

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

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: 000-51173

Catalyst Biosciences, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

611 Gateway Blvd., Suite 120
South San Francisco, California
(Address of Principal Executive Offices)

56-2020050

(I.R.S. Employer
Identification No.)

94080

(Zip Code)

(650) 871-0761

(Registrant's Telephone Number, Including Area Code)

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

Title of each class

Common Stock

Trading Symbol(s)

CBIO

Name of each exchange on which registered

NASDAQ

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

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

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

Large accelerated filer

Non-accelerated filer

Emerging growth company

Accelerated filer

Smaller reporting company

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

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

As of August 4, 2023, the number of outstanding shares of the registrant's common stock, par value \$0.001 per share, was 37,974,892.

CATALYST BIOSCIENCES, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Catalyst Biosciences, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	<u>June 30, 2023</u> (Unaudited)	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,923	\$ 21,666
Accounts and other receivables	—	5,000
Prepaid and other current assets	697	1,540
Total current assets	7,620	28,206
Long-term receivable from GCBP	4,606	—
Other assets, noncurrent	168	168
Right-of-use assets	—	66
Property and equipment, net	—	4
Total assets	\$ 12,394	\$ 28,444
Liabilities, redeemable convertible and redeemable preferred stock, and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 5	\$ 194
Accrued compensation	720	2,582
Other accrued liabilities	2,068	1,452
Dividends payable	—	7,558
CVR derivative liability	—	5,000
Operating lease liability	—	38
Total current liabilities	2,793	16,824
CVR derivative liability, noncurrent	4,606	—
Total liabilities	7,399	16,824
Commitments and Contingencies (Note 8)		
Redeemable convertible preferred stock, \$0.001 par value, 123,418 shares authorized; 12,340 shares issued and outstanding at June 30, 2023 and December 31, 2022	33,309	33,309
Redeemable preferred stock, \$0.001 par value, 161,160 shares authorized, 37,975 shares issued and outstanding at June 30, 2023 and no shares authorized, issued and outstanding at December 31, 2022	—	—
Stockholders' deficit:		
Common stock, \$0.001 par value, 100,000,000 shares authorized; 37,974,892 and 37,756,574 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively	37	37
Additional paid-in capital	384,797	389,210
Accumulated deficit	(413,148)	(410,936)
Total stockholders' deficit	(28,314)	(21,689)
Total liabilities, redeemable convertible and redeemable preferred stock, and stockholders' deficit	\$ 12,394	\$ 28,444

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

Catalyst Biosciences, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue:				
Collaboration	\$ —	\$ —	\$ —	\$ 794
Operating expenses (income):				
Cost of collaboration	—	—	—	798
Research and development	318	1,871	906	11,574
General and administrative	2,225	3,844	6,195	8,838
Gain on disposal of assets, net	—	(57,245)	(4,736)	(57,245)
Total operating expenses (income)	2,543	(51,530)	2,365	(36,035)
Income (loss) from operations	(2,543)	51,530	(2,365)	36,829
Interest and other income, net	73	102	169	267
Income (loss) before income taxes	(2,470)	51,632	(2,196)	37,096
Income tax expenses	2	—	16	—
Net income (loss) and comprehensive income (loss)	\$ (2,472)	\$ 51,632	\$ (2,212)	\$ 37,096
Net income (loss) per share attributable to common stockholders, basic	\$ (0.07)	\$ 1.64	\$ (0.06)	\$ 1.18
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.07)	\$ 1.64	\$ (0.06)	\$ 1.18
Shares used to compute net income (loss) per share attributable to common stockholders, basic	37,800,121	31,477,053	37,779,384	31,466,630
Shares used to compute net income (loss) per share attributable to common stockholders, diluted	37,800,121	31,482,925	37,779,384	31,469,566
Cash dividends paid per common share	\$ —	\$ —	\$ 0.24	\$ —
CVR cash dividends paid per common share	\$ 0.11	\$ —	\$ 0.12	\$ —

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

Catalyst Biosciences, Inc.
Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands, except share amounts)
(Unaudited)

	Redeemable Convertible Preferred Stock		Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2022	12,340	\$ 33,309	—	\$ —	37,756,574	\$ 37	\$ 389,210	\$ (410,936)	\$ (21,689)
Stock-based compensation expense	—	—	—	—	—	—	210	—	210
Issuance of common stock from stock grants	—	—	—	—	3,251	—	2	—	2
CVR cash dividends paid related to GCBP Agreement (\$0.01 per share)	—	—	—	—	—	—	(206)	—	(206)
CVR derivative liability	—	—	—	—	—	—	(4,530)	—	(4,530)
Net income	—	—	—	—	—	—	—	260	260
Balance at March 31, 2023	12,340	33,309	—	—	37,759,825	37	384,686	(410,676)	(25,953)
Stock-based compensation expense	—	—	—	—	—	—	89	—	89
Issuance of common stock from option exercises	—	—	—	—	215,067	—	22	—	22
Issuance of preferred stock for stock dividends	—	—	37,975	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(2,472)	(2,472)
Balance at June 30, 2023	12,340	\$ 33,309	37,975	\$ —	37,974,892	\$ 37	\$ 384,797	\$ (413,148)	\$ (28,314)
	Redeemable Convertible Preferred Stock		Redeemable Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	—	\$ —	—	\$ —	31,409,707	\$ 31	\$ 443,752	\$ (402,694)	\$ 41,089
Stock-based compensation expense	—	—	—	—	32,684	—	515	—	515
Issuance of common stock from stock grants and option exercises	—	—	—	—	34,662	—	16	—	16
Net loss	—	—	—	—	—	—	—	(14,536)	(14,536)
Balance at March 31, 2022	—	—	—	—	31,477,053	31	444,283	(417,230)	27,084
Stock-based compensation expense	—	—	—	—	—	—	346	—	346
Net loss	—	—	—	—	—	—	—	51,632	51,632
Balance at June 30, 2022	—	\$ —	—	\$ —	31,477,053	\$ 31	\$ 444,629	\$ (365,598)	\$ 79,062

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

Catalyst Biosciences, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2023	2022
Operating Activities		
Net income (loss)	\$ (2,212)	\$ 37,096
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation expense	299	861
Depreciation and amortization	4	180
Change in fair value of long-term receivables	(76)	—
Change in fair value of derivative liabilities	76	—
Bad debt expense	—	200
Net gain on disposal of assets	(4,736)	(57,245)
Changes in operating assets and liabilities:		
Accounts and other receivables	—	1,618
Prepaid and other current assets	865	2,197
Accounts payable	(189)	(5,382)
Accrued compensation and other accrued liabilities	(2,746)	(3,680)
Operating lease liability and right-of-use asset	28	41
Deferred revenue	—	(230)
Net cash flows used in operating activities	<u>(8,687)</u>	<u>(24,344)</u>
Investing Activities		
Proceeds from maturities of short-term investments	—	2,504
Proceeds from the sale of property and equipment	—	447
Proceeds from the sale of complement portfolio to Vertex	5,000	55,000
Payment of transaction costs in connection with the sale of complement portfolio to Vertex	—	(2,576)
Proceeds from the sale of legacy rare bleeding disorder program to GCBP	1,000	—
Payment of transaction costs in connection with the sale of legacy rare bleeding disorder program to GCBP	(794)	—
Net cash flows provided by investing activities	<u>5,206</u>	<u>55,375</u>
Financing Activities		
Payment of dividends	(11,264)	—
Issuance of common stock from stock grants and option exercises	2	16
Net cash flows (used in) provided by financing activities	<u>(11,262)</u>	<u>16</u>
Net (decrease) increase in cash and cash equivalents	(14,743)	31,047
Cash and cash equivalents at beginning of the period	21,666	44,347
Cash and cash equivalents at end of the period	<u>\$ 6,923</u>	<u>\$ 75,394</u>
Supplemental Disclosure on Non-Cash Investing and Financing Activities:		
CVR derivative liability	\$ 4,530	\$ —
Exercise of stock options in prepaid and other current assets	\$ 22	\$ —

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

1. Nature of Operations and Liquidity

Catalyst Biosciences, Inc. and its subsidiary (the “Company” or “Catalyst”) was a biopharmaceutical company with expertise in protease engineering. Prior to ceasing research and development activities in March 2022, the Company had several protease assets that were designed to address unmet medical needs in disorders of the complement or coagulation systems. As discussed below, the Company recently completed a purchase agreement to acquire a clinical-stage drug candidate for the treatment of NASH (nonalcoholic steatohepatitis, a severe form of nonalcoholic fatty liver disease). Concurrent with this purchase agreement, the Company entered into a separate business combination agreement to acquire an indirect controlling interest in a China-based pharmaceutical company. The Company is located in South San Francisco, California and operates in one segment.

On May 19, 2022, Catalyst entered into and closed on an asset purchase agreement with Vertex Pharmaceuticals Inc. (“Vertex”), pursuant to which Vertex acquired Catalyst’s complement portfolio, including CB 2782-PEG and CB 4332, as well as its complement-related intellectual property including the ProTUNE™ and ImmunoTUNE™ platforms. See Note 11, *Restructuring*.

On February 27, 2023, Catalyst entered into and closed on an asset purchase agreement with GC Biopharma Corp. (“GCBP”), pursuant to which GCBP acquired Catalyst’s legacy rare bleeding disorder program, including the coagulation related assets marzeptacog alfa (activated) (“MarzAA”), dalcinonacog alfa (“DalcA”), and CB-2679d-GT. See Note 11, *Restructuring*.

F351 Asset Acquisition

On December 26, 2022, the Company executed and closed an Asset Purchase Agreement, which was amended on March 29, 2023 (the “F351 Agreement”), with GNI Group Ltd. (“GNI Japan”) and GNI Hong Kong Limited to purchase all of the assets and intellectual property rights primarily related to the proprietary Hydronidone compound (collectively, the “F351 Assets”), other than such assets and intellectual property rights located in the People’s Republic of China. At the closing of the agreement on December 26, 2022, the Company paid \$35.0 million in the form of 6,266,521 shares of Catalyst common stock and 12,340 shares of newly designated Series X redeemable convertible preferred stock (“Catalyst Convertible Preferred Stock”). Each share of Catalyst Convertible Preferred Stock is convertible into 10,000 shares of common stock, subject to stockholder approval under Nasdaq rules and subject to a beneficial ownership conversion blocker. For additional information, see Note 3, *F351 Asset Acquisition*.

Business Combination Agreement

Concurrent with the F351 Asset acquisition, the Company signed a definitive agreement, as amended on March 29, 2023, with GNI Group Ltd., GNI Hong Kong Limited, GNI USA, Inc., Continent Pharmaceuticals Inc. and Shanghai Genomics, Inc. (collectively, “GNI”) and other minority stockholders to acquire an indirect controlling interest in Beijing Continent Pharmaceutical Co Ltd. (“BC”), a commercial-stage pharmaceutical company based in China and majority-owned subsidiary of GNI, in exchange for newly issued shares of common stock (the “Business Combination Agreement”). The closing of the transactions under the Business Combination Agreement will be subject to stockholder approval at a stockholder meeting expected to be held on August 29, 2023 and certain customary closing conditions. For additional information, see Note 8, *Commitments and Contingencies*.

Contingent Value Rights Agreement

Pursuant to the Business Combination Agreement, on December 26, 2022, Catalyst and the Rights Agent (as defined therein) executed a contingent value rights agreement, as amended on March 29, 2023 (the “CVR Agreement”), pursuant to which each holder of Catalyst common stock as of January 5, 2023, excluding GNI (the “CVR Holders”), received one contractual contingent value right (a “CVR”) issued by the Company for each share of Catalyst common stock held by such holder. Each CVR entitles the holder thereof to receive certain cash payments in the future. For additional information, see Note 8, *Commitments and Contingencies*.

Liquidity

On January 12, 2023, the Company paid a one-time cash dividend of \$0.24 per share to the Company’s common stockholders of record as of close of business on January 5, 2023, excluding GNI. The aggregate amount of the special dividend payment was approximately \$7.6 million.

On March 8, 2023, the Company distributed the net cash proceeds received from the GCBP asset sale of \$0.2 million, or \$0.01 per share, to the CVR Holders. See Note 11, *Restructuring*, for additional information regarding this distribution.

On June 5, 2023, the Company distributed the net cash proceeds received from the Vertex hold-back amount of \$3.5 million, or \$0.11 per share, to the CVR Holders. See Note 11, *Restructuring*, for additional information regarding this distribution.

The Company had a net loss of \$2.2 million for the six months ended June 30, 2023. As of June 30, 2023, the Company had an accumulated deficit of \$413.1 million and cash and cash equivalents of \$6.9 million. Its primary uses of cash are to fund operating expenses and general and administrative expenditures. As part of the F351 Agreement, the Company issued 12,340 shares of Catalyst Convertible Preferred Stock, which upon stockholder approval, will be converted to 123,400,000 shares of common stock, subject to applicable beneficial ownership limitations. The terms of the Catalyst Convertible Preferred Stock include a cash settlement feature which provide that, if the Company's stockholders fail to approve the conversion of the Catalyst Convertible Preferred Stock by September 30, 2023, the Company could be required to make cash payments to the holders of Catalyst Convertible Preferred Stock significantly in excess of its current liquidity. The Company believes that stockholders who are entitled to vote on the conversion proposal at the Company's 2023 Annual Meeting of Stockholders, which is expected to be held on August 29, 2023, will vote to approve the proposal. However, as the vote of the Company's common stockholders is outside of the control of the Company, there is substantial doubt about its ability to continue as a going concern for at least 12 months following the issuance of these condensed consolidated financial statements. The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and following the requirements of the Securities and Exchange Commission (the "SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP can be condensed or omitted. These financial statements have been prepared on the same basis as the Company's annual financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the Company's financial information. These interim results and cash flows for any interim period are not necessarily indicative of the results to be expected for the year ending December 31, 2023, or for any other future annual or interim period.

