evaluation of a number of factors concerning the realizability of its net deferred tax assets. The Company primarily considered such factors as its history of operating losses, the nature of the Company's deferred tax assets, and the timing, likelihood, and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible. At present, the Company does not believe that it is more likely than not that the deferred tax assets will be realized; accordingly, a valuation allowance has been established.

As of December 31, 2021 and 2020, the Company had federal net operating loss carryforwards of approximately $46.9 million and $14.4 million, respectively, available to reduce future taxable income. As of December 31, 2021 and 2020, the Company also has state net operating loss carryforwards of $15.0 million and $6.2 million, respectively. Both the federal and state net operating loss carryforwards incurred before 2018 begin expiring in 2035 if not utilized. The federal net operating losses incurred since 2018 of $46.1 million do not expire. The state net operating losses begin to expire in 2035. As of December 31, 2021 and 2020, the Company had Israeli net operating losses of $7.9 million and $7.9 million, respectively, which carryforward indefinitely.

As of December 31, 2021 and 2020, the Company had federal research and development tax credit carryforwards of approximately $1.9 million and $1.0 million, respectively. If not utilized, the carryforwards will begin expiring in 2036. As of December 31, 2021 and 2020, the Company has state research and development credit carryforwards or approximately $1.1 million and $0.6 million, respectively, which will begin expiring in 2030 if not utilized.

Pursuant to Internal Revenue Code (“IRC) Sections 382 and 383, annual use of the Company’s net operating loss and research and development credit carryforwards may be limited in the event a cumulative change in ownership of more than 50% occurs within a three-year period. The Company has not completed an IRC Section 382/383 analysis regarding the limitation of net operating loss and research and development credit carryforwards. Due to the existence of the valuation allowance, future changes in the Company’s unrecognized tax benefits will not impact the Company’s effective tax rate.

The Company’s ability to use its remaining net operating loss and tax credit carryforwards may be further limited if the Company experiences a Section 382 ownership change in connection with future changes in our stock ownership.

In the United States, the Company files income tax returns in the U.S. Federal jurisdiction, California and Massachusetts. The Company’s tax years for 2017 and forward are subject to examination by the Federal and California tax authorities due to the carryforward of unutilized net operating losses and research and development credits.

The Company’s policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There was no accrued interest and penalties associated with uncertain tax positions as of December 31, 2021 and 2020. The Company has not recorded any interest or penalties in 2021 or 2020.

Note 7. Stockholders’ Equity

2020 Common Stock Exchange Agreement

On February 13, 2020, the Company entered into an exchange agreement (the “Exchange Agreement”) with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P. and Biotechnology Value Trading Fund OS, L.P. (the “Exchanging Stockholders”), pursuant to which the Exchanging Stockholders exchanged (the “Exchange”) 210,888 shares of the Company’s common stock for 3,796 shares of newly designated Series X non-voting Convertible Preferred Stock (the “Series X Preferred Stock”). The Company agreed to reimburse the Exchanging Stockholders for their expenses in connection with the Exchange up to a total of $25,000, which was recorded as operating expense in the Company’s consolidated statements of operations and comprehensive loss. The Exchange was completed on February 19, 2020.

On February 13, 2020, in connection with the Exchange, the Company filed a Certificate of Designation setting forth the preferences, rights and limitations of the Series X Preferred Stock with the Secretary of State of the State of Delaware. The number of shares so designated shall be 10,000 and Series X Preferred Stock shall have a par value of $0.001 per share. Each share of Series X Preferred Stock will be convertible into 55.5556 shares of common stock at the option of the holder at any time subject to certain limitations, including, that the holder will be prohibited from converting Series X Preferred Stock into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares of common stock above a conversion blocker, which is initially set at 9.99% of the total common stock then issued and outstanding immediately following the conversion of such shares of Series X Preferred Stock. In the event of the Company’s liquidation, dissolution or winding up, holders of Series X Preferred Stock will participate pari passu with any distribution of proceeds to holders of common stock. Holders of Series X Preferred Stock are entitled to receive dividends on shares of Series X Preferred Stock equal (on an as-if-converted-to-common stock basis) to and in the same form as dividends actually paid on the common stock or other junior securities of the Company. Shares of Series X Preferred Stock will generally have no voting rights, except as required by law and except that the consent of a majority of the holders of the outstanding Series X Preferred Stock will be required to amend the terms of the Series X Preferred Stock.

SEC Accounting Series Release No. 268, *Presentation in Financial Statements of “Redeemable Preferred Stocks”* (“ASR 268”) requires equity instruments with redemption features that are not solely within the control of the issuer to be classified outside of permanent equity, often referred to as classification in “temporary equity”).The Company evaluated Series X Preferred Stock redemption features and concluded that there are no redemption features with the Series X Preferred Stock that are not solely within the control of the Company and permanent equity classification was appropriate. Series X Preferred Stock has two (2) separate and distinct embedded features. They are: (1) optional conversion by holder and (2) redemption put feature upon fundamental transaction.

Each share of Series X Preferred Stock shall be convertible into 55.5556 shares of common stock, at the option of the holder, at any time after the date of issuance. The Company evaluated the embedded optional conversion feature in accordance with the guidance under ASC 815, *Derivatives and Hedging*, and determined it is exempt from derivative accounting as the embedded feature is deemed to be indexed to the Company’s own stock and classified in stockholder’s equity if freestanding. Further, because the conversion ratio is fixed and equal to the ratio of the original exchange of 55.5556

common stock to each share of Series X Preferred Stock, the Company concluded that there is no intrinsic value to the beneficial conversion feature.

Each share of Series X Preferred Stock contains redemption put features that allow the holders of the Series X Preferred Stock the right to receive, in lieu of the right to receive conversion shares, for each conversion share that would have been issuable upon such conversion immediately prior to the occurrence of an effective change in control ("Fundamental Transaction"), the same kind and amount of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of one share of common stock. The Company evaluated the redemption put feature contained in each Series X Preferred Stock under the guidance of ASC 815, *Derivatives and Hedging*, and concluded that the embedded redemption put feature do not meet the definition of a derivative, if freestanding, under ASC 815 as net settlement could not be achieved. Accordingly, the redemption put features contained in the Series X Preferred Stock were not bifurcated and accounted for as freestanding derivative instruments.

On June 1, 2020 and June 10, 2020, the Exchanging Stockholders converted a total of 3,285 shares of Series X Preferred Stock into 182,500 shares of common stock.

September 2020 Anelixis Acquisition

On September 14, 2020, the Company acquired Anelixis, after which Anelixis became a wholly owned subsidiary of the Company. Under the terms of the acquisition, the Company issued to the stockholders of Anelixis 175,488 shares of Company common stock and 140,026 shares of Series X1 Preferred Stock. In addition to the common stock and preferred stock issued in connection with the acquisition of Anelixis, certain outstanding warrants issued by Anelixis were not settled upon completion of the acquisition, and instead were assumed and then replaced with Company warrants. As part of the acquisition, the Company assumed and replaced options for the purchase of 1,346,398 shares of common stock with an estimated total fair value of approximately $6.0 million and 55,583.875 warrants for Series X1 Preferred Stock with an estimated fair value of approximately $12.9 million. The estimated fair value of the assumed and replaced options and warrants attributed to pre-merger services were approximately $3.0 million and $12.9 million, respectively, and is included in other consideration amounts transferred and added to goodwill (see Note 10).

On December 18, 2020, at the Special Meeting, the Company's stockholders approved the issuance of the Company's common stock, upon conversion of the Company's Series X1 Preferred Stock, par value $0.001 per share, issued in September 2020. As such, the shares of Series X1 Preferred Stock underlying the assumed and replaced warrants in connection with the Anelixis acquisition were converted into shares of Eledon common stock.

September 2020 Stock Purchase Agreement

On September 14, 2020, Eledon entered into the Purchase Agreement with the Investors. Pursuant to the Purchase Agreement, Novus agreed to sell an aggregate of approximately 199,112 shares of Series X1 Preferred Stock for an aggregate purchase price of approximately $99.1 million, or net proceeds of approximately $95.2 million after deducting offering costs, in the Financing. Eledon had commitments for an additional $9.0 million in equity financing that was contingent upon the satisfaction of certain incremental closing conditions, including stockholders approval of the issuance of the Company's common stock upon the conversion of the Company's X1 Preferred Stock and the effective registration of its common stock. Subject to stockholder approval, each share of Series X1 Preferred Stock is convertible into 55.5556 shares of Common Stock, as described below. The preferences, rights and limitations applicable to the Series X1 Preferred Stock are set forth in the Certificate of Designation, as filed with the SEC. The Financing is exempt from registration pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder, as a transaction by an issuer not involving a public offering. The Investors have acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends have been affixed to the securities issued in this transaction.

The Company records shares of preferred stock at their respective fair values on the dates of issuance, net of issuance costs. Holders of Series X1 Preferred Stock do not have voting rights and are entitled to receive dividends on shares of Series X1 Preferred Stock on an as-if converted to common stock basis equal to dividends actually paid on shares of common stock. The shares of Series X1 Preferred Stock shall automatically be converted into shares of common stock equal to the conversion ratio of 55.5556 upon stockholder approval of the conversion of the Series X1 Preferred Stock into shares of common stock in accordance with the listing rules of the Nasdaq Stock Market; subject to certain limitations, including, that the holder will be prohibited from converting Series X1 Preferred Stock into common stock if, as a result of such conversion, the holder, together with its affiliates, would beneficially own a number of shares of common stock above a conversion blocker, which is

initially set at 9.99% of the total common stock then issued and outstanding immediately following the conversion of such shares of Series X1 Preferred Stock.

The Company applied the guidance in ASC 480-10-S99-3A, SEC Staff Announcement: Classification and Measurement of Redeemable Securities, and classified the Series X1 Preferred Stock outside of stockholders' equity for the period prior to the stockholder approval of the conversion to common stock because the Series X1 Preferred Stock would have been redeemable at the option of the holders for cash equal to the closing price of the common stock on the last trading day prior to the holder's redemption request, if there was no stockholder approval.

The Company analyzed the conversion provision related to the Series X1 Preferred Stock and determined there was not a contingent beneficial conversion feature ("BCF") that would be recognized when the contingency of stockholder approval was resolved.

On December 18, 2020, at the Special Meeting, the Company's stockholders approved the issuance of the Company's common stock, upon conversion of the Company's Series X1 Preferred Stock, par value $0.001 per share, issued in September 2020. As a result, 231,068 shares of Series X1 Preferred Stock were converted into 12,837,056 shares of the Company's common stock.

On December 23, 2020, the Company sold 1,004,111 shares of its common stock for gross proceeds of $9.0 million that was contingent upon the satisfaction of certain incremental closing conditions, as described above.

2020 Warrant Exercise Transactions

On January 10, 2020 and January 15, 2020, the Company entered into warrant exercise agreements (the "Exercise Agreements") with the holders (the "Holders") of its Series A Warrants and Series B Warrants (collectively, the "Warrants"), pursuant to which the Holders agreed to exercise in cash their Warrants to purchase an aggregate of 383,235 shares of the Company's common stock at a reduced exercise price of $12.87 per share, plus an additional $2.25 per share for the issuance of the private placement warrants for gross proceeds (before placement agent fees and expenses) to the Company of approximately $5.8 million (the "Exercise Transaction").