The accompanying condensed consolidated financial statements and related financial information should be read in conjunction with the consolidated financial statements filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report").

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, allowance of doubtful accounts, long-term receivable, CVR derivative liabilities, operating lease right-of-use assets and liabilities, accrued expenses, income taxes and stock-based compensation. The Company bases its estimates on various assumptions that the Company believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Accounting Pronouncements Recently Adopted

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The main objective of ASU 2016-13 is to provide financial statement users with more decision-useful information about an entity's expected credit losses on financial instruments and other commitments to extend credit at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology currently used today with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to develop credit loss estimates. ASU 2016-13 is effective for the Company for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, using a modified retrospective approach. The Company adopted ASU 2016-13 and related updates as of January 1, 2023 and the adoption did not have a material impact on its condensed consolidated financial statements.

Long-Term Receivable

The Company determined that the hold-back from the GCBP asset sale in February 2023 qualified as a long-term receivable. The receivable is considered a loan held for investment since the Company has the intent and ability to hold to maturity. Catalyst has elected to account for the receivable under the fair value option method of accounting and any changes in fair value are recorded in interest and other income, net on the condensed consolidated statement of operations and comprehensive income (loss). Refer to Note 4, *Fair Value Measurements* and Note 11, *Restructuring*, for additional information regarding the long-term receivable and GCBP asset sale.

Net Income (Loss) per Share Attributable to Common Stockholders

The Company calculates basic and diluted net income (loss) per share attributable to common stockholders in conformity with the two-class method required for participating securities. The Catalyst Convertible Preferred Stock contractually entitles the holders of such shares to participate in dividends but such participation is contingent upon the completion of the merger with GNI. As a result, the Catalyst Convertible Preferred Stock is excluded from the basic EPS calculation, as these shares are not participating securities until the merger with GNI closes. As such, net income for the periods presented was not allocated to these securities. During periods of loss, the Company allocates no loss to participating securities because they have no contractual obligation to share in the losses of the Company.

Basic net income (loss) per share attributable to common stockholders is calculated by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period, without consideration for potentially dilutive securities. Participating securities are excluded from the basic weighted average common shares outstanding.

Diluted net income (loss) per share attributable to common stockholders is based on the weighted average number of common shares outstanding during the period, including potential dilutive common shares. For purposes of this calculation, outstanding stock options and warrants are considered potential dilutive common shares. The calculation of diluted EPS does not consider the effect of the Catalyst Convertible Preferred Stock since conversion is contingent upon the occurrence of a specified future event.

3. F351 Asset Acquisition

On December 26, 2022, the Company acquired the F351 Assets from GNI in accordance with the terms of the F351 Agreement as discussed in Note 1, *Nature of Operations and Liquidity*. Under the terms of the F351 Agreement, the Company issued 6,266,521 shares of common stock and 12,340 shares of Catalyst Convertible Preferred Stock.

The Company concluded that the F351 acquisition was not the acquisition of a business, as substantially all of the fair value of the gross assets acquired was concentrated in a single identifiable asset, the intellectual property rights (outside of China) to a clinical stage drug candidate for the treatment of liver fibrosis, or the F351 Assets.

Subject to stockholder approval, each share of Catalyst Convertible Preferred Stock issued under the F351 Agreement is convertible into 10,000 shares of common stock. The Company is required to hold a stockholders' meeting to request the approval of the conversion of the Catalyst Convertible Preferred Stock into shares of common stock in accordance with Nasdaq Listing Rule 5635(a) (the "Conversion Proposal"). The Company expects to hold its 2023 Annual Meeting of Stockholders on August 29, 2023 and will include the following matters as proposals to be voted on at the meeting: (i) the Conversion Proposal and (ii) if necessary or appropriate, the approval of an amendment to the Company's certificate of incorporation to authorize sufficient shares of common stock for the conversion of the Catalyst Convertible Preferred Stock issued pursuant to the F351 Agreement.

In March 2023, the Company amended the F351 Agreement and the Catalyst Convertible Preferred Stock Certificate of Designation to extend the deadline for the cash settlement of the Catalyst Convertible Preferred Stock from June 26, 2023 to September 30, 2023. Under the amended terms, if the Company's stockholders do not approve the conversion of the Catalyst Convertible Preferred Stock by September 30, 2023, then the Catalyst Convertible Preferred Stock would be 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. Using the closing price on August 7, 2023 of \$0.35, if all the currently outstanding Catalyst Convertible Preferred Stock was redeemed for cash, the Company would be required to make a payment of approximately \$43.2 million. The Company has insufficient liquidity to make such a payment, if required.

4. Fair Value Measurements

For a description of the fair value hierarchy and the Company's fair value methodology, see "*Part II - Item 8 - Financial Statements and Supplementary Data - Note 3 - Summary of Significant Accounting Policies*" in the Company's Annual Report. There were no significant changes in these methodologies during the six months ended June 30, 2023.

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and December 31, 2022 (*in thousands*):

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds ⁽¹⁾	\$ 6,923	\$ —	\$ —	\$ 6,923
Long-term receivable from GCBP	—	—	4,606	4,606
Total financial assets	\$ 6,923	\$ —	\$ 4,606	\$ 11,529
Financial liabilities:				
CVR derivative liability, noncurrent	\$ —	\$ —	\$ 4,606	\$ 4,606
Total financial liabilities	\$ —	\$ —	\$ 4,606	\$ 4,606
	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds ⁽¹⁾	\$ 21,666	\$ —	\$ —	\$ 21,666
Total financial assets	\$ 21,666	\$ —	\$ —	\$ 21,666
Financial liabilities:				
CVR derivative liability	\$ —	\$ —	\$ 5,000	\$ 5,000
Total financial liabilities	\$ —	\$ —	\$ 5,000	\$ 5,000

(1) Included in cash and cash equivalents on the accompanying condensed consolidated balance sheets.

The carrying amounts of accounts and other receivables, accounts payable, and accrued liabilities approximate their fair values due to the short-term maturity of these instruments.

Derivative Liabilities and Long-term Receivables

The CVR derivative liability relates to the CVR Agreement executed in connection with the Business Combination Agreement. The fair value of this derivative liability is based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. The estimated fair value of the CVR liability was determined based on the anticipated amount and timing of projected cash flows to be received from Vertex pursuant to the Vertex asset purchase agreement. The CVR liability was initially recorded at \$5.0 million at issuance on December 26, 2022 and in May 2023, the Company received a \$5.0 million hold-back payment from Vertex, which was distributed, net of expenses and a reserve for potential tax liabilities, to the holders of Catalyst common stock as of January 5, 2023 under the CVR Agreement. There was no change in the estimated fair value of the CVR liability during the six months ended June 30, 2023 prior to the distribution.

The long-term receivable and the corresponding CVR derivative liability, noncurrent relate to the asset purchase agreement with GCBP. The fair value of this long-term receivable and derivative liability is based on significant unobservable inputs, which represent Level 3 measurements within the fair value hierarchy. The estimated fair value of the long-term receivable and CVR derivative liability, noncurrent was determined based on the anticipated amount and timing of projected cash flows to be received from GCBP pursuant to the GCBP asset purchase agreement discounted to their present values using an estimated discount rate of 5.05%. As of June 30, 2023, the Company expects to receive a \$5.0 million hold-back payment from GCBP in the first quarter of 2025, which will be distributed, net of expenses, to the holders of Catalyst common stock as of January 5, 2023 under the CVR Agreement. The change in fair value of the long-term receivable from GCBP and the corresponding CVR derivative liability, noncurrent was recorded in interest and other income, net on the condensed consolidated statement of operations and comprehensive income (loss).

The following table sets forth the changes in the estimated fair value of the Company's Level 3 financial assets and liabilities (*in thousands*):

	Long-term receivable from GCBP	CVR derivative liability, noncurrent
Balance at December 31, 2022	\$ —	\$ —
Additions in the period	4,530	4,530
Changes in fair value	76	76
Balance at June 30, 2023	\$ 4,606	\$ 4,606

5. Lease

The Company leased office space for its corporate headquarters, located in South San Francisco, CA. The lease term expired on April 30, 2023. The Company currently has a month-to-month lease for its corporate headquarters.

In March 2022, the Company entered into a sublease agreement for its leased facility that commenced in April 2022. Under the terms of the sublease agreement, the Company received \$0.2 million in base lease payments over the term of the sublease, which ended in April 2023. For the three and six months ended June 30, 2023, the Company recognized sublease income of \$13,000 and \$0.1 million, respectively. For the three and six months ended June 30, 2022, the Company recognized sublease income of \$38,000.

For the three and six months ended June 30, 2023, the Company's operating lease expense was \$17,000 and \$0.1 million, respectively. For the three and six months ended June 30, 2022, the Company's operating lease expense was \$0.6 million and \$1.1 million, respectively.

Since the operating lease expired on April 30, 2023, the present value assumptions for the current period were not applicable. The present value assumptions used in calculating the present value of the lease payments were as follows:

	June 30, 2023	December 31, 2022
Weighted-average remaining lease term	n/a	0.3 years
Weighted-average discount rate	n/a	4.3 %

Supplemental cash flow information related to operating leases was as follows (*in thousands*):

	Six Months Ended June 30,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities	\$ 39	\$ 1,015

6. Stock Based Compensation

2018 Omnibus Incentive Plan

In June 2018, stockholders of the Company approved the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"). The 2018 Plan had previously been approved by the Company's Board of Directors (the "Board") and the Compensation Committee (the "Committee") of the Board, subject to stockholder approval. The 2018 Plan became effective on June 13, 2018. On June 9, 2021, the stockholders of the Company approved an amendment previously approved by the Board to increase the number of shares of common stock reserved for issuance under the 2018 Plan by 2,500,000 to a total of 5,300,000 shares. The amendment became effective immediately upon stockholder approval. After the option modification (as discussed below), the number of shares of common stock reserved for issuance under the 2018 Plan increased to a total of 31,456,403. As of June 30, 2023, there were 25,521,867 shares of common stock available for future grant.

Performance-Based Stock Option Grants

In June 2022, the Committee approved the issuance of an option grant to purchase 400,000 shares (2,457,917 shares after the option modification discussed below) of common stock to the Chief Executive Officer pursuant to the 2018 Plan, which will vest upon (a) the achievement of a specified performance goal and (b) the grantee's continued employment during the service period. During the three months ended March 31, 2023, this award was cancelled. Prior to cancellation, no expense has been recognized related to this award and no options have vested.

Special Cash Dividend

On January 12, 2023, the Company paid a special, one-time cash dividend of \$7.6 million (or \$0.24 per share) to the Company's common stockholders of record as of the close of business on January 5, 2023. The Company determined, in accordance with the adjustment provision of the 2018 Plan, that the special cash dividend was unusual and non-recurring and that appropriate adjustment to the stock options to purchase shares of the Company's common stock outstanding under the 2018 Plan was required. The Company treated this adjustment as a modification to the original stock option grants because the terms of the agreements were modified in order to preserve the value of the option awards after a large non-recurring cash dividend. These options were amended to decrease the exercise price and increase the number of shares subject to the stock option on a proportionate basis. No incremental value was provided to the option holders as a result of the modification and no additional compensation cost was recorded by the Company.

The following table summarizes stock option activity under the Company's 2018 Plan and related information:

	Number of Shares Underlying Outstanding Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (Years)
Outstanding — December 31, 2022	8,678,767	\$ 1.42	7.47
Options granted ⁽¹⁾	14,008,093	\$ 0.86	
Options exercised	(215,067)	\$ 0.10	
Options forfeited and cancelled ⁽¹⁾	(14,210,119)	\$ 0.91	
Options expired	(14,729)	\$ 34.33	
Outstanding — June 30, 2023	8,246,945	\$ 1.32	5.68
Exercisable — June 30, 2023	7,412,252	\$ 1.39	

(1) Includes options that were cancelled and re-granted as part of the option modification from the special cash dividend, as further discussed above.

Valuation Assumptions

The Company estimated the fair value of stock options granted using the Black-Scholes option-pricing formula and a single option award approach. Due to its limited relevant historical data, the Company estimated its volatility considering a number of factors including the use of the volatility of comparable public companies. The expected term of options granted under the Plan, all of which qualify as "plain vanilla" per SEC Staff Accounting Bulletin 107, is determined based on the simplified method due to the Company's limited relevant history. The risk-free rate is based on the yield of a U.S. Treasury security with a term consistent with the option. This fair value is being amortized ratably over the requisite service periods of the awards, which is generally the vesting period.

The only options granted during the six months ended June 30, 2023 were as a result of the option modification. Since no new stock options were granted during the three and six months ended June 30, 2023, all weighted-average assumptions for the period were not applicable.

The fair value of employee stock options was estimated using the following weighted-average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Employee Stock Options:				
Risk-free interest rate	n/a	2.93 %	n/a	2.22 %
Expected term (in years)	n/a	6.0	n/a	6.0
Dividend yield	n/a	—	n/a	—
Volatility	n/a	91.82 %	n/a	91.63 %
Weighted-average fair value of stock options granted	n/a	\$ 0.87	n/a	\$ 0.55

Total stock-based compensation expense recognized was as follows (*in thousands*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Research and development	\$ 1	\$ 83	\$ 67	\$ 211
General and administrative ⁽¹⁾	88	263	232	650
Total stock-based compensation expense	\$ 89	\$ 346	\$ 299	\$ 861

(1) No shares of common stock were issued to Board members for the three and six months ended June 30, 2023.

7. Net Income (Loss) per Share Attributable to Common Stockholders

Potentially dilutive securities are excluded from the calculation of diluted net income (loss) per share attributable to common stockholders if their inclusion is anti-dilutive. Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	Six Months Ended June 30,	
	2023	2022
Options to purchase common stock	8,246,945	2,512,078
Common stock warrants	—	85
Total	8,246,945	2,512,163

In addition, the Catalyst Convertible Preferred Stock has also been excluded from the computation of diluted net income (loss) per share attributable to common stockholders because the contingency for conversion of these shares has not been met.