Under the Exercise Agreements, the Company also agreed to issue to the Holders new warrants to purchase up to 383,235 shares of the Company's common stock at an exercise price of $12.96 per share, with an exercise period of five and a half years (the "Private Placement Warrants"). The Private Placement Warrants transaction subsequently closed and the Private Placement Warrants were issued on January 14, 2020, with respect to the Warrants exercised on January 10, 2020 and on or about January 17, 2020, with respect to the Warrants exercised on January 15, 2020. In addition, the Company agreed to issue to the placement agent warrants to purchase up to 19,162 shares of common stock, representing 5.0% of the aggregate number of shares of common stock issued in the Exercise Transaction. The placement agent warrants have substantially the same terms as the Private Placement Warrants issued to the Holders, except that the placement agent warrants have an exercise price equal to $18.90. A warrant inducement expense of $4.8 million was recorded which was determined using the Black-Scholes option pricing model and was calculated as the difference between the fair value of the Warrants prior to, and immediately after, the reduction in the exercise price on the date of repricing in addition to the fair value of the Private Placement Warrants issued.

For the year ended December 31, 2020, the Holders exercised approximately 64,171 Private Placement Warrants in a cashless exchange for 28,553 shares of the Company's common stock. Additionally, approximately 9,985 private placement warrants were exercised for 9,985 shares of the Company's common stock for gross proceeds of $188,773.

December 2020 Exchange Agreements

On December 31, 2020, the Company entered into an exchange agreement (the "Series X Exchange Agreement") with Biotechnology Value Fund, L.P., Biotechnology Value Fund II, L.P., Biotechnology Value Trading Fund OS, L.P. , MSI BVF SPV, L.L.C. (collectively, the "BVF Exchanging Stockholders") and Cormorant Global Healthcare Master Fund, LP (together with the BVF Exchanging Stockholders, the "Series X Exchanging Stockholders"), pursuant to which the Series X Exchanging Stockholders exchanged (the "Series X Exchange") 344,666 shares of the Company's common stock for 6,203.98 shares of Series X Convertible Preferred Stock.

In addition, on December 31, 2020 the Company entered into an exchange agreement (the "Warrant Exchange Agreement," and together with the Series X Exchange Agreement, the "Exchange Agreements") with the BVF Exchanging

Stockholders, pursuant to which the BVF Exchanging Stockholders exchanged (the "Warrant Exchange," and together with the Series X Exchange, "the Exchanges") 509,117 shares of the Common Stock for one or more pre-funded warrants to purchase an aggregate of 509,117 shares of the Common Stock at a nominal exercise price (the "Warrants").

The Company recorded the shares of Series X Preferred Stock and Warrants issuable as preferred stock and warrant subscriptions at December 31, 2020, since the physical settlement of the Exchanges was made on January 5, 2021, whereby the transfer agent recorded the exchange of common stock for the issuance of preferred stock and warrants.

September 2021 Warrant Exchange Agreement

On September 21, 2021, the Company issued warrants exercisable for 298,692 shares of common stock in exchange for warrants exercisable for 5,376.456 shares of Series X1 Preferred Stock previously issued as part of the Anelixis merger. These Series X1 Preferred Stock warrants were replaced by Eledon for the outstanding warrants issued by Anelixis that were not settled upon completion of the merger.

Common Stock Warrants

As of December 31, 2021, 1,145,631 warrants were exercisable into common stock (after rounding for fractional shares and subject to beneficial ownership conversion blockers). The shares of common stock underlying the registered direct and private placement warrants are registered for offer and sale under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the Company's effective registration statements on Forms S-1.

The following table shows the warrants to purchase common stock activity:

	Rollforward of Warrant Activity					
	Registered direct warrants, placement agent	Private placement warrants	Private placement warrants, placement agent	Warrants exchanged for common stock	Warrants exchanged for Series X1 preferred stock	Total
Balance as of December 31, 2020	9,581	319,064	9,177	—	—	337,822
Issued	—	—	—	509,117	298,692	807,809
Exercised	—	—	—	—	—	—
Cancelled/Expired	—	—	—	—	—	—
Balance as of December 31, 2021	9,581	319,064	9,177	509,117	298,692	1,145,631

Series X1 Preferred Stock Warrants

As of December 31, 2021, 50,207.419 warrants were exercisable into Series X1 Preferred Stock which are convertible into 2,789,301 shares of common stock (after rounding for fractional shares and subject to beneficial ownership conversion blockers).

The following table shows the warrants to purchase Series X1 Convertible Preferred Stock activity:

	Rollforward of Series X1 Convertible Preferred Warrant Activity	
	Warrants assumed and replaced in acquisition	Total
Balance as of December 31, 2020	55,583.875	55,583.875
Assumed and replaced	—	—
Exercised	—	—
Cancelled/Expired	(5,376.456)	(5,376.456)
Balance as of December 31, 2021	50,207.419	50,207.419

2021 Equity Distribution Agreement

On March 31, 2021, the Company filed a prospectus and prospectus supplement (the "2021 Prospectus") under which the Company may offer and sell, from time to time, pursuant to an equity distribution agreement with Jeffries LLC, up to $75.0 million in shares of its common stock. During the year ended December 31, 2021, no shares were sold under the 2021 Prospectus.

Note 8. Stock-Based Compensation

Stock Option Plans

The Company has three stock compensation plans, the 2020 Stock Incentive Plan (the "2020 Plan"), the 2014 Stock Incentive Plan (the "2014 Plan") and the 2007 Stock Incentive Plan (the "2007 Plan"). The 2020 Plan permits the Company to make grants of incentive stock options, non-statutory stock options, restricted stock, restricted stock units, stock appreciation rights and other stock-based awards to the Company's employees, officers, directors, consultants and advisors; however, incentive stock options may only be granted to the Company's employees. The number of shares initially reserved for issuance under the 2020 Plan was 4,860,000 shares of common stock and may be increased by the number of shares under the 2014 Plan that expire, terminate or are otherwise surrendered, cancelled, forfeited or repurchased by the Company. Options remain outstanding under the 2007, 2014 and the 2020 Plan. The number of shares subject to and the exercise prices applicable to these outstanding options were adjusted in connection with the one-for-eighteen reverse stock-split. As of December 31, 2021, there were 1,151 and 100,532 options outstanding under the 2007 Plan and 2014 Plan, respectively. Options granted under the 2007, 2014 and 2020 Plans generally expire ten years from the date of grant. The Company intends for the 2020 Plan to be its primary stock compensation plan in the future. As of December 31, 2021, there were 782,583 options outstanding and 4,077,417 shares available to issue under the 2020 Plan.

As of December 31, 2021, a total of 4,077,417 stock awards were available for grant under the 2020 Plan. The 2014 Plan was closed to new grants following the approval of the 2020 Plan, and therefore, there were no shares reserved for issuance under the 2014 Plan as of December 31, 2021.

The following table summarizes all option activity under the 2007 Plan, 2014 Plan, 2020 Plan and inducement grants:

	Shares Issuable Under Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2020	91,403	$ 139.96	8.2	$ —
Granted	2,191,462	9.15		
Options Assumed	1,346,398	7.58		
Forfeited / Canceled	(7,784)	586.16		
Outstanding as of December 31, 2020	3,621,479	10.63	8.9	$ —
Granted	702,836	10.69		
Exercised	(174)	4.73		
Forfeited / Canceled	(110,164)	19.50		
Outstanding as of December 31, 2021	4,213,977	$ 10.33	8.4	$ —
Options vested and expected to vest as of December 31, 2021	4,132,506	$ 10.18	8.2	$ —
Options exercisable as of December 31, 2021	1,871,327	$ 11.64	7.8	$ —

As of December 31, 2021, the range of exercise prices was between $4.73 and $2,147 for options outstanding.

Intrinsic value is calculated as the difference between the exercise price of the underlying options and the fair value of the common stock for the options that had exercise prices that were lower than the fair value per share of the common stock on the date of exercise. There was no aggregate intrinsic value of options exercised during the year ended December 31, 2021.

The following table presents the assumptions used in the Black-Scholes option pricing model to determine the fair value of stock options granted in the periods presented, as follows:

	Year Ended December 31,	
	2021	2020
Expected stock price volatility	105% - 110%	74% - 87%
Risk-free interest rate	1%	1% - 3%
Expected life of option (in years)	6.25 - 6.75	6
Estimated dividend yield	0%	0%

Restricted Stock Units

The following table shows the RSU activity, as follows:

	Shares Issuable Under RSUs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2020	3,056	$ 66.96	9.2	$ —
Granted	—	—		
RSUs Vested	(3,056)	66.96	9.2	
Forfeited / Canceled	—	—		
Outstanding as of December 31, 2020	—	—	—	—
Granted	20,000	5.07	9.8	
RSUs Vested	—	—		
Forfeited / Canceled	—	—		
Outstanding as of December 31, 2021	20,000	$ 5.07	9.8	$ —
RSUs vested and expected to vest as of December 31, 2021	20,000	$ 5.07	9.8	$ —
RSUs exercisable as of December 31, 2021	—	$ —		$ —

Stock-based Compensation Expense

Total compensation expense related to all of the Company's stock-based awards for the years ended December 31, 2021 and 2020 was comprised of the following (in thousands):

	Year Ended December 31,	
	2021	2020
Stock-based compensation classified as:		
Research and development expense	$ 3,166	$ 1,254
General and administrative expense	4,738	1,917
Total stock-based compensation expense	$ 7,904	$ 3,171

As of December 31, 2021, total unrecognized stock-based compensation expense related to non-vested equity awards was $15.9 million, which is expected to be recognized over an estimated weighted-average period of 2.3 years.

Stock-based compensation expense for the year ended December 31, 2021 included no stock-based compensation expense related to performance-based options granted during 2021.

During the year ended December 31, 2020, PRSUs awarded to employees totaling 3,056 shares vested and resulted in the recognition of $0.2 million in stock-based compensation expense. No PRSUs were awarded for the year ended December, 31, 2021.

Note 9. Restructuring Expense

On June 11, 2020, following the announcement regarding the topline results from the phase 2a clinical trial of OP0201, Eledon announced that its Board approved a plan to reduce the size of its workforce. The workforce reduction, which was completed in June 2020, was designed to reduce the Company's operating expenses while it is conducting a review of development and strategic alternatives.

On September 3, 2020, the Board accepted the resignation of Gregory Flesher as the Company's Chief Executive Officer and a member of the Board. Mr. Flesher's resignation was effective as of the close of business on September 4, 2020. The resignation of Mr. Flesher was not the result of any dispute or disagreement with the Company on any matter relating to the Company's operations, policies or practices. Concurrent with his resignation, Mr. Flesher entered into a consulting agreement with the Company pursuant to which he will provide consulting and transition-support services as requested by the Company at an hourly rate consistent with his target compensation.