The following is a reconciliation of the numerator (net income or loss) and denominator (number of shares) used in the calculation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Numerator				
Net income (loss)	\$ (2,472)	\$ 51,632	\$ (2,212)	\$ 37,096
Denominator				
Weighted-average number of shares used in computing net income (loss) per share available to common stockholders, basic	37,800,12	31,477,05	37,779,38	31,466,63
Effect of dilutive stock options	1	3	4	0
Weighted-average number of shares used in computing net income (loss) per share available to common stockholders, diluted	—	5,872	—	2,936
Net income (loss) per share available for common stockholders, basic	\$ (0.07)	\$ 1.64	\$ (0.06)	\$ 1.18
Net income (loss) per share available for common stockholders, dilutive	\$ (0.07)	\$ 1.64	\$ (0.06)	\$ 1.18

8. Commitments and Contingencies

As of June 30, 2023 and December 31, 2022, the Company had cash deposited in certain financial institutions in excess of federally insured levels. The Company regularly monitors the financial stability of these financial institutions and believes that it is not exposed to any significant credit risk in cash and cash equivalents. However, in March and April 2023, certain U.S. government banking regulators took steps to intervene in the operations of certain financial institutions due to liquidity concerns, which caused general heightened uncertainties in financial markets. While these events have not had a material direct impact on the Company's operations, if further liquidity and financial stability concerns arise with respect to banks and financial institutions, either nationally or in specific regions, the Company's ability to access cash or enter into new financing arrangements may be threatened, which could have a material adverse effect on its business, financial condition and results of operations.

Business Combination Agreement

Concurrent with the F351 Asset acquisition, as amended on March 29, 2023, the Company entered into the Business Combination Agreement with GNI and other minority stockholders ("Sellers" and each a "Seller") to acquire an indirect controlling interest in BC, a commercial-stage pharmaceutical company based in China and majority-owned subsidiary of GNI, in exchange for newly issued shares of Catalyst common stock. The closing of the transactions under the Business Combination Agreement will be subject to stockholder approval at a stockholder meeting expected to be held on August 29, 2023 and certain customary closing conditions. If the transaction is approved by stockholders, the Company would issue at closing a total of up to 1,110,776,224 shares of Catalyst common stock for an indirect controlling interest in BC. Each Seller may elect to be issued Catalyst Convertible Preferred Stock in lieu of the Company's common stock.

The Business Combination Agreement contains certain termination rights, including the right for Catalyst to terminate the Business Combination Agreement to enter into a definitive agreement for a superior proposal. Upon termination of the Business Combination Agreement under specified circumstances, the Company may be required to pay a termination fee of \$2.0 million and either party, as the case may be, may be required to reimburse the other party for reasonable out-of-pocket fees and expenses incurred by such party in connection with the Business Combination Agreement, up to a maximum amount of \$2.0 million.

Contingent Value Rights Agreement

Pursuant to the Business Combination Agreement, on December 26, 2022, Catalyst and the Rights Agent (as defined therein) executed the CVR Agreement, as amended on March 29, 2023, pursuant to which the CVR Holders received one contractual CVR issued by the Company, subject to and in accordance with the terms and conditions of the CVR Agreement, for each share of Catalyst common stock held by such holder. Each CVR entitles the holder thereof to receive (i) certain cash payments from the net proceeds related to the disposition of the Company's legacy assets (MarzAA, DalcA, and CB 2679d-GT), (ii) 100% of the excess cash (net of all current or contingent liabilities, including transaction-related expenses) retained by the Company in excess of \$1.0 million as of the closing date of the transactions under the Business Combination Agreement, (iii) 100% of the amount actually received by the Company, net of expenses, pursuant to the Vertex asset purchase agreement and (iv) 100% of the excess, by which the preapproved costs to manage, negotiate, settle and finalize certain third party claims exceed the costs actually incurred with respect to such claims. The CVRs are not transferable, except in certain limited circumstances as provided for in the CVR Agreement, will not be certificated or evidenced by any instrument, and will not be registered with the SEC or listed for trading on any exchange.

In December 2022, the Company recorded a \$5.0 million short-term CVR derivative liability related to the Vertex asset purchase agreement. On June 5, 2023, the Company distributed the net cash proceeds received from Vertex of \$3.5 million, which reflected the amount received from Vertex less expenses and a reserve for potential tax liabilities, to the CVR Holders. Refer to Note 4, *Fair Value Measurements* and Note 11, *Restructuring*, for additional information regarding the CVR derivative liability and Vertex hold-back payment.

In February 2023, the Company recorded a \$4.5 million long-term CVR derivative liability as a result of the disposition of the Company's legacy assets to GCBP. On March 8, 2023, the Company distributed the net cash proceeds received from the GCBP asset sale of \$0.2 million to the CVR Holders. Refer to Note 4, *Fair Value Measurements* and Note 11, *Restructuring*, for additional information regarding the CVR derivative liability and GCBP asset sale.

Manufacturing Agreements

On April 18, 2023, the Company entered into two separate agreements to support the F351 Assets acquired from GNI. One agreement will cover analytical method process familiarization and validation to support good manufacturing practices ("GMP") manufacturing, and the other agreement will cover non-GMP manufacturing services and clinical supply batch GMP manufacturing of the F351 Assets, with total payments of up to \$0.3 million and \$0.2 million, respectively. The Company can terminate these agreements at any time upon 90 days written notice. Upon termination, the Company will be responsible to pay for services incurred prior to termination and any non-cancellable obligations in connection with such services.

9. Income Taxes

During the three and six months ended June 30, 2023, the Company recorded an income tax expense of \$2,000 and \$16,000, respectively. No income tax expense was recognized during the three and six months ended June 30, 2022. The Company recorded no income tax benefits for the net operating losses incurred or for the research and development tax credits generated in each period due to its uncertainty of realizing a benefit from those items. All of the Company's operating losses since inception have been generated in the United States.

As of June 30, 2023, after consideration of certain limitations (see below), the Company had approximately \$193.8 million federal and \$3.6 million state net operating loss carryforwards ("NOL") available to reduce future taxable income which, if unused, the majority will carry forward indefinitely for federal and will begin to expire in 2034 for state tax purposes.

If the Company experiences a greater than 50 percent aggregate change in ownership over a three-year period (a Section 382 ownership change), utilization of its pre-change NOL carryforwards are subject to annual limitation under Section 382 of the Internal Revenue Code (California has similar provisions). The annual limitation is determined by multiplying the value of the Company's stock at the time of such ownership change by the applicable long-term tax-exempt rate. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. The Company determined that ownership changes occurred on December 31, 2007, August 20, 2015, April 13, 2017, February 15, 2018, February 18, 2020, and December 26, 2022. The ability of the Company to use its remaining NOL and tax credit carry forwards may be further limited if the Company experiences a Section 382 ownership change as a result of future changes in its stock ownership.

10. Stockholders' Equity (Deficit)

The Company is authorized to issue 5,000,000 shares of preferred stock with a par value of \$0.001 per share under its restated certificate of incorporation. The Company has designated 123,418 shares to be Catalyst Convertible Preferred Stock and in June 2023, designated 161,160 shares as Series Y redeemable preferred stock ("Series Y Preferred Stock").

Redeemable Preferred Stock

On June 20, 2023, the Board declared a dividend of one one-thousandth of a share of Series Y Preferred Stock, par value \$0.001 per share, for each outstanding share of common stock to stockholders of record as of June 30, 2023. This Series Y Preferred Stock entitles its holder to 250,000 votes per share exclusively on the vote for the proposal to approve the reverse stock split (as defined in the Series Y Preferred Stock Certificate of Designation). The Company expects to hold its 2023 Annual Meeting of Stockholders on August 29, 2023, which will include the reverse stock split as a proposal to be voted on at the meeting. All shares of Series Y Preferred Stock that are not present to vote on the reverse stock split will automatically be redeemed by the Company (the "Initial Redemption"). Any outstanding shares of Series Y Preferred Stock that have not been redeemed pursuant to an Initial Redemption will be redeemed in whole, but not in part, (i) if such redemption is ordered by the Board in its sole discretion, automatically and effective on such time and date specified by the Board in its sole discretion or (ii) automatically upon the effectiveness of the amendment to the certificate of incorporation implementing the reverse stock split. Each share of Series Y Preferred Stock will be redeemed at a redemption price of \$0.001 per share. The holders of Series Y Preferred Stock are not entitled to receive dividends of any kind.

The Series Y Preferred Stock is classified as temporary equity on the condensed consolidated balance sheet because the shares contain redemption features that are not solely within the Company's control. The Series Y Preferred Stock's estimated fair value, carrying value, redemption value, and related accretion for the three and six months ended June 30, 2023 was de minimus.

11. Restructuring

In November 2021, the Board approved a restructuring of its business based on its decision to stop the clinical development of MarzAA and focus solely on its complement programs and protease medicines platform. The restructuring included a reduction-in-force whereby approximately 35% of employees were terminated.

In March 2022, the Board approved a further reduction of its workforce as part of its restructuring plan whereby 22 full-time employees were terminated. Following this reduction, the Company had five full-time employees remaining. During the quarter ended March 31, 2022, the Company recorded additional charges of \$1.0 million for severance and other costs related to the reduction-in-force, recognized as an operating expense within the condensed consolidated statements of operations and comprehensive income (loss), which the Company paid during the second quarter of 2022.

Sale of Assets

During the quarter ended June 30, 2022, the Company entered into sales agreements with Dren Bio, Inc. and Copia Scientific, LLC, pursuant to which the Company sold various lab equipment, consumables, and furniture and fixtures for a total consideration of \$0.4 million. The Company recorded a loss on disposal of \$0.2 million during the three and six months ended June 30, 2022, which is included in gain on disposal of assets, net in the condensed consolidated statements of operations and comprehensive income (loss).

In May 2022, the Company entered into an asset purchase agreement with Vertex, pursuant to which Vertex purchased the Company's complement portfolio, including CB 2782-PEG and CB 4332, as well as its complement-related intellectual property including the ProTUNE™ and ImmunoTUNE™ platforms for \$60.0 million in cash consideration. Cash of \$55.0 million was received upfront in May 2022 and the remaining \$5.0 million was received in May 2023 upon satisfaction of certain post-closing indemnification obligations. The hold-back amount was initially recorded within accounts and other receivables on the condensed consolidated balance sheet. In June 2023, the Company distributed \$3.5 million, which reflected the hold-back amount received.

from Vertex less expenses and a reserve for potential tax liabilities, to the CVR Holders pursuant to the CVR Agreement, see Note 8, *Commitments and Contingencies*. There were no carrying amounts associated with the intellectual property sold to Vertex, and, therefore, the Company recorded a gain of \$57.4 million related to the disposal, net of \$2.6 million of transaction costs during the second quarter of 2022.

In February 2023, Catalyst entered into an asset purchase agreement with GCBP, pursuant to which GCBP acquired the Company's legacy rare bleeding disorders programs, including MarzAA, DalcA and CB-2679d-GT, for \$6.0 million in cash consideration. Cash of \$1.0 million was received upfront in February 2023 and the remaining \$5.0 million will be paid two years after the closing upon satisfaction of certain post-closing indemnification obligations. The hold-back amount is recorded as a long-term receivable on the condensed consolidated balance sheet. In March 2023, the Company distributed the net cash proceeds received upfront of \$0.2 million to the CVR Holders. Once received, the remaining net proceeds, net of expenses, from the hold-back amount will be distributed to the CVR Holders pursuant to the CVR Agreement, see Note 8, *Commitments and Contingencies*. There were no carrying amounts associated with the intellectual property sold to GCBP, and, therefore, Catalyst recorded a gain of \$4.7 million related to the disposal, net of \$0.8 million of transaction costs, which is included in gain on disposal of assets, net in the condensed consolidated statements of operations and comprehensive income (loss) for the six months ended June 30, 2023.

12. Related Parties

Following the closing of the F351 Agreement on December 26, 2022, GNI owned 100% of the Catalyst Convertible Preferred Stock as well as 16.6% and 16.5% of Catalyst common stock outstanding as of December 31, 2022 and June 30, 2023, respectively. Overall, GNI owned 80.5% and 80.4% of the outstanding shares of capital stock of the Company, on an as converted basis, as of December 31, 2022 and June 30, 2023, respectively. In addition, Ying Luo and Thomas Eastling became directors of the Company. They serve as a director, representative executive officer, President and Chief Executive Officer, and an outside member, respectively, of GNI Japan, a greater than 5% stockholder of the Company. Dr. Luo also serves as a director of the board and President of GNI USA, Inc. GNI is considered a related party of the Company.

On April 13, 2023, the Company entered into a Cost Sharing and Agency Agreement with GNI. Under the Cost Sharing and Agency agreement, GNI will pay for certain costs related to the development of the F351 Assets in the U.S. incurred from December 26, 2022 until the Business Combination Agreement closes. Following the closing of the Business Combination Agreement, the Company will be required to reimburse GNI for such costs. During the three and six months ended June 30, 2023, the costs incurred for the development of the F351 Assets under the Cost Sharing and Agency Agreement was approximately \$0.3 million. The Company paid \$0.3 million of development costs related to the F351 Assets during the three months ended June 30, 2023 and GNI has agreed to repay Catalyst for such costs in its next payment cycle. As of June 30, 2023, the Company had amounts receivable from this related party of \$0.3 million which was included in prepaid and other current assets on the balance sheet.