For the year ended December 31, 2020, Eledon incurred and paid $2.3 million in expenses related to the workforce reduction.

Note 10. Business Acquisition

On September 14, 2020, the Company acquired Anelixis pursuant to that certain Agreement and Plan of Merger, dated September 14, 2020 (the "Merger Agreement"), by and among Eledon, Nautilus Merger Sub 1, Inc., a Delaware corporation and wholly owned subsidiary of Eledon ("First Merger Sub"), Nautilus Merger Sub 2, LLC, a Delaware limited liability company and wholly owned subsidiary of Eledon ("Second Merger Sub"), and Anelixis. Pursuant to the Merger Agreement, First Merger Sub merged with and into Anelixis, pursuant to which Anelixis was the surviving entity and became a wholly owned subsidiary of Eledon (the "First Merger"). Immediately following the First Merger, Anelixis merged with and into Second Merger Sub, pursuant to which Second Merger Sub was the surviving entity (the "Second Merger," together with the First Merger, the "Merger"). The Merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes.

Under the terms of the Merger Agreement, at the closing of the Merger, Eledon issued to the stockholders of Anelixis 175,488 shares of the common stock of Eledon, par value $0.001 per share, and 140,026 shares of newly designated Series X1 Preferred Stock. Subject to stockholder approval, each share of Series X1 Preferred Stock was convertible into approximately 55.5556 shares of common stock. The preferences, rights and limitations applicable to the Series X1 Preferred Stock are set forth in the Certificate of Designation, as filed with the SEC.

In addition to the common stock and preferred stock issued, certain outstanding warrants issued and equity awards granted by Anelixis were not settled upon completion of the merger, and instead were assumed and then replaced with Eledon warrants and equity awards. The amounts for the assumed and replaced warrants and equity awards attributed to pre-merger services are included in other consideration amounts transferred and added to goodwill.

The Company determined that FASB Accounting Standards Codification Topic 805 ("ASC 805"), *Business Combinations*, is the authoritative guidance in accounting for this transaction and for determining whether Anelixis was a dormant, non-operating entity that would not meet the definition of a business under ASC 805. If Anelixis was not an operating entity, the acquisition would instead be considered a capital transaction and equivalent to the issuance of shares by Novus for the net monetary assets of Anelixis accompanied by a recapitalization. Conversely, if Anelixis was determined to be a business, the acquisition method of accounting would apply and the difference between the acquisition date fair value of the total consideration transferred and the aggregate values assigned to the assets acquired and liabilities assumed would be recorded as goodwill.

The Company evaluated the terms of the Merger Agreement and the transaction under the applicable accounting guidance and determined that Anelixis satisfied the definition of a business under ASC 805 and as further clarified by ASU 2017-01. Based on this analysis, the Company accounted for the acquisition of Anelixis as a business combination under the acquisition method of accounting as it had determined that Anelixis' assets acquired in the transaction included an input and a substantive process that together significantly contributed to the ability to create outputs. Additionally, the Company was determined to be both the legal and accounting acquirer as it had issued equity interests to acquire all of Anelixis' equity interests. Goodwill generated from the acquisition was primarily attributable to the expected synergies from combining operations and expanding market potential, together with certain intangible assets that do not qualify for separate recognition. None of the approximately $48.6 million in goodwill is expected to be deductible for tax purposes.

Concurrently and in connection with the execution of the Merger Agreement, the Company entered into the Purchase Agreement with certain institutional and accredited investors. Pursuant to the Stock Purchase Agreement, the Company agreed to sell an aggregate of approximately 199,112 shares of Series X1 Preferred Stock for an aggregate purchase price of approximately $99.1 million in the Financing. Eledon had commitments for an additional $9.0 million in equity financing that was contingent upon the satisfaction of certain incremental closing conditions, including stockholder approval of the issuance of the Company's common stock upon the conversion of the Company's Series X1 Preferred Stock and the effective registration of its common stock. The merger was a pre-requisite in order for the Financing to transpire; without the merger, those certain institutional and accredited investors would not have purchased the Company's Series X1 convertible preferred stock.

On December 18, 2020, the Company held the Special Meeting, whereby the Company's stockholders approved the issuance of the Company's common stock, upon conversion of the Company's Series X1 Preferred Stock, par value $0.001 per share, issued in September 2020. As a result, approximately 231,068 shares of Series X1 Preferred Stock were converted into 12,837,056 shares of the Company's common stock. As of December 31, 2021 and 2020, approximately 108,070 shares of Series X1 Preferred Stock remain outstanding.

On December 23, 2020, the Company sold 1,004,111 shares of its common stock for gross proceeds of $9.0 million that was contingent upon the satisfaction of certain incremental closing conditions, as described above.

Acquisition Consideration

The following table summarizes the fair value of the purchase price consideration to acquire Anelixis (in thousands):

Description	Amount	
Fair value of purchase consideration:		
Common shares issued (1)	$	1,194
Preferred shares issued (2)		69,723
Options assumed (3)		2,950
Warrants assumed (3)		12,944
Total purchase consideration	$	86,811

(1) The fair value of common shares issued in the merger is based on 175,488 shares issued on the September 14, 2020, acquisition date at the closing price of the Company's common stock of $6.80 per share.

(2) The fair value of preferred shares issued in the merger is based on the amount per share of Series X1 preferred stock in the September 2020 Purchase Agreement.

(3) The fair value of the options and warrants assumed and replaced in the merger is based on applying the Black-Scholes valuation method using appropriate inputs of volatility rates ranging from 82% to 83%, expected terms of 5.0 to 5.9 years and risk-free rates of 0.27% to 0.45%.

Purchase Price Allocation

The following is an allocation of the purchase price as of the September 14, 2020 acquisition closing date based upon the estimated fair value of the assets acquired and the liabilities assumed by the Company in the acquisition (in thousands):

Description	Amount	
Cash and cash equivalents	$	11,035
Prepaid expenses and other current assets		26
Other non-current assets		12
Accounts payable		(580)
Accrued expenses and other liabilities		(206)
Deferred tax liability		(4,510)
Net identifiable assets acquired		5,777
Goodwill		48,648
Identifiable intangible assets		32,386
Net assets acquired	$	86,811

Acquisition costs of approximately $2.9 million were included in general and administrative expenses in the Company's consolidated statements of operations and comprehensive loss for the year ended December 31, 2020.

Deferred Income Taxes

The net deferred tax liability was based upon the difference between the estimated book basis and tax basis of net assets acquired and an estimate for the final pre-acquisition net operating losses of Anelixis.

Identifiable Intangible Assets

Through its acquisition of Anelixis, the Company acquired intangible assets that consisted of IPR&D with an estimated fair value of $32.4 million, related to its clinical development program of tegoprubart. The estimated fair value of the IPR&D was determined by management based on an external valuation specialist's analysis of replacement costs to recreate tegoprubart in its current clinical stage. The replacement cost method contemplates the cost to recreate the utility of tegoprubart but in a form that is not a replica of tegoprubart. In this method, the replacement cost is determined and reduced for depreciation of the asset. In this context, depreciation has three components: (i) physical deterioration, (ii) functional obsolescence, and (iii) economic obsolescence.

Goodwill

Under the acquisition method of accounting, goodwill of approximately $48.6 million would be generated after accounting for Anelixis' assets acquired, liabilities assumed, and intangible assets identified and valued.

Pro Forma Information (Unaudited)

The following unaudited pro forma combined financial information is presented to illustrate the estimated effects of the Merger based on the historical financial statements and accounting records of Eledon and Anelixis after giving effect to the Merger and the Merger-related pro forma adjustments.

The unaudited pro forma combined statement of operations for the years ended December 31, 2020 combine the historical statements of operations of Eledon and Anelixis, giving effect to the Merger as if it had occurred on January 1, 2020, the first day of the fiscal year ended December 31, 2020.

The unaudited pro forma combined financial information has been presented for informational purposes only. The unaudited pro forma combined financial information does not purport to represent the actual results of operations that Eledon and Anelixis would have achieved had the companies been combined during the periods presented in the unaudited pro forma combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the Merger. The unaudited pro forma combined financial information does not reflect any potential cost savings that may be realized as a result of the Merger and also does not reflect any restructuring or integration-related costs to achieve those potential cost savings.

Additionally, the unaudited pro forma combined financial information does not reflect any merger-related expenses incurred by the Company or pre-merger Anelixis, which totaled approximately $3.4 million and were removed from general and administrative expenses in the pro forma calculations below. The unaudited pro forma combined financial information also excludes certain other income and other expense items as part of the acquisition of Anelixis. For the year ended December 31, 2020, a gain of approximately $0.7 million due to the forgiveness of Anelixis debt was removed from pro

forma other income. Approximately $0.5 million excluded from pro forma other expenses for the years ended December 31, 2020, for interest expense related to notes that were converted into equity interest in the Company.

	Year Ended December 31, 2020
Revenue	$ 120
Operating expenses	
Research and development	9,489
General and administrative	8,317
Restructuring expense	2,282
Total operating expenses	20,088
Loss from operations	(19,968)
Other income (expense), net	79
Warrant inducement expense	(4,829)
Loss before provision for income taxes	(24,718)
Income tax benefit	404
Net loss and other comprehensive loss	$ (24,314)
Net loss per share, basic and diluted	$ (15.44)
Weighted-average shares outstanding, basic and diluted	1,574,657

Actual net loss and other comprehensive loss of Anelixis since September 14, 2020 that is included in our consolidated statement of operations for the year ended December 31, 2020, is approximately $2.5 million. Anelixis did not recognize any revenue in 2020 since its acquisition by the Company.

Note 11. Subsequent Events

The Company has evaluated events subsequent to December 31, 2021 through the filing date of this Annual Report on Form 10-K. Any material subsequent events that occurred during this time have been properly recognized or disclosed in the consolidated financial statements and accompanying notes.

On January 11, 2022, the Company entered into an exchange agreement (the “Series X1 Exchange Agreement”) with the BVF Exchanging Stockholders, pursuant to which the BVF Exchanging Stockholders exchanged (the “Series X1 Exchange”) 550,000 shares of the Company’s common stock, for 9,899.99 shares of Series X1 Preferred Stock.

Following the Series X1 Exchange, the Company will have 13,756,788 shares of common stock outstanding and approximately 117,970 shares of Series X1 Preferred Stock outstanding, which are convertible into 6,553,894 shares of common stock (after rounding for fractional shares and subject to beneficial ownership conversion blockers).

ELEDON PHARMACEUTICALS, INC.

Stock Option Agreement
Granted Under 2020 Long Term Incentive Plan

1) **GRANT OF OPTION**.

A) This agreement evidences the grant by **ELEDON PHARMACEUTICALS, INC.**, a Delaware corporation (the "**Company**"), on February 1, 2022 (the "**Grant Date**") to **DAVID-ALEXANDRE GROS**, an Officer of the Company (the "**Participant**"), of an option (the "**Option**") to purchase, in whole or in part, on the terms provided herein and in the Company's 2020 Long Term Incentive Plan (the "**Plan**"), a total of 192,000 shares (the "**Shares**") of common stock, $0.001 par value per share, of the Company ("**Common Stock**"), at an exercise price of $3.97USD per Share. Unless earlier terminated, this Option shall expire at 5:00 p.m., Pacific Time, on February 1, 2032 (the "**Final Exercise Date**"). This Option is subject in all respects to the terms and conditions of the Plan, a copy of which has been made available to the Participant prior to the date hereof.

B) If and to the extent that this Agreement conflicts or is inconsistent with the terms, conditions and provisions of any employment, consulting or similar services agreement between the Participant and the Company as may be in effect (the "**Service Agreement**"), the Service Agreement shall control, and this Agreement shall be deemed to be modified accordingly as long as the terms of the Service Agreement are consistent with the Plan.

C) This Option is a non-qualified option under Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "**Code**"). Except as otherwise indicated by the context, the term "Participant", as used in this Option, shall be deemed to include any person who acquires the right to exercise this Option validly under its terms.

2) **VESTING SCHEDULE**.

A) One hundred ninety-two thousand (192,000) of the Shares subject to this Option (the "**Performance-Based Options**") shall be subject to the performance-based and time-based vesting requirements set forth below. Subject to satisfying the time-based vesting terms set forth below, 100% of the Performance-Based Options shall become eligible to vest and become exercisable if the Company achieves 100% of the corporate research and development, chemistry, manufacturing and controls and general administrative goals approved by the Board of Directors for the 2022 calendar year (the "**Performance Goals**"). The maximum number of Performance-Based Options that may become eligible to vest and become exercisable is 100% of the Performance-Based Options. However, if the Performance Goals are achieved at or above the threshold performance levels but below the target performance levels, the Committee or Board shall determine the percentage of the Performance-Based Options that are eligible to vest and become exercisable. All determinations with respect to the number of the Performance-Based Options that become eligible to vest and become exercisable shall be made by the Board or Committee, whose determination shall be final and binding. Any Performance-Based Options that do not become eligible to vest and become exercisable following the Board's or Committee's determination shall automatically be forfeited for no consideration.

Subject to the Participant's continued serve as an Eligible Participant, twenty-five percent (25%) of the Performance-Based Options that become eligible to vest and become exercisable shall vest immediately upon the Committee's or Board's determination of the achievement of the Performance Goals (which is expected to occur in the first quarter of the 2023 calendar year). The remaining 75% of the Performance-Based Options that have become eligible to vest and become exercisable shall vest and become exercisable with respect to approximately 1/48th of the underlying Shares monthly thereafter until the fourth anniversary of the Grant Date so that such Performance-Based Options are fully vested on the fourth anniversary of the Grant Date (subject to the Participant's continued serve as an Eligible Participant as of each applicable vesting date). In addition to any accelerated vesting provided for in Participant's Service Agreement, if the Participant's employment with the Company is terminated by the Company without "Cause" or by the Participant for "Good Reason" (in each case as defined below) prior to the Committee's determination of the level of achievement of the Performance Goals, (A) except as provided in clause (B) below, 100% of the Performance-Based Options (and for these purposes ignoring the level of achievement of the Performance Goals) that would have vested based on continued employment for 12 months following the termination shall accelerate and become vested on the date that the release of claims contemplated by the Service Agreement becomes effective and irrevocable, and (B) in lieu of the accelerated vesting provided in clause (A) above, if the Participant's termination without Cause or for Good Reason occurs either within 90 days before the consummation of a Change in Control or within 12 months after the consummation of a Change in Control, 100% of the Performance-Based Options (and for these purposes ignoring the level of achievement of the Performance Goals) shall accelerate and become vested on the date that the release of claims contemplated by the Service Agreement becomes effective and irrevocable. If the Participant's employment with the Company is terminated by the Company without Cause or by the Participant for Good Reason after the Committee's determination of the level of achievement of the Performance Goals, then the Performance-Based Options that become eligible to vest and become exercisable shall be treated as awards subject to time-based vesting for purposes of the Service Agreement.

B) In addition to the accelerated vesting provided for above or in the Service Agreement, notwithstanding anything herein to the contrary, if, upon the consummation of a Change in Control (as defined in the Plan) or during a period of ninety-days prior to the Reorganization Event or one-year period thereafter, the Participant's employment with the Company is terminated by the Company without "Cause" or by the Participant for "Good Reason" (in each case as defined below), then this Option shall automatically vest and become exercisable with respect to all of the Shares underlying the Time-Based Option not already vested and all of the Shares underlying the Performance-Based Option that are then outstanding and remain eligible to vest and become exercisable.

3) **EXERCISE OF OPTION**.

A) **Form of Exercise**. Each election to exercise this Option shall be done electronically through the Company's equity plan administrator's website or in writing, in the form of the Stock Option Exercise Notice attached as Annex A, signed by the Participant, and received by the Company at its principal office, together with payment in full in the manner provided in the Plan.

B) **Continuous Relationship with the Company Required**. Except as otherwise provided in this Section 3, this Option may not be exercised unless the Participant, at the time he or she exercises this Option, is, and has been at all times since the Grant Date, an employee, director or officer of, or consultant or advisor to, the Company or any other entity the employees, officers, directors, consultants, or advisors of which are eligible to receive option grants under the Plan (an "**Eligible Participant**").

C) **Termination of Relationship with the Company**. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (D) and (E) below, the right to exercise this Option shall terminate three months after such cessation (but in no event after the Final Exercise Date), provided that this Option shall be exercisable only to the extent that the Participant was entitled to exercise this Option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any employment contract, confidentiality and nondisclosure agreement or other agreement between the Participant and the Company, the right to exercise this Option shall terminate immediately upon such violation.

D) **Exercise Period Upon Death or Disability**. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "Cause" as specified in paragraph (E) below, this Option shall be exercisable, within the period of one year following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), provided that this Option shall be exercisable only to the extent that this Option was exercisable by the Participant on the date of his or her death or disability, and further provided that this Option shall not be exercisable after the Final Exercise Date.

E) **Termination for Cause**. If, prior to the Final Exercise Date, the Participant's employment is terminated by the Company for Cause, the right to exercise this Option shall terminate immediately upon the effective date of such termination of employment.

4) **TAX MATTERS**.

A) **Withholding**. No Shares will be issued pursuant to the exercise of this Option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this Option.

B) **Disqualifying Disposition**. If the Participant disposes of Shares acquired upon exercise of this Option within two years from the Grant Date or one year after such Shares were acquired pursuant to exercise of this Option, the Participant shall notify the Company in writing of such disposition.

5) **DEFINITIONS**.

A) For the purposes of this Option:

i) "**Cause**" shall have the meaning set forth in any employment or other agreement between the Participant and the Company or, in the absence of such an agreement, shall mean that, in the good faith determination of the Company, the Participant has: (a) committed gross negligence or willful malfeasance in the performance of the Participant's work or duties; (b) committed a breach of fiduciary duty or a breach of any non-competition, non-solicitation or confidentiality obligations to the Company; (c) failed to follow the proper directions of the Participant's direct or indirect supervisor after written notice of such failure; (d) been convicted of, or pleaded "guilty" or "no contest" to, any misdemeanor relating to the affairs of the Company or any felony; (e) disregarded the material rules or material policies of the Company which has not been cured within 15 days after notice thereof from the Company; or (f) engaged in intentional acts that have generated material adverse publicity toward or about the Company.

ii) "**Good Reason**" shall have the meaning set forth in any employment or other agreement between the Participant and the Company or, in the absence of such an agreement, shall mean any action on the part of the Company or a successor in interest not consented to by the Participant in writing having the following effect or effects: (a) a material diminution in the Participant's duties, authority or responsibilities from and after the Reorganization Event; (b) a material reduction in the Participant's base salary from and after the Reorganization Event, other than a reduction comparable to reductions generally applicable to similarly situated persons; or (c) the Company's requiring the Participant's ongoing and regular services to be performed at a location more than fifty (50) miles from the geographic location at which the Participant was providing services before such requirement. Notwithstanding the occurrence of any such event or circumstance, such occurrence shall not be deemed to constitute Good Reason unless (1) the Participant gives the Company's Chief Executive Officer (or the Chief Executive Officer of the Company's successor in interest, if applicable) written notice specifying that such event or circumstance will give rise to a right of termination no more than thirty (30) days after the initial existence of such event or circumstance, (2) such event or circumstance shall not have been cured within thirty (30) days following such written notice from the Participant and (3) the Participant terminates the Participant's employment within forty-five (45) days after the end of the 30-day cure period and prior to such event or circumstance having been cured.

iii) Except as otherwise indicated by the context, the term "Participant", as used in this Option, shall be deemed to include any person who acquires the right to exercise this Option validly under its terms.

[Signatures page follow.]

IN WITNESS WHEREOF, the Company has caused this Option to be executed under by its duly authorized officer.

ELEDON PHARMACEUTICALS, INC.

By: /s/ Paul Little

Name: Paul Little

Title: Chief Financial Officer

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Plan.

PARTICIPANT:

/s/ David-Alexandre C. Gros, M.D.
Signature of Participant

February 1, 2022
Grant Acceptance Date

David-Alexandre C. Gros
Print Name of Participant

Exhibit 10.13

SECOND AMENDMENT TO LEASE

I. PARTIES AND DATE.

This Second Amendment to Lease ("**Amendment**") dated May 3, 2021, by and between **NEWPORT GATEWAY OFFICE LLC**, a Delaware limited liability company ("**Landlord**"), and **ELEDON PHARMACEUTICALS, INC.**, a Delaware corporation ("**Tenant**").

II. RECITALS.

Landlord (as successor in interest to The Irvine Company LLC, a Delaware limited liability company)and Tenant (formerly known as Novus Therapeutics, Inc., a Delaware corporation, as successor in interest toOtic Pharma, Inc., a Delaware corporation) entered into an office space lease dated September 2, 2015, which lease was amended by a First Amendment to Lease dated April 19, 2018 (as amended, the "**Lease**") for space consisting of 5,197 rentable square feet ("**Premises**") known as Suite No. 550 in the building located at 19900 MacArthur Boulevard, Irvine, California (the "**Building**").

Landlord and Tenant each desire to modify the Lease to extend the Lease Term, adjust the BasicRent, and make such other modifications as are set forth in "III. MODIFICATIONS" next below.

III. MODIFICATIONS.

A. Basic Lease Provisions. The Basic Lease Provisions are hereby amended as follows:

1. Item 5 is hereby deleted in its entirety and the following substituted in lieuthereof:

"5. Lease Term: The Term of this Lease shall expire at 11:59 p.m. on December 31, 2022."

2. Effective as of October 1, 2021, Item 6 shall be amended by adding the following:

Months of Term orPeriod	Monthly Rate Per Rentable Square Foot	Monthly Basic Rent
10/1/21 to 12/31/22	$2.90	$15,071.30

3. Effective as of October 1, 2021, Item 7 shall be deleted in its entirety and thefollowing shall be substituted in lieu thereof:

"7. Property Tax Base: The Property Taxes per rentable square foot incurred by Landlord and attributable to the twelve month period ending June 30, 2022 (the "**Base Year**").