13. Condensed Consolidated Financial Statements Detail

Other Accrued Liabilities

Other accrued liabilities consisted of the following (in thousands):

	June 30, 2023	December 31, 2022
Tax liability	\$ 1,500	\$ —
Professional and consulting services	210	1,417
Manufacturing	87	22
Other	271	13
Total other accrued liabilities	\$ 2,068	\$ 1,452

ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Unless otherwise indicated, in this Quarterly Report on Form 10-Q, references to “Catalyst,” “we,” “us,” “our” or the “Company” mean Catalyst Biosciences, Inc. and our subsidiary. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes that appear in this Quarterly Report on Form 10-Q (this “Report”) and with the audited consolidated financial statements and related notes that are included as part of our Annual Report on Form 10-K for the year ended December 31, 2022 (the “Annual Report”).

In addition to historical information, this Report 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 (“the Exchange Act”). Forward-looking statements are identified by words such as “believe,” “will,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “could,” “potentially” or the negative of these terms or similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other “forward-looking” information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. For example, forward-looking statements include any statements regarding the strategies, prospects, plans, expectations or objectives of management for future operations or the distribution of cash to Company stockholders, the benefits that may be derived from product candidates or the commercial or market opportunity in any target indication, our ability to protect intellectual property rights, our anticipated operations, financial position, revenues, costs or expenses, statements regarding future economic conditions or performance, statements of belief and any statement of assumptions underlying any of the foregoing. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report in Part II, Item 1A — “Risk Factors,” elsewhere in this Report and in Part I - Item 1A – “Risk Factors” in the Annual Report. Forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. These statements, like all statements in this Report, speak only as of their date, and Catalyst undertakes no obligation to update or revise these statements in light of future developments. Catalyst cautions investors that its business and financial performance are subject to substantial risks and uncertainties.

Overview

F351 Asset Acquisition

On December 26, 2022, Catalyst acquired the F351 Assets from GNI Group Ltd. and GNI Hong Kong Limited (the “Sellers”) pursuant to that certain F351 Agreement, by and among Catalyst and the Sellers. The F351 Assets include 15 issued or pending patents and patent applications outside of the People’s Republic of China, with the last acquired issued patent expected to expire in August 2037. Under the terms of the F351 Agreement and upon the effective time of the transactions contemplated by the F351 Agreement, Catalyst issued to the Sellers equity interests with an aggregate value of \$35.0 million in the form of: 6,266,521 shares of the Company’s common stock and 12,340 shares of newly designated Series X convertible preferred stock (“Catalyst Convertible Preferred Stock”), which Catalyst Convertible Preferred Stock is convertible, upon the approval of the stockholders of Catalyst (as further described herein) into shares of common stock at a ratio of one (1) share of Catalyst Convertible Preferred Stock to 10,000 shares of common stock.

Subject to stockholder approval, each share of Catalyst Convertible Preferred Stock issued under the F351 Agreement is convertible into 10,000 shares of common stock. Pursuant to the F351 Agreement, Catalyst has agreed to hold a stockholders’ meeting, which is expected to be held on August 29, 2023, to submit the following matters to the Company’s stockholders for their consideration, among other matters: (i) the approval of the conversion of the Catalyst Convertible Preferred Stock into shares of common stock in accordance with Nasdaq rules, or the Conversion Proposal, and (ii) the approval of an amendment to Catalyst’s certificate of incorporation to authorize sufficient shares of common stock for the conversion of the Catalyst Convertible Preferred Stock issued pursuant to the F351 Agreement. Following stockholder approval of the Conversion Proposal, each share of Catalyst Convertible Preferred Stock is convertible into shares of the Company’s common stock at any time at the option of the holder thereof, into 10,000 shares of its common stock, subject to certain limitations, including that a holder of Catalyst Convertible Preferred Stock is prohibited from converting shares of Catalyst Convertible Preferred Stock into shares of its common stock if, as a result of such conversion, such holder, together with its affiliates, would beneficially own more than a specified percentage (to be initially set at 9.99% and thereafter adjustable by the holder to a number between 4.99% and 19.99%) of the total number of shares of Catalyst’s common stock issued and outstanding immediately after giving effect to such conversion.

Business Combination Agreement

On December 26, 2022, Catalyst, GNI USA, Inc., GNI Japan, GNI Hong Kong, Shanghai Genomics, Inc., the individuals (collectively the “Minority Holders”) listed on an annex to that certain Business Combination Agreement, as amended (the “Business Combination Agreement”) and Continent Pharmaceuticals Inc. (“CPI”) entered into the Business Combination Agreement. The Business Combination Agreement contains the terms and conditions of the proposed business combination pursuant to which Catalyst will acquire an indirect controlling interest in BC. The closing of the transactions under the Business Combination Agreement will be subject to stockholder approval at a stockholder meeting expected to be held on August 29, 2023 and certain customary closing conditions. If the transaction is approved by stockholders, Catalyst would issue at closing a total of up to 1,110,776,224 shares of its common stock for an indirect controlling interest in BC.

The Business Combination Agreement contains certain termination rights, including the right for it to terminate the Business Combination Agreement to enter into a definitive agreement for a superior proposal. Upon termination of the Business Combination Agreement under specified circumstances, Catalyst may be required to pay a termination fee of \$2.0 million and either party, as the case may be, may be required to reimburse the other party for reasonable out-of-pocket fees and expenses incurred by such party in connection with the Business Combination Agreement, up to a maximum amount of \$2.0 million.

Contingent Value Rights Agreement

Concurrent with the signing of the Business Combination Agreement, Catalyst entered into the CVR Agreement, pursuant to which each common stockholder, excluding GNI, received one CVR issued by the Company, subject to and in accordance with the terms and conditions of the CVR Agreement, for each share of common stock held by such holder at the CVR Record Date (the “CVR Holders”). Each CVR entitles the holder thereof to receive (i) certain cash payments from the net proceeds, if any, related to (a) the disposition of its legacy assets within 90 calendar days after the remainder of the Holdback Amount (as defined in the CVR Agreement) is finally determined and received by Catalyst or (b) the resolution of certain legal claims; provided, however, such period will be automatically extended for any Claim (as defined in the CVR Agreement) for an additional one-year period to the extent any Claim is appealed during the initial term, (ii) 100% of the excess cash (net of all current or contingent liabilities, including transaction-related expenses) retained by the Company in excess of \$1.0 million as of the closing date of the transactions under the Business Combination Agreement, and (iii) 100% of the amount actually received (net of indemnity claims, if any) by Catalyst pursuant to the asset purchase agreement dated as of May 19, 2022, by and between Catalyst and Vertex. The contingent payments under the CVR Agreement, if they become payable, will become payable to the Rights Agent (as defined in the CVR Agreement) for subsequent distribution to the CVR Holders. In the event that no such proceeds are received, or the permitted deductions under the CVR Agreement are greater than any such proceeds, CVR Holders will not receive any payment pursuant to the CVR Agreement. There can be no assurance that CVR Holders will receive any amounts. The CVRs are not transferable, except in certain limited circumstances as provided for in the CVR Agreement, will not be certificated or evidenced by any instrument, and will not be registered with the SEC or listed for trading on any exchange.

Prior to the F351 acquisition, Catalyst was engaged in the research and development of product candidates from Catalyst’s protein engineering platform. In February 2022, Catalyst announced that it engaged Perella Weinberg Partners as a financial advisor to assist Catalyst in exploring strategic alternatives to monetize its assets. In March 2022, Catalyst ceased research and development activities and in May 2022, Catalyst entered into an asset purchase agreement with Vertex, pursuant to which Vertex purchased Catalyst’s complement portfolio, including CB 2782-PEG and CB 4332, as well as its complement-related intellectual property, including the ProTUNE™ and ImmunoTUNE™ platforms, for \$60.0 million in cash consideration. \$55.0 million was received upfront and the remaining \$5.0 million was retained by Vertex as a hold-back until one year after the closing date to satisfy certain post-closing indemnification obligations. The \$5.0 million hold-back amount received from Vertex in May 2023, net of \$1.5 million in expenses and a reserve for potential tax liabilities, was distributed to the CVR Holders in June 2023. On February 27, 2023, Catalyst signed an asset purchase agreement with GC Biopharma Corp. (“GCBP”) pursuant to which GCBP acquired Catalyst’s legacy rare bleeding disorders programs including marzeptacog alpha activated (“MarzAA”), dalcinacog alpha (“DalCA”) and CB-2679d-GT for a total of \$6.0 million in cash consideration, \$1.0 million payable on signing and \$5.0 million payable on February 28, 2025, subject to satisfaction of post-closing indemnification obligations. In March 2023, Catalyst distributed net proceeds of approximately \$0.2 million to the CVR Holders. Once received, any additional net proceeds from the transaction will be distributed to the CVR Holders. Catalyst is also pursuing certain legal claims against a third party related to payments under a 2016 asset purchase agreement, and any net recoveries related to these claims will be distributed to the CVR Holders.

Financial Operations Overview

Catalyst has no drug products approved for commercial sale and has not generated any revenue from drug product sales.

With the exception of the three months ended March 31, 2023 and the three and six months ended June 30, 2022, Catalyst has never been profitable and has incurred significant operating losses in each year since inception. Catalyst had a net loss of \$2.5 million and net income of \$51.6 million for the three months ended June 30, 2023 and 2022, respectively, and a net loss of \$2.2 million and net income of \$37.1 million for the six months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, Catalyst had an accumulated deficit of \$413.1 million and cash and cash equivalents of \$6.9 million. Substantially all its operating losses were incurred in its research and development programs and in its general and administrative operations.

Collaboration Revenue

Collaboration revenue consists of revenue earned for performance obligations satisfied pursuant to the License and Collaboration Agreement with Biogen which was entered into in December 2019 and terminated in May 2022 (the “Biogen Agreement”). Catalyst recognized collaboration revenue for reimbursable third-party vendor, out-of-pocket and personnel costs pertaining to the Biogen Agreement of \$0.8 million for the six months ended June 30, 2022. No collaboration revenue was recognized for the six months ended June 30, 2023.

Catalyst has not generated any revenue from the sale of any drug products and Catalyst does not expect to generate any revenue from the sale of drug products until Catalyst obtains regulatory approval of and commercializes its product candidates.

Cost of Collaboration Revenue

Cost of collaboration revenue consists of fees for research and development services payable to third-party vendors and personnel costs, corresponding to the recognition of collaboration revenue from Biogen. Cost of collaboration revenue does not include any allocated overhead costs. Catalyst recognized third-party vendor, out-of-pocket and personnel costs, most of which were reimbursable, pertaining to the Biogen Agreement of \$0.8 million for the six months ended June 30, 2022, and recorded such costs as cost of collaboration revenue. No cost of collaboration revenue was recognized for the six months ended June 30, 2023.

Research and Development Expenses

As of March 2022, Catalyst ceased the development of certain programs and during the quarter ended June 30, 2022, Catalyst ceased all previous research and development activities. In April 2023, Catalyst started to support the development of the F351 Assets acquired. Research and development expenses represent costs incurred to conduct research, such as the discovery and development of its product candidates. Catalyst recognizes all research and development costs as they are incurred. Nonrefundable advance payments for goods or services used in research and development are deferred and capitalized. The capitalized amounts are then expensed as the related goods are delivered or services are performed, or until it is no longer expected that the goods or services will be delivered.

Research and development expenses have traditionally consisted primarily of the following:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- laboratory and vendor expenses, including payments to consultants and third parties, related to the execution of preclinical, non-clinical and clinical studies;
- the cost of acquiring and manufacturing preclinical and clinical materials and developing manufacturing processes;
- clinical trial expenses, including costs of third-party clinical research organizations;
- performing toxicity and other preclinical studies; and
- facilities and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, depreciation and amortization expense and other supplies.

The table below details the Company's internal and external costs for research and development for the period presented (*in thousands*).

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Personnel and other	\$ 317	\$ 1,003	\$ 839	\$ 5,143
Stock-based compensation	1	83	67	211
Complement	—	756	—	4,139
Hemophilia	—	29	—	2,081
Total research and development expenses	\$ 318	\$ 1,871	\$ 906	\$ 11,574

The largest component of total operating expenses had historically been Catalyst's investment in research and development activities, including the clinical and manufacturing development of its product candidates. Costs listed for its hemophilia and complement programs above consist of clinical trial, manufacturing and research costs. Its internal resources, employees and infrastructure, identified above as personnel and other, are generally not directly tied to individual product candidates or development programs. As such, Catalyst does not maintain information regarding these costs incurred for these research and development programs on a project-specific basis.

Catalyst has entered into a Cost Sharing and Agency Agreement with GNI USA, Inc. pursuant to which GNI USA, Inc. will be responsible for development expenses related to the F351 Assets until the closing of the transactions under the Business Combination Agreement. Accordingly, since Catalyst has ceased its other research and development activities, it does not expect to incur material research and development expenses until the closing of the transactions under the Business Combination Agreement.

General and Administrative Expenses

General and administrative expenses consist of personnel costs, allocated expenses, expenses for outside professional services, including legal, human resources, audit and accounting services, and other general expenses. Personnel costs consist of salaries, bonuses, benefits and stock-based compensation. Catalyst incurs expenses associated with operating as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission ("SEC") and Nasdaq Stock Market LLC ("Nasdaq"), insurance expenses, audit expenses, investor relations activities, Sarbanes-Oxley compliance expenses and other administrative expenses and professional services.

Gain on Disposal of Assets

Gain on disposal of assets resulted from the sale of Catalyst's legacy rare bleeding disorder program, including MarzAA, DalcA and CB-2679d-GT to GCBP in February 2023 and the sale of Catalyst's complement portfolio and related intellectual property to Vertex in May 2022. The gain is presented net of the direct costs incurred in connection with the transaction and losses incurred in connection with the sale of Catalyst's property and equipment.