Project Cost Base: The Project Costs per rentable square foot incurred by Landlord and attributable to the Base Year.

Expense Recovery Period: Every 12 month period during the Term (or portion thereof during the first and last Lease years) ending June 30."

B. Security Deposit. No additional security deposit shall be required in connection with this Amendment.

C. Operating Expenses. Notwithstanding any contrary provision in the Lease, Landlord hereby agrees that Tenant shall not be obligated to pay Landlord for Tenant's Share of Operating Expense excess accruing during the 12 month period commencing October 1, 2021.

D. Parking. Notwithstanding any contrary provision in Exhibit F to the Lease, "Parking," the parking charge for the Parking Passes shall continue to be $50.00 per Parking Pass per month through ending December 31, 2022. From and after January 1, 2023, the parking charge shall be at Landlord's scheduled parking rates from time to time.

E. Condition of the Premises. Tenant acknowledges that it is currently occupying the Premises and that it is satisfied with the condition thereof. Tenant waives any right or claim against Landlord arising out of the condition of the Premises.

IV. GENERAL.

A. Effect of Amendments. The Lease shall remain in full force and effect except to the extent that it is modified by this Amendment.

B. Entire Agreement. This Amendment embodies the entire understanding between Landlord and Tenant with respect to the modifications set forth in "III. MODIFICATIONS" above and can be changed only by a writing signed by Landlord and Tenant.

C. Counterparts; Digital Signatures. If this Amendment is executed in counterparts, each is hereby declared to be an original; all, however, shall constitute but one and the same amendment. In any action or proceeding, any photographic, photostatic, or other copy of this Amendment may be introduced into evidence without foundation. The parties agreeto accept a digital image (including but not limited to an image in the form of a PDF, JPEG, GIF file, or other e-signature) of this Amendment, if applicable, reflecting the execution of one or both of the parties, as a true and correct original.

D. Defined Terms. All words commencing with initial capital letters in this Amendment and defined in the Lease shall have the same meaning in this Amendment as in the Lease, unless they are otherwise defined in this Amendment.

E. Authority. If Tenant is a corporation, limited liability company or partnership, or iscomprised of any of them, each individual executing this Amendment for the corporation, limited liability company or partnership represents that he or she is duly authorized to execute and deliver this Amendment on behalf of such entity and that this Amendment is binding upon such entity in accordance with its terms.

F. California Certified Access Specialist Inspection. Pursuant to California Civil Code § 1938, Landlord hereby states that the Premises have not undergone inspection by a Certified Access Specialist (CASp) (defined in California Civil Code § 55.52(a)(3)). Pursuant to Section 1938 of the California Civil Code, Landlord hereby provides the following notification to Tenant: “A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection ofthe subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the premises.”

G. Attorneys’ Fees. The provisions of the Lease respecting payment of attorneys’ fees shall also apply to this Amendment.

H. Nondisclosure of Lease Terms. Tenant acknowledges that the content of this Amendment and any related documents are confidential information. Except to the extent disclosure is required by law, Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant’s financial, legal and space-planning consultants, provided,however, that Tenant may disclose the terms to prospective subtenants or assignees under the Lease or pursuant to legal requirement.

I. Brokers. Article 18 of the Lease is amended to provide that the parties recognize the following parties as the brokers who negotiated this Amendment, and agree that Landlordshall be responsible for payment of brokerage commissions to such brokers pursuant to its separate agreements with such brokers: Irvine Management Company (“**Landlord’s Broker**”) is the agent of Landlord exclusively and Savills (“**Tenant’s Broker**”) is the agentof Tenant exclusively. By the execution of this Amendment, each of Landlord and Tenant hereby acknowledge and confirm (a) receipt of a copy of a Disclosure Regarding Real Estate Agency Relationship conforming to the requirements of California Civil Code 2079.16, and (b) the agency relationships specified herein, which acknowledgement and confirmation is expressly made for the benefit of Tenant’s Broker. If there is no Tenant’s Broker so identified herein, then such acknowledgement and confirmation is expressly made for the benefit of Landlord’s Broker. By the execution of this Amendment, Landlord and Tenant are executing the confirmation of the agency relationships set forth herein. The warranty and indemnity provisions of Article 18 of the Lease, as amended hereby, shall be binding and enforceable in connection with the negotiation of this Amendment.

V. EXECUTION.

Landlord and Tenant executed this Amendment on the date as set forth in "I. PARTIES ANDDATE." above.

LANDLORD:
NEWPORT GATEWAY OFFICE LLC,
a Delaware limited liability company

By: /s/ Steven M. Case
Steven M. Case
Executive Vice President, Leasing & MarketingOffice Properties

By: /s/ Christopher J. Popma
Christopher J. Popma
Regional Vice President, Operations Office Properties

DS
SH

TENANT:
ELEDON PHARMACEUTICALS, INC.,
a Delaware corporation

By: /s/ Paul Little
Printed Name: Paul Little
Title: CFO

By: /s/ David-Alexandre C. Gros
Printed Name: David-Alexandre C. Gros
Title: CEO

SUBLEASE AGREEMENTBY AND BETWEEN CORPORATE TECHNOLOGIES, INC., SUBLANDLORDAND ELEDON PHARMACEUTICALS, INC., SUBTENANT

A PORTION OF

78 Blanchard Road, Burlington, MA 01803

SUBLEASE

THIS SUBLEASE (this "Sublease") is made as of this 4th day of November 2021, by and between CORPORATE TECHNOLOGIES, INC. ("Sublandlord"), a Massachusetts corporation with an address of 78 Blanchard Road, Suite 304, Burlington, MA and ELEDON PHARMACEUTICALS, INC. ("Subtenant"), a Delaware corporation with an address at 19900 MacArthur Blvd, Suite 550, Irvine, CA.

In consideration of the terms, covenants and conditions herein contained, Sublandlordand Subtenant covenant and agree as follows:

PREAMBLE LEASING DATA

Leasing Data. This Preamble contains all of the factual data and the business terms that applyto provisions of this Sublease. These terms are set forth in this Preamble for ease of reference. For example, although the Base Rent is specified in this Preamble, Article 4 hereof contains the operative provisions of the Sublease regarding the payment of Base Rent. Whenever any item contained in this Preamble is more specifically described in a subsequent Section of the Sublease, the more specific description will control.

A. The "Building" is the building in which the Subleased Premises are located and is commonly known as 78 Blanchard Road, Burlington, MA 01803.

B. The "Subleased Premises" is located on the third floor of the Building, as more particularly depicted on Exhibit A attached hereto.

C. The "Rentable Square Footage" of the Subleased Premises is approximately 6,138 rentable squarefeet.

D. The "Lease" shall mean that certain agreement of lease, dated November 10, 2014 between BlanchardGroup LLC ("Landlord") and Sublandlord, pursuant to which certain premises in the Building, as more particularly described in the Lease, are leased and demised by Landlord to Sublandlord, a copyof which (from which certain terms which Sublandlord represents and warrants, do not relate to Subtenant's obligations hereunder, have been redacted) is attached hereto as Exhibit B and made apart hereof.

E. The "Commencement Date" shall be the later date of (a) November 1, 2021, (b) the date the LandlordConsent to this Sublease is obtained as provided in Section 21 hereof, and (c) the date that Sublandlordrelocates to the Replacement Premises (as defined below), subject to the termination rights describedin Section 22 hereof.

F. The "Expiration Date" shall be November 20, 2024 or on such earlier date upon which said term may expire or be terminated pursuant to any of the conditions of limitation or other provisions of this Sublease or pursuant to law.

G. The "Term" shall be a period of three (3) years and twenty (20) days, commencing on the Commencement Date and ending on the Expiration Date.

H. The "Permitted Uses" shall mean such uses as are permitted pursuant to the Lease.

I. "Security Deposit" shall mean the amount of $34,270.50 as further described in Article 5 hereof.

J. The "Base Rent" shall mean $33.50/RSF for the initial twelve (12) months of the Term, and thereafterthe Base Rent will be increased by $1.00 on each anniversary date of the Commencement Date forthe remainder of the Term.

K. "Initial Amount" shall mean the sum of $17,135.25, which sum shall be credited against the first monthly installment(s) of Base Rent becoming due and payable under this Sublease.

L. "Additional Rent" shall mean all sums other than Base Rent payable by Subtenant to Sublandlord under this Sublease, and together with Base Rent, "Rent". Additional Rent shall include, without limitation, any and all amounts payable by Sublandlord to Landlord under the Lease pursuant to the provisions thereof other than base rent owed by Sublandlord to Landlord thereunder; provided, however, that the Tax Base shall be adjusted to the Taxes for Tax Year 2022 and the Base Operating Expenses shall be adjusted to the Operating Expenses for Operating Year 2021 for purposes of determining Tenant's share of Taxes and Operating Expenses.

M. "Subtenant's Proportionate Share" shall mean 5.42 %, or such other percentage of Base Operating Expenses and Taxes then paid by Sublandlord.

N. "Operating Expenses" shall mean all operating expenses payable by Sublandlord to Landlord under the Lease pursuant to the provisions thereof.

O. "Taxes" shall mean all real estate taxes payable by Sublandlord to Landlord under the Lease pursuantto the provisions thereof.

P. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Lease.

Q. "Excluded Sections of the Lease" shall mean Sections 2.4 and 13.26 of the Lease.

R. EXHIBITS AND SCHEDULES:

EXHIBIT A – Subleased PremisesEXHIBIT B – Copy of Lease EXHIBIT C – Landlord Consent EXHIBIT D – Excluded Equipment

1. Subleased Premises. Subject to (a) the covenants, agreements, terms, provisions and conditions of this Sublease for the term hereinafter stated and (b) the covenants, agreements, terms, provisions and conditions of the Lease, as modified by this Sublease, Sublandlord, for and in considerationof the rent hereinafter reserved and payable by Subtenant and the covenants and agreements to be kept andperformed hereunder by Subtenant, does hereby sublease and demise to Subtenant, and Subtenant does hereby hire and take from Sublandlord, the Subleased Premises.

2. Term. The Term shall be for the Term set forth in Section G of the Preamble above, unless sooner terminated under the terms and conditions of this Sublease.

3. Permitted Uses. Subtenant shall use and occupy the Subleased Premises for the Permitted Uses only. Sublandlord makes no representations or warranties to Subtenant as to the suitability of the Subleased Premises for the Permitted Uses.

4. Base Rent and Additional Rent.

(a) Subtenant shall pay to Sublandlord at such place or method as Sublandlord may designate, (i) Base Rent (and any Additional Rent, as applicable), by the first (1st) day of each calendar month during the Term, without demand by Sublandlord, and (ii) any other Additional Rent and other sumsand charges by the fifteenth (15th) day after Subtenant receives a written statement therefor. Notwithstanding anything to the contrary contained herein, Subtenant shall pay to Sublandlord, on the execution of this Sublease, the Initial Amount, which sum shall be credited against the first monthly installment(s) of Base Rent becoming due and payable under this Sublease. Any delay or failure of Sublandlord in billing for any Additional Rent hereunder shall not constitute a waiver of, or in any way impair, the continuing obligation of Subtenant to pay Additional Rent.

(b) The utilities for the Subleased Premises are currently separately metered. Beginning on the Commencement Date, Subtenant shall place all separately metered utilities in Subtenant's name and pay all charges for all separately billed gas, electricity, telephone and other utility services used,rendered or supplied upon or in connection with the Subleased Premises and shall indemnify Sublandlord and Landlord against liability or damage on such account. The costs of any utilities related to the SubleasedPremises which are not separately metered shall be the responsibility of the Subtenant and will be billed toSubtenant by Sublandlord.

(c) In addition to Base Rent, it is understood and agreed that Subtenant shall also payto Sublandlord as Additional Rent Subtenant's Proportionate Share of all Operating Expenses and Taxes which Sublandlord is obligated to pay to Landlord pursuant to the Lease.

(d) The mechanics for the billing by Sublandlord to Subtenant, and the payment by Subtenant to Sublandlord of the Additional Rent, shall be the same as the billing by Landlord to Sublandlord, appropriately adapted. Upon request by Subtenant, Sublandlord shall make available to Subtenant any documentation provided by Landlord to the extent the same relates to the calculation and billing of Additional Rent hereunder.

(e) Subtenant does hereby covenant and agree to pay the Base Rent, Additional Rent and other sums or charges which may become due and payable hereunder, as and when the same shall become due and payable, without any set-off or deduction whatsoever, and to keep and perform, and to permit no violation of, each and every of the covenants, agreements, terms, provisions and conditions hereincontained on the part and on behalf of Subtenant to be kept and performed.

(f) If, by reason of any of the provisions of this Sublease, the term of this Sublease shall commence (or any due date for payment of Base Rent, Additional Rent and other sums and charges shall occur) on any day other than the first day of a calendar month or end on any day other than the last day of a calendar month, Base Rent and Additional Rent (if applicable) for such calendar month shall be prorated.

(g) If Subtenant shall fail to pay any installment of Base Rent or any Additional Rentor other charges when first due hereunder, interest shall accrue thereon at the greater of (i) the annual rate of four (4) percentage points over the then prime interest rate being charged from time to time by Citibank, N.A. to its corporate customers from and after the date on which any such sum was first due and payable hereunder, beyond the expiration of any applicable grace periods (ii) the interest rate paid by the Sublandlord in accordance with Section 12.3 of the Lease, but in no event shall such rate exceed the maximum rate permitted by law, and such interest shall be deemed to accrue as Additional Rent hereunderand shall be paid to Sublandlord upon demand made from time to time.

(h) Subtenant shall pay all rent or occupancy taxes due in respect of this Sublease during the term hereof (if applicable).

5. Security Deposit. Subtenant shall deposit with Sublandlord upon the execution of this Sublease a cash security deposit (the "Security Deposit") in the amount set forth in Section I of the Preamble above as security for the faithful performance and observance by Subtenant of the terms, conditions, covenants and provisions of this Sublease, including without limitation the surrender of possession of the Subleased Premises to Sublandlord as herein provided. The Security Deposit is not required to be held by Sublandlord in a segregated account and any interest earned on the Security Deposit shall be the exclusive property of Sublandlord. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Subtenant without the prior written consent of Sublandlord, which consent may be withheld or conditioned in Sublandlord's sole discretion, and any such act on the part of Subtenant without Sublandlord's prior written consent shall be without force and effect and shall not be binding upon Sublandlord. If any item of Base Rent or Additional Rent herein reserved or any other sum payable by Subtenant to Sublandlord shall be overdue and unpaid, after notice and the expiration of any applicable cure period, or if Sublandlord shall make payments on behalf of Subtenant in accordance with the provisionsof this Sublease or if Subtenant fails to perform any of the terms and conditions of this Sublease, after notice and the expiration of any applicable cure period, then Sublandlord may, at its sole option and without prejudice to any other remedy which Sublandlord may have on account thereof, appropriate and apply the Security Deposit (or so much thereof as may be necessary) to compensate Sublandlord toward the payment of Base Rent, Additional Rent or any other sum payable by Subtenant to Sublandlord or loss or damage sustained by Sublandlord due to such breach on the part of Subtenant, as the case may be, and Subtenant shall, within five (5) calendar days after written demand therefor, restore the Security Deposit to the originalsum deposited. The Security Deposit, or such amount that is remaining, shall be returned in full to Subtenant at the end of the term of this Sublease when Subtenant has surrendered possession of the Subleased Premises to Sublandlord in accordance with the terms and conditions contained herein. In the event of bankruptcy or other creditor-debtor proceedings against Subtenant, the Security Deposit shall be deemed to be applied first to the payment of Base Rent, Additional Rent and other charges due Sublandlord for all periods prior to the filing of such proceedings. The Security Deposit shall not constitute liquidated damages. Sublandlord, and its successors and assigns, may deliver the Security Deposit to any purchaser of Sublandlord's interest in the Subleased Premises in the event that Sublandlord's interest is sold, and thereupon Sublandlord shall be discharged from any further liability with respect to the Security Deposit, and Subtenant shall look solely to such purchaser for the return of the Security Deposit.

6. Subordination. This Sublease is subject and subordinate to the Lease and to all superior leases and superior mortgages (as such terms are defined in the Lease) to which the Lease is subject and subordinate. Neither Subtenant nor Sublandlord shall (i) take any action inconsistent with the terms of theLease, (ii) do or permit to be done anything prohibited under the Lease or (iii) take any action or do or permit anything which would result in any additional cost or expense or other liability being incurred by the other party under the provisions of the Lease. This section shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Subtenant shall execute promptly any certificate that Sublandlord may reasonably request. In addition, Subtenant acknowledges that this Sublease and its rights hereunder are subject and subordinate to all matters, including, without limitation, liens, encumbrances, easements, covenants and restrictions which currently affect the Building and/or the Subleased Premises.

7. Incorporation of Lease. Except to the extent that they are inapplicable to, or are deleted or modified by the terms of this Sublease, all of the covenants, agreements, terms, provisions and conditions of the Lease are hereby incorporated in and made a part of this Sublease and shall be binding upon the parties hereto except as otherwise provided in this Sublease and such rights and obligations as are contained in the Lease are hereby imposed upon the respective parties hereto, the Sublandlord herein being substituted for the landlord named in the Lease, the Subtenant herein being substituted for the tenant named in the Lease and, where applicable, the term Sublease being substituted for the term Lease. Except as otherwise specifically provided herein, all acts and obligations to be performed and all of the terms and conditions to be observed by Sublandlord as tenant under the Lease shall be performed and observed by Subtenant, and Subtenant's obligations shall run to Sublandlord and Landlord as Sublandlord may determine to be appropriate or required by the respective interests of Sublandlord and Landlord. Subtenant shall not in any event have any rights in respect of the Subleased Premises greater than Sublandlord's rights under the Lease, and, notwithstanding any provision to the contrary, as to obligations contained in this Sublease by the incorporation by reference of the provisions of the Lease, Sublandlord shall not be required to make any payment or perform any obligation, and Sublandlord shall have no liability to Subtenant for any matter whatsoever, except for Sublandlord's obligation to pay the rent and additional rent due under the Lease and for Sublandlord's obligation to use reasonable efforts, upon request of Subtenant, but at the sole cost and expense of Subtenant, to cause Landlord to observe and/or perform its obligations under the Lease, provided that in the event that Subtenant determines in good faith that Landlord has not performed its obligations under the Lease, including, but not limited to, the provision of Building services described in the Lease, then upon receipt of written notice from Subtenant, Sublandlord shall be obligated to use its commercially reasonable efforts to cause such breaches, defaults or failures of Landlord under the Lease to be resolved or otherwise settled to Subtenant's reasonable satisfaction; provided, further however, that Sublandlord shall not have any obligation to commence litigation or other dispute resolution proceedings to cause Landlord to comply with the Lease unless Subtenant cannot do so in its own name, in which event Sublandlord shall do so at Subtenant's expense. Except to the extent due to the intentional misconduct or gross negligence of Sublandlord, Sublandlord shall not be responsible for any failure or interruption, for any reason whatsoever, of the services or facilities that may be appurtenant to or supplied at the Building by Landlord or otherwise, including, without limitation, heat, air-conditioning, water and electric service; and no failure to furnish, or interruption of, any such services or facilities shall give rise to any: (i) abatement, diminution or reduction of Subtenant's obligations under this Sublease, (ii) constructive eviction, whether in whole or in part, or (iii) liability on the part of Sublandlord. In the event that any term and/or condition of this Sublease shall conflict with, or be inconsistent with, any term and/or condition of the Lease (other than those terms and conditions that are specifically modified under this Sublease), or if exercised hereunder would constitute a default under, or breach of, the Lease, this Sublease shall be deemed amended to comply, or be consistent with, the Lease. The foregoing notwithstanding, if any breach of the Lease shall entitle Sublandlord to assert claims for an abatement of rent for constructive eviction or otherwise, then such abatement shall (if legally possible) accrue in favor of Subtenant. If Sublandlord shall be entitled to an abatement rent or other

claims arising from fire or other casualty, then Subtenant shall have the same claims. Further notwithstanding anything in this Sublease or the Lease to the contrary, Subtenant shall have no obligations for, or any liability with respect to, (x) any acts or omissions of Sublandlord under the Lease, or conditions pertaining to the Subleased Premises, first arising or accruing prior to the Commencement Date, (y) any Sublandlord breaches under the Lease, or (iii) any Sublandlord negligence or willful misconduct.

8. Modifications to Incorporated Terms of Lease. For the purposes of this Sublease, theincorporated terms of the Lease are subject to the following modifications:

(a) Subtenant agrees that, notwithstanding anything to the contrary in this Sublease orin the Lease (including, without limitation, the incorporation by reference language contained in this Sublease), (i) Sublandlord shall not be required to provide any of the services, make any of the repairs, improvements or restorations, or perform any of the other obligations that Landlord has agreed to provide or make or cause to be provided or made under the provisions of the Lease, including, without limitation, repairs, utilities and cleaning (any such services, repairs, improvements, restorations or other obligations being hereinafter collectively referred to as "Landlord Services"), and (ii) Landlord shall not be required, under the terms of the Lease, this Sublease and any consent to this Sublease, to provide directly to Subtenantany Landlord Services; provided, however, that upon the reasonable request of Subtenant, Sublandlord agrees to request, in Sublandlord's name, for Landlord to provide any Landlord Services which Subtenant shall desire, any additional charge for which shall be paid by Subtenant to Sublandlord as Additional Renthereunder.