Results of Operations

The following table set forth the Company's results of operations data for the periods presented (*in thousands*):

	Three Months Ended June 30,		Change (\$)	Change (%)
	2023	2022		
Operating expenses (income):				
Research and development	\$ 318	\$ 1,871	\$ (1,553)	(83)%
General and administrative	2,225	3,844	(1,619)	(42)%
Gain on disposal of assets, net	—	(57,245)	57,245	(100)%
Total operating expenses (income)	2,543	(51,530)	54,073	*
Income (loss) from operations	(2,543)	51,530	(54,073)	*
Interest and other income, net	73	102	(29)	(28)%
Income (loss) before income taxes	(2,470)	51,632	(54,102)	*
Income tax expenses	2	—	2	*
Net income (loss) and comprehensive income (loss)	\$ (2,472)	\$ 51,632	\$ (54,104)	*

	Six Months Ended June 30,		Change (\$)	Change (%)
	2023	2022		
Revenue:				
Collaboration	\$ —	\$ 794	\$ (794)	(100)%
Operating expenses (income):				
Cost of collaboration	—	798	(798)	(100)%
Research and development	906	11,574	(10,668)	(92)%
General and administrative	6,195	8,838	(2,643)	(30)%
Gain on disposal of assets, net	(4,736)	(57,245)	52,509	(92)%
Total operating expenses (income)	2,365	(36,035)	38,400	*
Income (loss) from operations	(2,365)	36,829	(39,194)	*
Interest and other income, net	169	267	(98)	(37)%
Income (loss) before income taxes	(2,196)	37,096	(39,292)	*
Income tax expenses	16	—	16	*
Net income (loss) and comprehensive income (loss)	\$ (2,212)	\$ 37,096	\$ (39,308)	*

*Not meaningful

Collaboration Revenue

Collaboration revenue for the six months ended June 30, 2022 consisted of reimbursable collaboration expenses from the Biogen Agreement. No collaboration revenue was recognized for the three months ended June 30, 2023 and 2022 or the six months ended June 30, 2023.

Cost of Collaboration

Cost of collaboration revenue for the six months ended June 30, 2022 primarily related to reimbursable third-party vendor and personnel costs incurred pertaining to the Biogen Agreement. No cost of collaboration revenue was recognized for the three months ended June 30, 2023 and 2022 or the six months ended June 30, 2023.

Research and Development Expenses

Research and development expenses were \$0.3 million and \$1.9 million during the three months ended June 30, 2023 and 2022, respectively, a decrease of \$1.6 million, or 83%. The decrease was due primarily to a decrease of \$0.8 million in complement-related costs, a decrease of \$0.7 million in personnel-related costs, and a decrease of \$0.1 million in stock-based compensation costs.

Research and development expenses were \$0.9 million and \$11.6 million during the six months ended June 30, 2023 and 2022, respectively, a decrease of \$10.7 million, or 92%. The decrease was due primarily to a decrease of \$4.4 million in personnel-related costs, a decrease of \$4.1 million in complement-related costs, a decrease of \$2.1 million in hemophilia-related costs, and a decrease of \$0.1 million in stock-based compensation costs. Research and development expenses for the six months ended June 30, 2022 include approximately \$0.6 million of severance and other costs related to its reduction-in-force.

General and Administrative Expenses

General and administrative expenses were \$2.2 million and \$3.8 million during the three months ended June 30, 2023 and 2022, respectively, a decrease of \$1.6 million, or 42%. The decrease was due primarily to a decrease of \$1.0 million in professional services, a \$0.5 million decrease in personnel-related costs, and a \$0.1 million decrease in facilities and other administration costs.

General and administrative expenses were \$6.2 million and \$8.8 million during the six months ended June 30, 2023 and 2022, respectively, a decrease of \$2.6 million, or 30%. The decrease was due primarily to a decrease of \$1.7 million in professional services and a \$0.9 million decrease in personnel-related costs. General and administrative expenses for the six months ended June 30, 2022 include approximately \$0.4 million of severance and other costs related to its reduction-in-force.

Gain on Disposal of Assets, Net

Gain on disposal of assets, net was \$4.7 million for the six months ended June 30, 2023, which related to the sale of Catalyst's legacy rare bleeding disorder program to GCBP in February 2023.

Gain on disposal of assets, net was \$57.2 million for the three and six months ended June 30, 2022, which primarily consisted of a \$57.4 million gain related to the sale of Catalyst's complement portfolio to Vertex in May 2022.

Interest and Other Income, Net

The decrease in interest and other income, net for the three months ended June 30, 2023 compared to the three months ended June 30, 2022 was primarily due to a decrease in interest income.

The \$0.1 million decrease in interest and other income, net for the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to a gain on extinguishment of \$0.2 million recognized in the six months ended June 30, 2022 where there was no comparable activity in 2023, partially offset by an increase in interest income of \$0.1 million.

Recent Accounting Pronouncements

Refer to "Accounting Pronouncements Recently Adopted" included in Note 2, *Summary of Significant Accounting Policies*, in the "Notes to the Condensed Consolidated Financial Statements" in this Report.

Liquidity and Capital Resources

On January 12, 2023, Catalyst paid a one-time cash dividend of \$0.24 per share, or approximately \$7.6 million, to holders of the Company's common stock, excluding GNI.

On March 8, 2023, the Company distributed the net cash proceeds received from the GCBP asset sale of \$0.2 million, or \$0.01 per share, to the CVR Holders.

On June 5, 2023, the Company distributed the net cash received from the Vertex hold-back amount of \$3.5 million, or \$0.11 per share, to the CVR Holders.

As of June 30, 2023, Catalyst had \$6.9 million of cash and cash equivalents. For the six months ended June 30, 2023, Catalyst had a net loss of \$2.2 million and \$8.7 million cash used in operating activities. Catalyst had an accumulated deficit of \$413.1 million as of June 30, 2023. If the Company's stockholders approve the Conversion Proposal, Catalyst expects that its existing cash and cash equivalents would then be sufficient to support its operating expenses through at least the next 12 months from the date of this filing. Catalyst's estimate as to how long the Company expects its cash and cash equivalents to be able to fund its operations is based on assumptions that may prove to be wrong, and it could use the Company's available capital resources sooner than it currently expects. Further, changing circumstances, some of which may be beyond Catalyst's control, could cause it to consume capital significantly faster than currently anticipated, and the Company may need to seek additional funds sooner than planned.

In connection with the F351 Agreement, Catalyst issued Catalyst Convertible Preferred Stock to GNI. Catalyst is obligated to seek stockholder approval for the conversion of the Catalyst Convertible Preferred Stock into common stock. In the event that the Company fails to timely hold the stockholders' meeting or fails to obtain stockholder approval of the Conversion Proposal, then the holders of the Catalyst Convertible Preferred Stock would be entitled to require Catalyst to redeem, in cash, the shares of common stock underlying its Catalyst Convertible Preferred Stock at a price per share equal to the fair value of the common stock. If Catalyst is forced to redeem a significant amount of shares underlying the Catalyst Convertible Preferred Stock, it could, among other things, materially affect the Company's results of operations and cash usage forecasts, require Catalyst to raise additional capital and impact its ability to raise additional capital. Also, while Catalyst cannot predict the amount with any level of certainty, there is a level of cash settlement at which, if it is exceeded, could require Catalyst to make redemption payments in excess of its current liquidity. Catalyst believes that its stockholders who are entitled to vote on the Conversion Proposal at its 2023 Annual Meeting of Stockholders, which is expected to be held on August 29, 2023, will vote to approve the proposal. However, in the event the proposal is not approved since it is outside Catalyst's control, there is substantial doubt about Catalyst's ability to continue as a going concern within one year from the filing of this Report.

Catalyst expects to finance any future cash needs through a combination of divestitures of its product candidates or other assets, equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. There can be no assurance as to the timing, terms or consummation of any divestiture or financing, and the terms of any such financing may adversely affect the Company's stockholders' rights. If Catalyst raises funds through collaborations, strategic alliances or licensing arrangements with third parties, it may have to relinquish valuable rights to its technologies, product candidates or to grant licenses on terms that may not be favorable to the Company.

The following table summarizes the Company's cash flows for the periods presented (*in thousands*):

	<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash used in operating activities	\$ (8,687)	\$ (24,344)
Cash provided by investing activities	5,206	55,375
Cash (used in) provided by financing activities	(11,262)	16
Net (decrease) increase in cash and cash equivalents	<u>\$ (14,743)</u>	<u>\$ 31,047</u>

Cash Flows from Operating Activities

Cash used in operating activities for the six months ended June 30, 2023 was \$8.7 million. The most significant component of the Company's cash used was a net loss of \$6.9 million, excluding the net gain of \$4.7 million from the sale of Catalyst's legacy rare bleeding disorder program. The net loss included non-cash expense related to stock-based compensation of \$0.3 million. In addition, net cash outflow of \$2.0 million was attributable to the change in its net operating assets and liabilities primarily as a result of a \$2.7 million decrease in accrued compensation and other accrued liabilities and a \$0.2 million decrease in accounts payable, partially offset by a \$0.9 million decrease in prepaid and other current assets.

Cash used in operating activities for the six months ended June 30, 2022 was \$24.3 million. The most significant component of the Company's cash used was a net loss of \$20.1 million, excluding the net gain of \$57.2 million from the sale of Catalyst's complement portfolio and other assets. The net loss included non-cash expense related to stock-based compensation of \$0.9 million, bad debt expense of \$0.2 million, and depreciation and amortization of \$0.2 million. In addition, net cash outflow of \$5.4 million was attributable to the change in its net operating assets and liabilities primarily as a result of a \$5.4 million decrease in accounts payable, a \$3.7 million decrease in accrued compensation and other accrued liabilities, and a \$0.2 million decrease in deferred revenue related to the Biogen Agreement, partially offset by a \$2.2 million decrease in prepaid and other current assets and a \$1.6 million decrease in accounts and other receivables.

Cash Flows from Investing Activities

Cash provided by investing activities for the six months ended June 30, 2023 was \$5.2 million, due to \$5.0 million in cash proceeds from receipt of the hold-back amount related to the Vertex asset sale and \$1.0 million in cash proceeds from the sale of the Company's legacy rare bleeding disorder program to GCBP, offset by \$0.8 million in transaction costs related to the sale of its legacy rare bleeding disorder program to GCBP.

Cash provided by investing activities for the six months ended June 30, 2022 was \$55.4 million, due primarily to \$55.0 million in cash proceeds from the sale of the Company's complement portfolio to Vertex, \$2.5 million due to proceeds from maturities of investments, and \$0.4 million in proceeds from the sale of property and equipment, partially offset by \$2.6 million in transaction costs related to the sale of its complement portfolio to Vertex.

Cash Flows from Financing Activities

Cash used in financing activities for the six months ended June 30, 2023 was \$11.3 million, due primarily to the special dividend paid in January 2023 and the distribution of net proceeds related to the GCBP Agreement and Vertex Agreement to the CVR Holders.

Cash provided by financing activities for the six months ended June 30, 2022 was due to the issuance of stock grants and option exercises.

Critical Accounting Policies and Estimates

There have been no significant changes to Catalyst's critical accounting policies since December 31, 2022. For a description of critical accounting policies that affect its significant judgments and estimates used in the preparation of its unaudited condensed consolidated financial statements, refer to Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" contained in the Annual Report.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and our Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. 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 provide reasonable assurance 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 their evaluation of our disclosure controls and procedures as of June 30, 2023, our Chief Executive Officer and Interim Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified during the quarter ended June 30, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Catalyst is not a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

You should carefully consider the factors discussed in Part I, Item 1A., “Risk Factors” in our Annual Report for the fiscal year ended December 31, 2022, which could materially affect our business, financial position, or future results of operations. The risks described in our Annual Report for the fiscal year ended December 31, 2022, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial position, or future results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC. The risk factor set forth below supplements and updates the risk factors previously disclosed and should be read together with the risk factors described in our Annual Report for the fiscal year ended December 31, 2022 and with any risk factors we may include in subsequent periodic filings with the SEC.

Our common stock may be delisted from Nasdaq.

As previously reported, on November 2, 2022, Catalyst Biosciences, Inc., a Delaware corporation (the “Company” or “Catalyst”), received a letter from the Listing Qualifications Department of The Nasdaq Stock Market, LLC (“Nasdaq”) informing the Company that, because the closing bid price for the Company’s common stock listed on Nasdaq was below \$1.00 for 30 consecutive trading days, the Company was not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital Market, as set forth in Nasdaq Marketplace Rule 5550(a)(2) (the “Minimum Bid Price Requirement”). The Company was granted 180 calendar days, or until May 1, 2023, to regain compliance with the Minimum Bid Price Requirement.

On May 2, 2023, the Company was notified by the Listing Qualifications Staff (the “Staff”) of Nasdaq that the Company did not meet the Minimum Bid Price Requirement and was not eligible for a second 180-day period. As previously reported, on April 4, 2023, the Staff notified the Company that it failed to comply with Nasdaq’s \$2,500,000 minimum stockholders’ equity requirement for continued listing as set forth in Listing Rule 5550(b)(1) (the “Equity Requirement”). The deficiency with regards to the Equity Requirement serves as an additional and separate basis for delisting. The Company timely submitted a hearing request to Nasdaq’s Hearings Department, which stayed the suspension of the Company’s common stock pending the panel’s conclusion of the hearing process. Following the hearing, the Company was granted until October 30, 2023 to regain compliance with the initial listing requirements of the Nasdaq Capital Market. The Company believes that completion of the pending transactions under the Business Combination Agreement and reverse stock split as described in the definitive proxy statement filed with the U.S. Securities and Exchange Commission on July 12, 2023 will enable the combined company following the transactions under the Business Combination Agreement to meet the applicable Nasdaq initial listing requirements, providing a basis for suspension of delisting. There can be no assurance that the combined company will meet Nasdaq’s initial listing requirements.

Delisting of our common stock from The Nasdaq Capital Market could materially adversely impact the liquidity and value of our common stock and could prevent the closing of the transactions contemplated by the Business Combination Agreement. Catalyst’s ability to publicly or privately sell equity securities and the liquidity of its common stock could be adversely affected if it is delisted from The Nasdaq Capital Market or if it is unable to transfer its listing to another stock market. If Catalyst’s common stock is delisted by Nasdaq, it could lead to a number of negative implications, including an adverse effect on the price of its common stock, increased volatility in its common stock, limited availability of market quotations for its common stock, reduced liquidity in its common stock, the loss of federal preemption of state securities laws and greater difficulty in issuing additional securities and obtaining financing. In addition, delisting of Catalyst’s common stock could deter broker-dealers from making a market in or otherwise seeking or generating interest in its common stock, could result in a loss of current or future coverage by certain sell-side analysts and might deter certain institutions and persons from investing in its securities at all. Delisting could also cause a loss of confidence of Catalyst’s customers, collaborators, vendors, suppliers and employees, which could harm its business and future prospects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2023, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) informed us of the adoption or termination of a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408.

ITEM 6. EXHIBITS

See Index to Exhibits at the end of this Report, which is incorporated by reference here. The Exhibits listed in the accompanying Index to Exhibits are filed as part of this Report.

EXHIBIT INDEX

Exhibit Number	Exhibit Title	Form	File No.	Filing Date	Filed or Furnished herewith
2.1	<u>Amendment to Business Combination Agreement, dated as of March 29, 2023, by and among Catalyst, GNI USA, GNI Group, GNI HK, Shanghai Genomics, the Minority Holders and CPI.</u>	8-K	000-51173	March 30, 2023	
2.2	<u>Agreement and Amendment to Asset Purchase Agreement, dated as of March 29, 2023, by and among Catalyst, GNI Group and GNI HK.</u>	8-K	000-51173	March 30, 2023	
2.3	<u>Contingent Value Rights Agreement, dated as of December 26, 2022, between Catalyst and American Stock Transfer & Trust Company, LLC</u>				X
2.4	<u>Amendment to Contingent Value Rights Agreement, dated as of March 29, 2023, executed by Catalyst (incorporated by reference to Exhibit 2.3 to the Company's Quarterly Report on Form 10-Q dated March 31, 2023, filed on May 15, 2023).</u>	8-K	000-51173	March 30, 2023	
10.1§	<u>Asset Purchase Agreement dated as of February 27, 2023 by and between Catalyst Biosciences, Inc. and GC Biopharma Corp.</u>	8-K	000-51173	March 2, 2023	
10.2**	<u>Waiver Agreement between Catalyst Biosciences, Inc. and Dr. Nassim Usman, dated January 17, 2023.</u>				X
10.3**	<u>Waiver Agreement between Catalyst Biosciences, Inc. and Dr. Grant Blouse, dated January 14, 2023.</u>				X
10.4**	<u>Waiver Agreement between Catalyst Biosciences, Inc. and Ms. Seline Miller, dated January 17, 2023.</u>				X
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
31.2	<u>Certification of the Interim Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>				X
32.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>				X

32.2	<u>Certification of the Interim Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>	X
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of June 30, 2023 (unaudited) and December 31, 2022; (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the three and six months ended June 30, 2023 and 2022 (unaudited); (iii) the Condensed Consolidated Statement of Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit) as of June 30, 2023 and June 30, 2022 (unaudited); (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022 (unaudited); and (v) the Notes to Unaudited Interim Condensed Consolidated Financial Statements.	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	

§ Portions of this exhibit (indicated by "[***]") have been redacted in accordance with Regulation S-K Item 601(b)(10)(iv).

** Denotes management contract, compensatory plan or arrangement.

SIGNATURES

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

CATALYST BIOSCIENCES, INC.

Date: August 14, 2023

/s/ Nassim Usman, Ph.D.

Nassim Usman, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2023

/s/ Seline Miller

Seline Miller
Interim Chief Financial Officer
(Interim Financial and Principal Accounting Officer)

CONTINGENT VALUE RIGHTS AGREEMENT

THIS CONTINGENT VALUE RIGHTS AGREEMENT (this “Agreement”), dated as of December 26, 2022 (the “Effective Date”), is entered into by and between Catalyst Biosciences, Inc., a Delaware corporation (the “Company”), and American Stock Transfer & Trust Company, LLC, a New York limited liability company, as initial Rights Agent (as defined herein).

RECITALS

WHEREAS, on December 22, 2022, the Board of Directors of the Company authorized and declared a dividend distribution of one CVR right for each share of Company common stock outstanding at the close of business on the Record Date (defined below);

WHEREAS, the Company intends the distribution of the rights underlying the CVRs to be complete and irrevocable and hereby assigns to the Holders the right to receive the Payment Amounts (as defined below); and

WHEREAS, the parties have done all things necessary to make the CVR, when issued hereunder, the valid obligation of the Company and to make this Agreement a valid and binding agreement of the Company, in accordance with its terms.

NOW, THEREFORE, in consideration of the premises and the consummation of the transactions referred to above, it is mutually covenanted and agreed, for the proportionate benefit of all Holders (as defined below), as follows:

ARTICLE 1 DEFINITIONS

Section 1.1 *Definitions.*

Capitalized terms used but not otherwise defined herein have the meanings ascribed to thereto in the Business Combination Agreement. The following terms have the meanings ascribed to them as follows:

“Affiliate” shall have the meaning given to such term in Rule 145 under the Securities Act.

“Asset Purchase Agreement” means the Asset Purchase Agreement, dated as of May 19, 2022, by and between the Company and Vertex Pharmaceuticals Incorporated.

“Assignee” has the meaning set forth in Section 6.6.

“Business Combination Agreement” means that certain Business Combination Agreement, dated as of December 26, 2022, by and among the Company, GNI Group Ltd., GNI Hong Kong Limited, GNI USA, Inc., Shanghai Genomics, Inc., Continent Pharmaceuticals Inc., and the Minority Holders (as defined in the Business Combination Agreement).

“Business Day” means any day other than a day on which banks in the state of New York are authorized or obligated to be closed.

“Claim” means any pending, threatened, or potential claim, suit, proceeding, investigation arbitration, or other legal right that the Company has or may have during the Term against any third party related to the Company’s business on or before the Effective Time.

“Code” has the meaning set forth in Section 2.3(d).

“CVR” means a contingent contractual right of Holders to receive the Payment Amounts pursuant to this Agreement.

“CVR Register” has the meaning set forth in Section 2.2(b).

“Disposition” means (i) the sale, license, transfer or other disposition to a third party of any rights or assets comprising the Legacy Assets, including any sale or disposition of equity securities in any Subsidiary established by the Company to hold any right, title or interest in any Legacy Assets, or (ii) the settlement, court order, arbitration ruling, or other disposition of any Claim resulting in payment or the right to receive payment, in each case, during the Disposition Period.

“Disposition Agreement” means a definitive written agreement providing for (i) a Disposition of any portion of the Legacy Assets during the Disposition Period or (ii) the settlement of any Claim.

“Disposition Period” means the two-year period following the Record Date; *provided, however*, such period will be automatically extended for any Claim for an additional one-year period to the extent any Claim is appealed during the initial two-year term.

“Excluded Taxes” has the meaning set forth in Section 3.2(g).

“Holder” means, at the relevant time, a Person in whose name CVRs are registered in the CVR Register.

“Incurred Fees” has the meaning set forth in Section 4.4(c).

“Interim Operating Amount” has the meaning set forth in the Business Combination Agreement.

“Law” means any federal, state, national, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling, or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority (including under the authority of Nasdaq or the Financial Industry Regulatory Authority).

“Legacy Assets” means the Company’s rights, assets, technology and intellectual property in existence immediately prior to the execution of the Business Combination Agreement and relating to the Company’s drug discovery and drug development programs, including the Company’s bleeding disorder candidates and its protease therapeutic platform and programs including: SQ Marzeptacog alfa (FVIIa); SQ Dalcinonacog alfa (FIX); and CB 2679d-GT.

“Loss” has the meaning set forth in Section 3.2(g).

“Majority of Holders” means, at any time, the registered Holder or Holders of more than 50% of the total number of CVRs registered at such time, as set forth on the CVR Register, except that with respect to the use of the term *Majority of Holders* in Section 6.7, the term shall mean the registered Holder or Holders of more than 25% of the total number of CVRs registered at such time, as set forth on the CVR Register.

“Notice” has the meaning set forth in Section 6.1.

“Officer’s Certificate” means a certificate signed by the chief executive officer and the principal financial and accounting officer of the Company, in their respective official capacities.

“Payment Amount” means, with respect to any Payment Triggering Event: (i) 100% of the amount actually received (net of out-of-pocket and documented transaction expenses and potential indemnification obligations) by the Company pursuant to any Disposition Agreement; (ii) 100% of the excess cash (net of all current or contingent liabilities, including transaction-related expenses and unpaid severance or change of control payment obligations) retained by the Company in excess of \$1,000,000 as of the Closing of the Closing Date (as defined in the Business Combination Agreement); (iii) 100% of the amount actually received (net of indemnity claims, if any) by the Company pursuant to the Asset Purchase Agreement; and (iv) 100% of the excess, if any, by which the Interim Operating Amount exceeds the Incurred Fees, in each case net of: (a) any Tax incurred by the Company or such Affiliate(s) as a result of the receipt of such payment and (b) the reasonable costs, out-of-pocket fees, expenses or charges incurred, directly or indirectly, by the Rights Agent, the Company or the Company’s Affiliates (but subject to Section 4.4), or for which the Rights Agent, the Company or the Company’s Affiliates (subject to Section 4.4) are responsible, in connection with such Payment Triggering Event (in each case to the extent such costs, fees, expenses or charges have not been previously accounted for in the calculation of a prior Payment Amount).

“Payment Triggering Event” means the actual receipt by the Rights Agent or the Company following the Record Date of: (i) any cash payment pursuant to a Disposition Agreement, (ii) Net Cash (as defined in the Business Combination Agreement) over \$1,000,000 immediately following the Closing Date, (iii) any cash received by the Company under the Asset Purchase Agreement (net of indemnity claims, if any), and (iv) the excess, if any, by which the Interim Operating Amount exceeds the Incurred Fees under Section 4.4(c).

“Permitted Transfer” means a transfer of CVRs (i) upon death of a Holder by will or intestacy, (ii) pursuant to a court order, (iii) by operation of law (including by consolidation or merger) or without consideration in connection with the dissolution, liquidation or termination of any corporation, limited liability company, partnership or other entity, (iv) in the case of CVRs held in book-entry or other similar nominee form, from a nominee to a beneficial owner and, if applicable, through an intermediary, or (v) as provided in Section 2.5.

“Person” means any individual, corporation, partnership, joint venture, estate, trust, company, firm, limited liability company, firm, society or other enterprise, association, organization, or any other entity not specifically listed herein, including any governmental authority.

“Pro Rata Share” means, with respect to any Holder, the quotient obtained by dividing (i) the aggregate number of CVRs held by such Holder by (ii) the aggregate number of outstanding CVRs held by all Holders, in each case, as reflected in the CVR Register.

“Record Date” means January 5, 2023.

“Rights Agent” means the Rights Agent named in the first paragraph of this Agreement, until a successor Rights Agent shall have been appointed pursuant to ARTICLE 3 of this Agreement, and thereafter “Rights Agent” will mean such successor Rights Agent.

“Securities Act” means the Securities Act of 1933, as amended.

“Special Committee” means an oversight committee initially comprised of the following individuals: Nassim Usman, Ph.D., Augustine Lawlor and Andrea Hunt, and such additional members as may be added by the Special Committee, from time to time.

An entity shall be deemed to be a “Subsidiary” of a Person if such Person directly or indirectly owns or purports to own, beneficially or of record, (a) an amount of voting securities or other interests in such entity that is sufficient to enable such Person to elect at least a majority of the members of such entity’s board of directors or other governing body, or (b) at least 50% of the outstanding equity, voting, beneficial or financial interests in such entity.

“Tax” means any federal, state, local, foreign or other tax, including any income tax, franchise tax, capital gains tax, gross receipts tax, value-added tax, surtax, estimated tax, unemployment tax, national health insurance tax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, withholding tax, payroll tax, customs duty, alternative or add-on minimum or other tax of any kind whatsoever, and including any fine, penalty, addition to tax or interest imposed by a governmental authority with respect thereto.

ARTICLE 2 CONTINGENT VALUE RIGHTS

Section 2.1 *Holders of CVRs; Appointment of Rights Agent; Assignment of Rights.*

(a) The initial Holders shall be the holders of shares of the Company’s common stock as of the close of business on the Record Date. Effective five Business Days following the Record Date, each initial Holder shall be issued and distributed in the form of a dividend one CVR for each share of Company common stock held of record by such Holder as of the close of business on the Record Date. Notwithstanding anything to the contrary in this Agreement, in no event shall any CVRs be issued pursuant to this Agreement prior to five Business Days following the Record Date.

(b) The Company hereby appoints the Rights Agent to act as rights agent for the Company in accordance with the express terms and conditions set forth in this Agreement, and the Rights Agent hereby accepts such appointment.

Section 2.2 *No Certificate; Registration; Registration of Transfer; Change of Address; CVR Distribution.*

(a) Holders' rights and obligations in respect of CVRs derive solely from this Agreement; CVRs will not be evidenced by a certificate or other instrument.

(b) The Rights Agent will create and maintain a register (the "CVR Register") for the purposes of (i) identifying the Holders of CVRs, (ii) determining the Holders' entitlement to CVRs and (iii) registering the CVRs and Permitted Transfers thereof. The CVR Register will be created, and CVRs will be distributed, pursuant to written instructions to the Rights Agent from Company. Except for the obligations to the Rights Agent set forth herein, neither the Company nor its Subsidiaries will have any responsibility or liability whatsoever to any Person other than the Holders.