(b) The parties hereto agree that the time limits set forth in the Lease for the giving of notices to Subtenant, or the making of demands, performance of any act, condition or covenant, or the exercise of any right, remedy or option, by Subtenant shall be modified for the purposes of this Sublease, by shortening the same in each instance with respect to Subtenant by three (3) days; provided, however, in the event (i) such notices, demands or other actions depend upon the receipt by Sublandlord of a written notice from Landlord and (ii) Sublandlord promptly notifies Subtenant after receipt of Landlord's notice, such time limits may be further shortened to require Subtenant to perform any act or remedy or any condition at least three (3) business days prior to the expiration of the time limit within which Sublandlordmust perform under the terms of the Lease. Such time limits set forth in the Lease relating to activities of Landlord shall be modified for purposes of this Sublease by lengthening same in each instance with respect to Sublandlord by three (3) business days. Subtenant shall, no later than three (3) business days after receiptthereof, give to Sublandlord a copy of any notice, demand or other communication received from Landlordrelating to the Subleased Premises.

(c) Whenever the consent or approval of Sublandlord shall be required pursuant to the provisions of this Sublease, including the Lease, such requirement shall be deemed to mean the consent orapproval of Sublandlord and Landlord. If Landlord, for any reason whatsoever, shall fail to grant its consentor approval to anything or matter, Sublandlord shall not be required to grant its consent or approval. If Landlord grants its consent or approval to anything or matter, Sublandlord shall not unreasonably withhold,condition or delay its consent to same. Sublandlord shall promptly forward to Landlord any requests madeby Subtenant for Landlord's consent.

(d) Subtenant agrees that (i) any indemnities, waivers or releases contained in the Lease shall run to both Sublandlord and Landlord, and (ii) any certificates to be delivered under the Leaseshall name both Sublandlord and Landlord.

(e) For the purposes of this Sublease, the Lease shall be further deemed modified as follows: the Excluded Sections of the Lease shall not be deemed applicable to this Sublease.

9. Insurance. Subtenant, at Subtenant's sole cost and expense, shall maintain all of the insurance coverages required to be maintained by Sublandlord under the Lease and otherwise comply withthe provisions of the Lease with respect to insurance.

10. Default by Subtenant; Sublandlord's Right to Cure.

(a) In the event that Subtenant shall be in default of any covenant, term or condition of, or shall fail to honor any obligation under, this Sublease, on giving the notice required under the Lease(as such notice requirement is modified pursuant to Section 8(b) hereof) and subject to the right, if any, ofSubtenant to cure such default as may be provided Sublandlord in the Lease (as such right is modified pursuant to Section 8(b) hereof), shall have available to it all of the remedies available to Landlord under the Lease had Sublandlord caused the corresponding default or failure to occur under the Lease. Such remedies shall be in addition to all other remedies available to Sublandlord at law or in equity. In additionto and without limiting Sublandlord's rights and remedies as set forth herein, in the event Subtenant shall be in default in the payment of Base Rent or Additional Rent and shall remain in default for a period of ten (10) days, Sublandlord shall have the right to offset the full amount owed from any other payment owed bySublandlord to Subtenant (or to any owner of Subtenant) pursuant to this Sublease or to any other arrangement between Sublandlord and Subtenant or Subtenant's owner(s), as applicable.

(b) If Subtenant shall at any time fail to make any payment or perform any other obligation of Subtenant hereunder, then Sublandlord shall have the right, but not the obligation, after ten (10) days' notice to Subtenant, or without notice to Subtenant in the case of any emergency, and without waiving or releasing Subtenant from any obligations of Subtenant hereunder, to make such payment or perform such other obligation of Subtenant in such manner and to such extent as Sublandlord shall deem necessary, and in exercising any such right, to pay any incidental costs and expenses, employ attorneys and incur and pay reasonable attorneys' fees. Subtenant shall pay to Sublandlord upon demand all sums so paidby Sublandlord and all incidental costs and expenses of Sublandlord in connection therewith, together withinterest thereon at the rate of twelve percent (12%) per annum or any part thereof or the then maximum rate of interest which may lawfully be collected from Subtenant, whichever shall be less, from the date of the making of such expenditures.

11. Indemnification. Subtenant hereby indemnifies and holds harmless Sublandlord and Landlord, against and from any and all liabilities, obligations, damages, penalties, claims, costs and expenses, including, without limitation, reasonable attorneys' fees, disbursements and court costs, which Sublandlord or Landlord may incur or pay out (other than those caused by the negligence or willful misconduct of Sublandlord or Landlord) by reason of (i) any injuries to persons or damage to property occurring in the Subleased Premises and relating to Subtenant's operations; (ii) any breach or default by Subtenant, its partners, agents, contractors, employees, invitees or licensees of any covenant, agreement, term, provision or condition of this Sublease or the Lease; (iii) any work done in or to the Subleased Premises by Subtenant or its employees, agents or contractors ; (iv) any act of negligence of Subtenant, its partners, agents, contractors, employees, invitees or licensees or (v) the conduct of Subtenant's business in,or use and occupancy of, the Subleased Premises. In case any action or proceeding is brought against Sublandlord or Landlord by reason of any such claim, Subtenant, upon written notice from Sublandlord or

Landlord, will, at Subtenant's expense, resist or defend such action or proceeding by counsel approved by Sublandlord, which approval shall not be unreasonably withheld, conditioned or delayed. Sublandlord hereby indemnifies and holds harmless Subtenant against and from any and all liabilities, obligations, damages, penalties, claims, costs and expenses, including, without limitation, reasonable attorneys' fees, disbursements and court costs, which Subtenant may incur or pay out (other than those caused by the

negligence or willful misconduct of Subtenant) by reason of (i) the negligence or willful misconduct of Sublandlord or (ii) any breach or default by Subtenant, its partners, agents, contractors, employees, invitees or licensees of any covenant, agreement, term, provision or condition of this Sublease or the Lease. In case any action or proceeding is brought against Subtenant by reason of any such claim, Sublandlord, upon written notice from Subtenant, will, at Sublandlord's expense, resist or defend such action or proceeding by counsel approved by Subtenant, which approval shall not be unreasonably withheld, conditioned or delayed. The provisions of this paragraph shall survive the expiration or earlier termination of the term ofthis Sublease.

12. Condition of the Subleased Premises.

(a) Subtenant acknowledges that it has examined and inspected the Subleased Premises and is fully familiar with the physical condition thereof and agrees to take possession of the Subleased Premises in their then "as is" condition. Sublandlord has not made, and does not make, any representations or warranties as to the physical condition of the Subleased Premises and shall have no obligation whatsoever to alter, improve, decorate or otherwise prepare the Subleased Premises for Subtenant's occupancy except as otherwise as expressly provided in this Sublease. Subtenant agrees to maintain and keep in good working order and repair the Subleased Premises in accordance with the terms and conditions of the Lease and this Sublease, and further agrees that at the expiration or earlier terminationof the term of this Sublease, Subtenant will, at Subtenant's expense, return the Subleased Premises broom clean and in the condition required by the terms and conditions of the Lease and this Sublease, normal wear and tear and damage arising from casualty excepted.

(b) Subtenant shall not make or cause, suffer or permit the making of any alteration, addition, change, replacement, installation or addition to the Subleased Premises without Sublandlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed (providedthat Subtenant obtains the consent of Landlord and Subtenant has complied with all terms and conditions of the Lease pertaining thereto), and without Landlord's consent as required under the Lease. Subtenant will promptly repair any damage to the Subleased Premises, or to the Building caused by any alterations, additions or improvements of the Subleased Premises by Subtenant. At the completion of the Term, Subtenant shall not be required to remove any alterations, additions, changes, replacements, installations oradditions to the Subleased Premises made during the Sublease Term with the consent of Sublandlord and Landlord and restore the condition of the Subleased Premises to the condition existing as of the Commencement Date, reasonable wear and tear excepted, unless Sublandlord and/or Landlord has notifiedSubtenant at the time of granting consent to such alterations, additions or improvements that Subtenant would be required to remove the same upon the expiration or earlier termination of this Sublease.

(c) Subtenant shall not cause, direct, suffer or permit Subtenant or any of its agents, contractors, employees, licensees or invitees (collectively, "Subtenant's Parties"), to use, handle, manufacture, store or dispose of in or about the Subleased Premises or the Building any flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives.

(d) The existing furniture, fixtures and equipment currently servicing the Premises shall be available for Subtenant's use during the Term; provided, however, that prior to the commencement of the Term, the existing furniture, fixtures and equipment listed on Exhibit D shall be removed by Sublandlord (the "Excluded Equipment"). Provided that during the Term Subtenant is not in default of the Sublease beyond all applicable notice and cure periods, Subtenant shall be entitled to retain the existing furniture, fixtures and equipment currently servicing the Premises (excluding the Excluded Equipment) following the expiration or earlier termination of this Lease. During the Term, Subtenant shall be responsible for and assume all maintenance obligations remaining with respect to the copy machines locatedin the Subleased

Premises.

(e) Subtenant shall be solely responsible for its telecommunications installation and cost, including without any limitation, installation of any key card access and security systems required bySubtenant, subject to Section 12(b) above.

(f) Subject to Landlord's approval, Subtenant may install, at Subtenant's sole cost andexpense, letters or numerals at or near the entryway to the Subleased Premises. All such letters or numerals shall be in accordance with the criteria established by the Landlord for the Building.

13. Assignment/Subletting. Subtenant shall not, by operation of law or otherwise, assign, sell,mortgage, pledge or in any manner transfer or assign this Sublease or any interest therein, transfer direct orindirect control of Subtenant, or sublet all or any portion of the Subleased Premises, without Sublandlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed (providedthat Subtenant obtains the consent of Landlord and Subtenant has complied with all terms and conditions of the Lease pertaining thereto). In the event Sublandlord and Landlord consent to any assignment of this Sublease, the assignee shall execute and deliver to Sublandlord an agreement in form and substance satisfactory to Sublandlord whereby the assignee shall assume all of Subtenant's obligations under this Sublease. Notwithstanding any assignment or subletting, including, without limitation, any assignment or subletting consented to, the original Subtenant named herein and any other person(s) who at any time wasor were Subtenant shall remain fully liable on this Sublease. Subject to the obligations set forth in the Lease, notwithstanding the foregoing, Subtenant shall have the right to assign or sublease the Subleased Premises without Sublandlord's consent provided that Subtenant complies with the terms and conditions ofSection 5.3.3 of the Lease.

14. Status of Lease.

(a) Sublandlord represents that on the Commencement Date the Lease will be in full force and effect, and Sublandlord shall not be in default thereunder beyond the expiration of any applicablegrace period, and will be so maintained thereafter with respect to Sublandlord's performance thereunder, including the performance by Sublandlord of all the covenants, agreements, terms, provisions and conditions to be performed by it under the Lease, so that Subtenant, if and so long as it shall fully performall the covenants, agreements, terms, provisions and conditions of this Sublease on its part to be performedand is not in default hereunder in any way, shall have quiet possession of the Subleased Premises, insofar as that depends on Sublandlord's full performance and observance of the covenants, agreements, terms, provisions and conditions on its part to be performed and observed under the Lease.

(b) Sublandlord may not modify the Lease in any manner which would adversely affect Subtenant's rights under this Sublease without Subtenant's prior written consent; provided, however, if modification is required pursuant to the terms of the Lease, Subtenant's consent shall not be required.