(c) Subject to the restrictions on transferability set forth in Section 2.6, every request made to transfer CVRs must be in writing and accompanied by a written instrument of transfer reasonably acceptable to the Rights Agent, together with the signature guarantee of a guarantor institution which is a participant in a signature guarantee program approved by the Securities Transfer Association (a "signature guarantee") and other requested documentation in a form reasonably satisfactory to the Rights Agent, duly executed and properly completed, as applicable, by the Holder or Holders thereof, or by the duly appointed legal representative, personal representative or survivor of such Holder or Holders, setting forth in reasonable detail the circumstances relating to the transfer. Upon receipt of such written notice, the Rights Agent will, subject to its reasonable determination in accordance with its own internal procedures, that the transfer instrument is in proper form and otherwise complies on its face with the other terms and conditions of this Agreement (including the provisions in Section 2.6), register the transfer of the applicable CVRs in the CVR Register. All transfers of CVRs registered in the CVR Register will be the valid obligations of the Company, evidencing the same right, and entitling the transferee to the same benefits and rights under this Agreement, as those held by the transferor. The Company and the Rights Agent may each require evidence of payment of a sum sufficient to cover any stamp or other transfer tax or governmental charge that is imposed in connection with (and would not have been imposed but for) any such registration of transfer (or evidence that such Taxes and charges are not applicable). No transfer of CVRs shall be valid until registered in the CVR Register and unless such transfer would not violate the Securities Act. Any putative transfer not duly registered in the CVR Register or in violation of the Securities Act shall be void.

(d) A Holder may make a written request to the Rights Agent to change such Holder's address of record in the CVR Register. Such written request must be duly executed by such Holder. Upon receipt of such written notice, the Rights Agent shall promptly record the change of address in the CVR Register.

(e) The Company will provide written instructions to the Rights Agent for the distribution of CVRs to the Holders as of the Record Date. The Company shall inform Rights Agent of the Record Date at least five business days prior thereto. Subject to the terms and conditions of this Agreement and the Company's confirmation of the Record Date, the Rights Agent hereunder shall make the CVR distribution, less any applicable withholding taxes imposed

pursuant to Section 2.3(d), to each Holder as of the Record Date, five Business Days following the Record Date, by the mailing of a statement of holding reflecting CVRs.

Section 2.3 *Payment Procedures.*

(a) If a Payment Triggering Event occurs at any time prior to the termination of this Agreement then, within 10 calendar days after the occurrence of such Payment Triggering Event, the Company will deliver to the Rights Agent (i) an Officer's Certificate certifying the date of the Payment Triggering Event, the amount of the payment and that the Holders are entitled to receive the applicable Payment Amount in respect thereof (the "Payment Triggering Event Notice"), and (ii) an amount in cash equal to the applicable Payment Amount (for further distribution to the Holders in accordance with the terms hereof) by wire transfer of immediately available funds to an account designated by the Rights Agent.

(b) Upon receipt of either the Payment Amount or the wire transfer referred to in Section 2.3(a), the Rights Agent will promptly (and in any event within 10 Business Days) pay, by check mailed, first-class postage prepaid, to the address of each Holder set forth in the CVR Register at such time or by other method of delivery as specified by the applicable Holder in writing to the Rights Agent, an amount in cash equal to such Holder's Pro Rata Share of the applicable Payment Amount.

(c) With respect to any Payment Amount that is paid to the Company or an Affiliate of the Company, the Company shall have no further liability in respect of such Payment Amount upon delivery of the relevant funds to the Rights Agent in accordance with Section 2.3(a).

(d) The Company and the Rights Agent will be entitled to deduct and withhold, or cause to be deducted and withheld, from any amounts required to be paid or distributed under this Agreement (including any Payment Amount payable pursuant to this Agreement), such amounts as it is required to deduct and withhold with respect to the making of such payment or distribution (including in respect of the distribution of CVRs) under any provision of applicable Law relating to Taxes. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts will be treated for all purposes of this Agreement as having been paid or distributed to the Holder in respect of which such deduction and withholding was made. Prior to making any such Tax deductions or withholdings or causing any such Tax deductions or withholdings to be made with respect to any Holder, the Rights Agent will, to the extent reasonably practicable, provide notice to the Holder of such potential Tax deduction or withholding and a reasonable opportunity for the Holder to provide any necessary Tax forms in order to avoid or reduce such withholding amounts; *provided*, that the time period for payment of a Payment Amount by the Rights Agent set forth in Section 2.3(b) will be extended by a period equal to any delay caused by the Holder providing such forms, *provided, further*, that in no event shall such period be extended for more than ten Business Days, unless otherwise requested by the Holder for the purpose of delivering such forms and agreed to by the Rights Agent. The Rights Agent will solicit from each Holder an appropriate Internal Revenue Service Form W-8 or Internal Revenue Service Form W-9, as applicable on or prior to any distribution or other payment to such Holder to permit any payment of any Payment Amount to be made without deduction or withholding of any US. backup withholding taxes or taxes imposed pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code, as amended (the "Code").

(e) Any portion of a Payment Amount that remains undistributed to the Holders on the date that is six months after the Rights Agent's receipt of the applicable Payment Triggering Event Notice (including by means of uncashed checks or invalid addresses on the CVR Register) will be delivered by the Rights Agent to the Company or a Person nominated in writing by the Company (with written notice thereof from the Company to the Rights Agent), and any Holder will thereafter look only to the Company for payment of such Payment Amount (which shall be without interest).

(f) If any Payment Amount (or portion thereof) remains unclaimed by a Holder on the date that is four years after the Rights Agent's receipt of the applicable Payment Triggering Event Notice or the Payment Amount (or immediately prior to such earlier date on which such Payment Amount would otherwise escheat to or become the property of any governmental authority), then: (i) such Payment Amount (or portion thereof) will, to the extent permitted by applicable Law, become the property of the Company and will be transferred to the Company or a Person nominated in writing by the Company (with written notice thereof from the Company to the Rights Agent), free and clear of all claims or interest of any Person previously entitled thereto, and no consideration or compensation shall be payable therefor, and (ii) the CVRs to which such payment relate shall be deemed abandoned in accordance with Section 2.5 and shall no longer be deemed outstanding for any purpose (including for purposes of calculating a Holder's Pro Rata Share). Neither the Company nor the Rights Agent will be liable to any Person in respect of a Payment Amount delivered to a public official pursuant to any applicable abandoned property, escheat or similar legal requirement under applicable Law. In addition to and not in limitation of any other indemnity obligation herein, the Company agrees to indemnify and hold harmless the Rights Agent with respect to any liability, penalty, cost or expense the Rights Agent may incur or be subject to in connection with transferring such property to the Company or a public official.

Section 2.4 *No Voting, Dividends or Interest; No Equity or Ownership Interest.*

(a) CVRs will not have any voting or dividend rights, and interest will not accrue on any amounts payable in respect of CVRs.

(b) CVRs will not represent any equity or ownership interest in the Company or any of its Affiliates. The sole right of the Holders to receive property hereunder is the right to receive Payment Amounts, if any, in accordance with the terms hereof.

(c) The CVRs and the possibility of any payment hereunder with respect thereto are highly speculative and subject to numerous factors outside of the Company's control, and there is no assurance that Holders will receive any payments under this Agreement or in connection with the CVRs. It is highly possible that there will not be any CVR Payment Amounts. Neither Company nor its Affiliates owe, by virtue of their obligations under this Agreement, a fiduciary duty or any implied duties to the Holders and the parties hereto intend solely the express provisions of this Agreement to govern their contractual relationship with respect to the CVRs. This Section 2.4(c) is an essential and material term of this Agreement.

Section 2.5 *Ability to Abandon CVR.*

A Holder may at any time, at such Holder's option or upon the failure to claim payment under Section 2.3(f), abandon all of such Holder's remaining rights represented by CVRs by transferring such CVR to the Company or a Person nominated in writing by the Company (with written notice thereof from the Company to the Rights Agent) without consideration in compensation therefor, and such rights will be cancelled, with the Rights Agent being promptly notified in writing by the Company of such transfer and cancellation. No such notice to the Rights Agent shall be required in the case of abandonment due to the failure to claim payment under Section 2.3(f). Nothing in this Agreement is intended to prohibit the Company or its Affiliates from offering to acquire or acquiring CVRs, in private transactions or otherwise, for consideration in its sole discretion.

Section 2.6 *Non-transferable.*

The CVRs may not be sold, assigned, transferred, pledged, encumbered or in any other manner transferred or disposed of, in whole or in part, other than through a Permitted Transfer. The CVRs will not be listed on any quotation system or traded on any securities exchange.

**ARTICLE 3
THE RIGHTS AGENT**

Section 3.1 *Certain Duties and Responsibilities.*

(a) The Rights Agent will not have any liability for any actions taken or not taken in connection with this Agreement, except to the extent such liability arises as a result of the willful misconduct, bad faith or gross negligence of the Rights Agent (in each case as determined by a final non-appealable judgment of court of competent jurisdiction). Notwithstanding anything in this Agreement to the contrary, any liability of the Rights Agent under this Agreement will be limited to the amount of annual fees paid by the Company to the Rights Agent during the 12 months immediately preceding the event for which recovery from the Rights Agent is being sought. Anything to the contrary notwithstanding, in no event will the Rights Agent be liable for special, punitive, indirect, incidental or consequential loss or damages of any kind whatsoever (including, without limitation, lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damages, and regardless of the form of action.

(b) The Rights Agent will not have any duty or responsibility in the case of the receipt of any written demand from any Holder with respect to any action or default by any Person or entity, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon the Company. All rights of action under this Agreement may be enforced (but shall not be required to be enforced) by the Rights Agent, any claim, action, suit, audit, investigation or proceeding instituted by the Rights Agent will be brought in its name as the Rights Agent and any recovery in connection therewith will be for the proportionate benefit of all the Holders, as their respective rights or interests may appear on the CVR Register.

Section 3.2 *Certain Rights of Rights Agent.*

(a) The Rights Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations will be read into this Agreement against the Rights Agent.

(b) The Rights Agent may rely and will be protected by the Company in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document believed by it in the absence of bad faith to be genuine and to have been signed or presented by or on behalf of the Company.

(c) Whenever the Rights Agent deems it desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Rights Agent may (i) rely upon an Officer's Certificate and (ii) incur no liability and be held harmless by the Company for or in respect of any action taken or omitted to be taken by it under the provisions of this Agreement in reliance upon such Officer's Certificate.

(d) The Rights Agent may engage and consult with counsel of its selection, and the advice or opinion of such counsel will, in the absence of bad faith, gross negligence or willful misconduct on the part of the Rights Agent, be full and complete authorization and protection in respect of any action taken or not taken by the Rights Agent in reliance thereon.

(e) Any permissive rights of the Rights Agent hereunder will not be construed as a duty.

(f) The Rights Agent will not be required to give any note or surety in respect of the execution of its powers or otherwise under this Agreement.

(g) The Company agrees to indemnify the Rights Agent for, and to hold the Rights Agent harmless from and against, any loss, liability, damage, judgment, fine, penalty, cost or expense (each, a "Loss") suffered or incurred by the Rights Agent and arising out of or in connection with the Rights Agent's performance of its obligations under this Agreement, including the reasonable and documented costs and expenses of defending the Rights Agent against any claims, charges, demands, actions or suits arising out of or in connection with the execution, acceptance, administration, exercise and performance of its duties under this Agreement, including the costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly, or enforcing its rights hereunder, except to the extent such Loss has been determined by a final non-appealable decision of a court of competent jurisdiction to have resulted from the Rights Agent's gross negligence, bad faith or willful misconduct; provided that this Section 3.2(g) shall not apply to (i) income, receipt, franchise or similar Taxes, (ii) any Taxes imposed due to the Rights Agent's connection with the jurisdiction imposing such Taxes (other than any connection caused solely by this Agreement or the Rights Agent performing, enforcing or receiving payments under this Agreement), or (iii) any Taxes imposed due to the failure of the Rights Agent to provide any form, document or certificate that would have reduced or eliminated the amount of such withholding taxes ("Excluded Taxes").

(h) In addition to the indemnification provided under Section 3.2(g), the Company agrees (i) to pay the fees of the Rights Agent in connection with the Rights Agent's

performance of its obligations hereunder, as agreed upon in writing by the Rights Agent and the Company on or prior to the date of this Agreement, and (ii) to reimburse the Rights Agent for all reasonable and properly documented out-of-pocket expenses, including all stamp and transfer Taxes (excluding any Excluded Taxes) and governmental charges, incurred by the Rights Agent in the performance of its obligations under this Agreement, except that the Company will have no obligation to pay the fees of the Rights Agent or reimburse the Rights Agent in connection with any lawsuit initiated by the Rights Agent on behalf of itself or the Holders, except in the case of any suit enforcing the provisions of Section 2.3(b) or Section 3.2(g), if the Company is found by a court of competent jurisdiction to be liable to the Rights Agent or the Holders, as applicable in such suit.

(i) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it believes that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(j) The Rights Agent will not be deemed to have knowledge of any event of which it was supposed to receive notice hereunder but has not received written notice of such event, and the Rights Agent will not incur any liability for failing to take action in connection therewith, in each case, unless and until it has received such notice in writing.

(k) Subject to applicable Law, (i) the Rights Agent and any shareholder, affiliate, director, officer or employee of the Rights Agent may buy, sell or deal in any securities of the Company or become peculiarly interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement, and (ii) nothing herein will preclude the Rights Agent from acting in any other capacity for the Company or for any other Person.

(l) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorney or agents and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or willful misconduct (each as determined by a final non-appealable judgment of a court of competent jurisdiction) in the selection and continued employment thereof.

(m) The Company shall perform, acknowledge and deliver or cause to be performed, acknowledged and delivered all such further and other acts, documents, instruments and assurances as may be reasonably required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(n) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only.

(o) The Rights Agent shall act hereunder solely as agent for the Company and shall not assume any obligations or relationship of agency or trust with any of the owners or holders of the CVRs. The Rights Agent shall not have any duty or responsibility in the case of the receipt of any written demand from any Holders with respect to any action or default by the Company, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon the Company.