(c) In the event that the term of the Lease is terminated prior to the Expiration Date for any reason other than (i) Sublandlord's breach of the terms of Section 14(a) of this Sublease, or (ii) the voluntary act of Sublandlord, this Sublease shall thereupon be terminated and Sublandlord shall not be liable to Subtenant by reason thereof, in which event any Base Rent or Additional Rent due hereunder shallbe prorated to such termination date.

(d) Nothing contained in this Sublease shall be construed to create privity of estate orof contract between Subtenant and Landlord.

(e) Sublandlord shall, promptly following receipt thereof, deliver to Subtenant a copy of any and all notices received by Sublandlord from Landlord which would have any material effect upon the Premises or this Sublease.

15. Brokerage. Subtenant and Sublandlord each represents and warrants to the other that no broker or other person had any part, or was instrumental in any way, in bringing about this Sublease, other than 128 CRE representing Sublandlord and Savills representing Subtenant, the cost of which shall be paid by Sublandlord. Subtenant and Sublandlord each agrees to indemnify, defend and hold the other harmless from and against any and all claims, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees, disbursements and court costs) resulting from any claims that may be made by any broker (licensed or otherwise) or other person in violation of such representations and warranties. The provisions of this Section 15 shall survive the expiration or earlier termination of the term of this Sublease.

16. Notices. All notices and other communications ("Notices") which are required or desired to be given by either party to the other hereunder shall be in writing and shall be personally delivered with receipt acknowledged, or sent by registered or certified mail, postage prepaid, return receipt requested. Notices shall be deemed to have been given (i) on the date of acknowledgment of receipt or refusal thereof if transmitted by mail or (ii) on the date of receipt thereof if delivered personally. Notices shall be addressed as follows:

If to Sublandlord:	If to Subtenant:
Corporate Technologies, Inc.	Eledon Pharmaceuticals, Inc.
78 Blanchard Rd.	19900 MacArthur Blvd., Suite 550
Suite 205	Irvine, CA 92612
Burlington, MA 01803	Attn: Legal Department Attn: Legal Department

17. No Waivers. Failure by Sublandlord in any instance to insist upon the strict performance of any one or more of the obligations of Subtenant under this Sublease, or to exercise any election herein contained, shall in no manner be, or be deemed to be, a waiver by Sublandlord of any of Subtenant's defaults or breaches hereunder or of any of Sublandlord's rights and remedies by reason of such defaults or breaches, or a waiver or relinquishment for the future of the requirement of strict performance of any and all of Subtenant's obligations hereunder. Further, no payment by Subtenant or receipt by Sublandlord of a lesser amount than the correct amount or manner of payment of Base Rent and Additional Rent due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or any letter accompanying any check or payment be deemed to effect or evidence an accord and satisfaction, and Sublandlord may accept any checks or payments as made without prejudice to Sublandlord's right to recover the balance or pursue any other remedy in this Sublease or otherwise provided at law or equity.

18. Cleaning. In accordance with the Lease, Landlord shall be responsible for the cleaning of the Subleased Premises, the containment of refuse, trash and rubbish and the removal of such refuse, trash and rubbish from the Subleased Premises.

19. Access. Subject to the Lease and the Building’s Rules and Regulations, Subtenant shall have access to the Subleased Premises at all times. Sublandlord will have the right, upon forty-eight (48) hours’ prior notice and during regular business hours, to inspect the Subleased Premises to assure Subtenant’s compliance with the use provisions and maintenance, repair and reconstruction obligations of Subtenant under this Sublease, the Lease and all applicable laws, ordinances, codes,

rules and regulations.

20. Parking. Subtenant shall be entitled to the non-exclusive use of three (3) parking spaces per 1,000 RSF leased by Subtenant for parking of Subtenant's automobiles and those of its employees and visitors, subject to any rules and regulations relating to parking established by the Landlord. Attached to the Lease as Exhibit B, and incorporated herein by this reference are the rule and regulations for the Building (as they may be reasonably amended from time to time by Landlord, the "Rules and Regulations").Subtenant acknowledge and agree that Subtenant's parking rights under this Sublease are in common withall other tenants of the Building.

21. Miscellaneous.

(a) This Sublease embodies and constitutes the entire understanding between the parties hereto with respect to the transaction contemplated herein, and all prior agreements, understandingsand statements, oral or written, are merged into this Sublease. Neither this Sublease nor any provision hereof can be waived, changed or terminated orally or in any manner other than by a written agreement executed by both parties. This Sublease shall not be binding, or evidence any understanding or agreement,until signed by both parties hereto.

(b) If any provision of this Sublease shall be invalid or unenforceable as against any person or under certain circumstances, the remainder of this Sublease and the applicability of such provisionto other persons or circumstances shall not be affected thereby and each provision of this Sublease shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law.

(c) The provisions of this Sublease shall extend to, bind and inure to the benefit of theparties hereto and their respective successors and (in the case of Subtenant, permitted) assigns.

(d) The term "Sublandlord" as used in this Sublease shall mean only the Sublandlordnamed herein, so that in the event of any assignment of the Lease, the Sublandlord named herein shall be and hereby is entirely freed and relieved of all future covenants, obligations and liabilities of Sublandlord hereunder and the assignee shall be deemed to have assumed the same and it shall be deemed and construedwithout further agreement between the parties or their successors-in-interest that the assignee of the Leasehas assumed and agreed to carry out any and all such covenants, obligations and liabilities of Sublandlord hereunder arising from and after the assignment.

(e) Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant each is responsible for payment of their respective legal fees in connection with the negotiationand preparation of this Sublease.

(f) This Sublease shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.

(g) The captions in this Sublease are for convenience of reference only and in no waydefine, describe or limit the scope or intent of this Sublease or any of the provisions hereof.

(h) This Sublease may be executed in one or more counterparts, each of which, whentaken together, shall be deemed an original.

22. Condition Precedent.

(a) The effectiveness of this Sublease is conditioned upon and subject to the receipt by Sublandlord and Subtenant from Landlord of the Landlord Consent to this Sublease, a copy of which shallbe attached hereto and incorporated herein as Exhibit C. Any administrative fees or other expenses requiredto be paid to, or for Landlord in connection with the submission of this Sublease for Landlord's consent shall be paid by Sublandlord. Sublandlord shall not be subject to any liability, the validity of this Subleaseshall not be impaired and the term of this Sublease shall not be extended by any delay in receipt of the Landlord Consent; provided, however, if such Landlord Consent shall not have been received on or beforethe date thirty (30) days after the date hereof, for any reason whatsoever, then either party hereto shall havethe right, upon written notice to the other given prior to Landlord's granting of the Landlord Consent, to terminate this Sublease, whereupon Sublandlord shall return to Subtenant the Initial Amount and the Security Deposit and thereafter neither party hereto shall have any further obligation in connection herewith. Sublandlord agrees to use its commercially reasonable efforts to obtain the Landlord Consent.

(b) The effectiveness of this Sublease is conditioned upon and subject to Sublandlord relocating to a replacement premises (the "Replacement Premises") satisfactory to Sublandlord in its sole and absolute discretion. Sublandlord shall not be subject to any liability, the validity of this Sublease shall not be impaired and the term of this Sublease shall not be extended by any delay in identifying and relocating to the Replacement Premises; provided, however, if such Sublandlord has not identified a Replacement Premises on or before November 30, 2021, then either party hereto shall have the right, upon written notice to the other given, to terminate this Sublease, whereupon Sublandlord shall return to Subtenant the Initial Amount and the Security Deposit and thereafter neither party hereto shall have any further obligation in connection herewith. Sublandlord agrees to use its commercially reasonable efforts tolocate the Replacement Premises.

(Signature page follows.)

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

SUBLANDLORD:

CORPORATE TECHNOLOGIES, INC.

By: /s/ Harry A Kasparian
Name: Harry A Kasparian
Title: CEO

SUBTENANT:

ELEDON PHARMACEUTICALS, INC.

By: /s/ Paul Little
Name: Paul Little
Title: CFO

Exhibit A

Subleased Premises

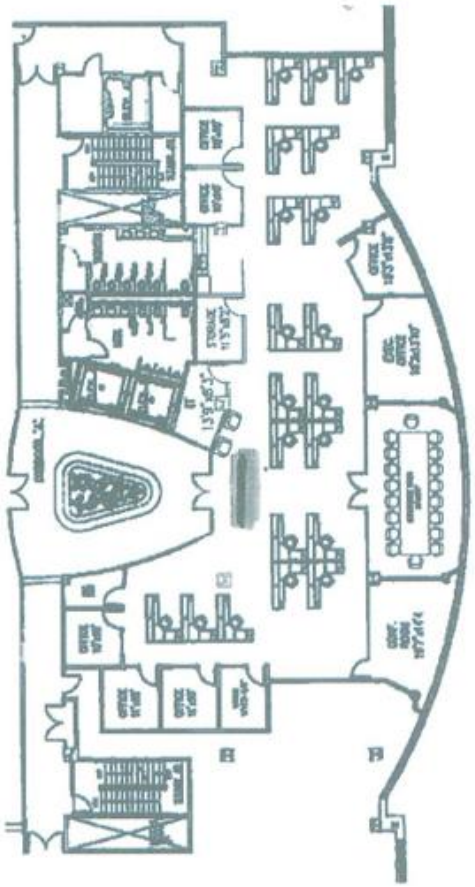

Exhibit B

Copy of Lease

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in Registration Statement Nos. 333-200413, 333-203032, 333-210058, 333-216432, 333-232428, 333-237380 and 333-255173 on Form S-8 and Registration Statement Nos. 333-251305 and 333-254890 on Form S-3 of our report dated March 24, 2022, relating to the consolidated financial statements of Eledon Pharmaceuticals, Inc., appearing in this Annual Report on Form 10-K of Eledon Pharmaceuticals, Inc. for the year ended December 31, 2021.

/s/ KMJ Corbin & Company LLP

Irvine, California
March 24, 2022

Exhibit 31.1

CERTIFICATIONS

I, David-Alexandre C. Gros, M.D., certify that:

1. I have reviewed this Annual Report on Form 10-K of Eledon Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 24, 2022

By: /s/ David-Alexandre C. Gros, M.D.
David-Alexandre C. Gros, M.D.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Paul Little, certify that:

1. I have reviewed this Annual Report on Form 10-K of Eledon Pharmaceuticals, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 24, 2022

By: /s/ Paul Little
Paul Little
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Eledon Pharmaceuticals, Inc. (the "Company") for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, David-Alexandre C. Gros, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

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

Date: March 24, 2022

By: /s/ David-Alexandre C. Gros, M.D.
David-Alexandre C. Gros, M.D.
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Annual Report on Form 10-K of Eledon Pharmaceuticals, Inc. (the "Company") for the period ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Paul Little, Chief Financial and Accounting Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

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

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

Date: March 24, 2022

By: /s/ Paul Little
Paul Little
Chief Financial Officer
(Principal Financial and Accounting Officer)