(p) The Rights Agent may rely on and be fully authorized and protected in acting or failing to act upon (a) any guaranty of signature by an “eligible guarantor institution” that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable “signature guarantee program” or insurance program in addition to, or in substitution for, the foregoing; or (b) any law, act, regulation or any interpretation of the same even though such law, act, or regulation may thereafter have been altered, changed, amended or repealed.

(q) The Rights Agent shall not be liable or responsible for any failure of the Company to comply with any of its obligations relating to any registration statement filed with the Securities and Exchange Commission or this Agreement, including without limitation obligations under applicable regulation or law.

(r) The obligations of the Company under this Section 3.2 shall survive the expiration of the CVRs and the termination of this Agreement and the resignation, replacement or removal of the Rights Agent.

Section 3.3 *Resignation and Removal; Appointment of Successor.*

(a) The Rights Agent may resign at any time by written notice to the Company. Any such resignation notice shall specify the date on which such resignation will take effect (which shall be at least 30 days following the date that such resignation notice is delivered), and such resignation will be effective on the earlier of (x) the date so specified and (y) the appointment of a successor Rights Agent.

(b) The Company will have the right to remove the Rights Agent at any time by written notice to the Rights Agent, specifying the date on which such removal will take effect. Such notice will be given at least 30 days prior to the date so specified (or, if earlier, the appointment of the successor Rights Agent).

(c) If the Rights Agent resigns, is removed or becomes incapable of acting, the Company will promptly appoint a qualified successor Rights Agent. Notwithstanding the foregoing, if the Company fails to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the incumbent Rights Agent may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. The successor Rights Agent so appointed will, upon its acceptance of such appointment in accordance with this Section 3.3(c) and Section 3.4, become the Rights Agent for all purposes hereunder.

(d) The Company will give notice to the Holders of each resignation or removal of the Rights Agent and each appointment of a successor Rights Agent in accordance with Section 6.2. Each notice will include the name and address of the successor Rights Agent. If the Company

fails to send such notice within ten Business Days after acceptance of appointment by a successor Rights Agent, the successor Rights Agent will cause the notice to be mailed at the expense of the Company.

(e) Notwithstanding anything to the contrary in this Section 3.3, unless consented to in writing by the Majority of Holders, the Company will not appoint as a successor Rights Agent any Person that is not a stock transfer agent of national reputation or the corporate trust department of a commercial bank.

(f) The Rights Agent will reasonably cooperate with the Company and any successor Rights Agent in connection with the transition of the duties and responsibilities of the Rights Agent to the successor Rights Agent, including the transfer of all relevant data, including the CVR Register, to the successor Rights Agent; but such predecessor Rights Agent shall not be required to make any additional expenditure or assume any additional liability in connection with the foregoing.

Section 3.4 *Acceptance of Appointment by Successor.*

Every successor Rights Agent appointed hereunder will, at or prior to such appointment, execute, acknowledge and deliver to the Company and to the resigning or removed Rights Agent an instrument accepting such appointment and a counterpart of this Agreement, and such successor Rights Agent, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the Rights Agent; *provided*, that upon the request of the Company or the successor Rights Agent, such resigning or removed Rights Agent will execute and deliver an instrument transferring to such successor Rights Agent all the rights, powers and trusts of such resigning or removed Rights Agent.

ARTICLE 4 COVENANTS

Section 4.1 *List of Holders.*

The Company will furnish or cause to be furnished to the Rights Agent, in such form as the Company receives from its transfer agent (or other agent performing similar services for the Company), the names and addresses of the Holders within 10 Business Days following the Record Date.

Section 4.2 *Prohibited Actions.*

Unless approved by the Special Committee, the Company shall take no action for the principal purpose of (i) reducing the amount of any Payment Amounts payable under this Agreement or (ii) restricting the Company's ability to pay any of the Payment Amounts hereunder. Unless approved by the Special Committee, the Company shall not grant any lien, security interest, pledge or similar interest in: (x) any Payment Amounts or proceeds from any Disposition or other Payment Triggering Event during the Term, or (y) any Legacy Assets during the Disposition Period.

Section 4.3 *Backstop Financing Statement.*

It is the intent of the Company for the distribution to the Holders of the rights to receive the Payment Amount in respect of any Disposition to be complete and irrevocable. Notwithstanding the foregoing, the form of financing statement on Form UCC-1 attached as Exhibit A hereto shall be filed within 10 Business Days from the Record Date for the purpose of establishing a first-priority security interest in the Payment Amounts, to the extent that the assignment of such rights hereunder is not deemed effective, complete, or irrevocable for any reason.

Section 4.4 *CVR Committee; Efforts.*

(a) Subject to Section 4.4(b), the Special Committee shall have the sole responsibility, authority, and discretion during the Disposition Period to (i) negotiate the terms of any Disposition, (ii) oversee the prosecution and settlement of any Claim(s), and (iii) oversee the execution of any Payment Triggering Event(s). The Special Committee will recommend to the Board of Directors approval of any Disposition Agreement negotiated by the Special Committee, and provided that such Disposition Agreement does require the Company to expend or risk its own funds or otherwise incur any financial liability in the performance of any duties under such Disposition Agreement following the closing of the transactions thereunder (such as indemnity obligations and any restrictions on the ability to conduct the Company's business), the Board of Directors shall promptly cause the Company to execute and deliver such Disposition Agreement. For the avoidance of doubt, payments from the Interim Operating Amount shall not be considered Company financial liabilities for purposes of this Section 4.4. To the extent permitted under Nasdaq listing standards and applicable law, each member of the Special Committee will be entitled to receive reasonable compensation for their services and effort, and reasonable reimbursements for expenses, if any, provided that such compensation will not exceed an equivalent of \$400 per hour of service or effort by each such member of the Special Committee.

(b) The responsibility and authority of the Special Committee set forth in Section 4.4(a) will not be revoked or modified at any time during the Disposition Period; *provided, however*, no provision of this Agreement will require the Company to expend or risk its own funds or otherwise incur any financial liability in the performance of any duties hereunder or in the exercise of any rights or powers, to the extent in excess of the Interim Operating Amount. The Special Committee and the Company's Board of Directors will not owe fiduciary duties to the Holders (in their capacity as such) and will not have any liability to the Holders for any actions taken or not taken in connection with the matters set forth herein. Moreover, neither the Special Committee or any members thereof will be required to expend or risk his or her own funds or otherwise incur any financial liability in the performance of any duties hereunder or in the exercise of any rights or powers.

(c) In furtherance of the authority granted to the Special Committee under Section 4.4(a), the Special Committee will be entitled during the Disposition Period to incur, and the Company shall pay any and all, fees, expenses and costs to manage, negotiate, settle and finalize the Claims and any audits under Section 4.5 (the "Incurred Fees"); *provided, however*, the Incurred Fees may not exceed the Interim Operating Amount. Upon the expiration of the Disposition Period, to the extent the Interim Operating Amount exceeds the Incurred Fees, any such excess amount

will be distributed to the Holders as a Payment Amount. For the avoidance of doubt, the Special Committee may not incur any fees, expenses or costs under this Section in excess of the Interim Operating Amount without the prior written approval of the Company's Board of Directors.

(d) Subject to Section 6.7, the Holders will be intended third-party beneficiaries of the provisions of this Agreement and will be entitled to specifically enforce the terms hereof; *provided*, that under no circumstances will the rights of Holders as third-party beneficiaries pursuant to this Section 4 be enforceable by such Holders or any other Person acting for or on their behalf other than the Special Committee. The Special Committee has the sole power and authority to act on behalf of the Holders in enforcing any of their rights hereunder.

(e) Subject to Section 4.4(b), during the Disposition Period, the Company will, and will cause its Subsidiaries to, use commercially reasonable efforts to uphold the terms of all Disposition Agreements, including as applicable, effectuate the Disposition of Legacy Assets or Claims pursuant to such Disposition Agreement in accordance with its terms.

(f) Notwithstanding anything contained herein to the contrary, the Company will not, and will not permit its Affiliates to: (i) amend any Disposition Agreement or waive any right thereunder, if such amendment or waiver materially and adversely affects the rights of the Holders to receive the CVR Payment Amounts hereunder, unless the Special Committee consents to each such amendment or waiver, which will not be unreasonably withheld, delayed, or conditioned, or (ii) assign any Disposition Agreement without the consent of the Special Committee, unless such assignee agrees to assume all payment obligations under, and agrees to be bound in writing to the terms of such agreement and this Agreement.

Section 4.5 *Copies of CVR Records; Audit Rights.*

(a) Each Holder shall have the right, at any time, to request in writing to receive copies of: (i) Payment Triggering Event Notices delivered to the Rights Agent, (ii) any Audit Reports delivered to the Rights Agent pursuant to Section 4.5(b), (iii) copies of material correspondence between the Company or its Affiliates and the Rights Agent, (iv) amendments to the Agreement effected pursuant to ARTICLE 5, and (v) the records of the Rights Agent setting forth the dates and amounts of all Payment Amounts delivered to the Rights Agent, whether by Celgene, the Company or an Affiliate of the Company. The requesting Holder(s) shall pay the reasonable out-of-pocket expenses of the Rights Agent (*e.g.*, photocopying expenses, postage, etc.) incurred in responding to any such document requests.

(b) The Company shall keep, and shall require its Affiliates to keep, complete and accurate books and records that may be necessary for the purpose of calculating the Payment Amounts payable under this Agreement. At the request of the Special Committee, the Special Committee shall have the right to appoint an independent accounting firm to perform, on behalf of all Holders, an inspection of such books and records for the sole purpose of determining the Payment Amounts payable hereunder. Upon at least ten Business Days' prior written notice from the Special Committee, such audit shall be conducted during regular business hours in such a manner as to not unnecessarily interfere with the Company's normal business activities. Such audit shall not be performed more frequently than once per calendar year. If the audit reveals an overpayment, the Company shall be entitled to withhold such amount from future payments of

Payment Amounts. If the audit reveals an underpayment, the Company shall promptly (and in any event within 30 days) remit such amount to the Rights Agent for distribution to the Holders. The Company shall pay the audit costs if the underpayment exceeds 5% of the aggregate amount owed with regard to the period of the audit; otherwise, the Special Committee requesting the audit shall bear such audit expenses. A copy of the results of any audit conducted under this Section 4.5(b) (an “Audit Report”) shall be provided to the Company and the Rights Agent within thirty (30) days from issuance by the auditor.

ARTICLE 5 AMENDMENTS

Section 5.1 *Amendments Without Consent of Holders or Rights Agent.*

(a) The Company, at any time and from time to time, may enter into one or more amendments to this Agreement for any of the following purposes, without the consent of any of the Holders or the Rights Agent (subject to Section 5.3), *provided*, that if any such amendment(s) (individually or the aggregate) materially impairs or adversely affects the rights of the Holders hereunder, such amendment shall also require the prior written consent of the Holders in accordance with Section 5.2:

(i) to evidence the appointment of another Person as a successor Rights Agent and the assumption by any successor Rights Agent of the covenants and obligations of the Rights Agent herein in accordance with the provisions hereof;

(ii) to evidence the succession of another Person to the Company and the assumption of any such successor of the covenants of the Company outlined herein in a transaction contemplated by Section 6.6;

(iii) to add to the covenants of the Company such further covenants, restrictions, conditions or provisions for the protection and benefit of the Holders; *provided*, that in each case, such provisions shall not adversely affect the interests of the Holders;

(iv) to cure any ambiguity, to correct or supplement any provision in this Agreement that may be defective or inconsistent with any other provision in this Agreement, or to make any other provisions with respect to matters or questions arising under this Agreement; *provided*, that in each case, such provisions shall not adversely affect the interests of the Holders;

(v) as may be necessary or appropriate to ensure that CVRs are not subject to registration under the Securities Act or the Securities Exchange Act of 1934, as amended, and the rules and regulations made thereunder, or any applicable state securities or “blue sky” laws;

(vi) as may be necessary or appropriate to ensure that the Company is not required to produce a prospectus or an admission document in order to comply with applicable Law;

(vii) to cancel CVRs (i) in the event that any Holder has abandoned its rights in accordance with Section 2.5 or (ii) following a transfer of such CVRs to the Company or its Affiliates in accordance with Section 2.2 and Section 2.6;

(viii) as may be necessary or appropriate to ensure that the Company complies with applicable Law; or

(ix) to effect any other amendment to this Agreement that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Agreement of any such Holder.

(b) Promptly after the execution by the Company of any amendment pursuant to this Section 5.1, the Company will (or will cause the Rights Agent to) notify the Holders in general terms of the substance of such amendment in accordance with Section 6.2.

Section 5.2 *Amendments with Consent of Holders.*

(a) In addition to any amendments to this Agreement that may be made by the Company without the consent of any Holder or the Rights Agent pursuant to Section 5.1, with the consent of the Majority of Holders, the Company and the Rights Agent may enter into one or more amendments to this Agreement for the purpose of adding, eliminating or amending any provisions of this Agreement, even if such addition, elimination or amendment is adverse to the interests of the Holders.

(b) Promptly after the execution by the Company and the Rights Agent of any amendment pursuant to the provisions of this Section 5.2, the Company will (or will cause the Rights Agent to) notify the Holders in general terms of the substance of such amendment in accordance with Section 6.2.

Section 5.3 *Effect of Amendments.*

Upon the execution of any amendment under this ARTICLE 5, this Agreement will be modified in accordance therewith, such amendment will form a part of this Agreement for all purposes and every Holder will be bound thereby. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this ARTICLE 5, the Rights Agent shall execute such supplement or amendment. Notwithstanding anything in this Agreement to the contrary, the Rights Agent shall not be required to execute any supplement or amendment to this Agreement that it has determined would adversely affect its own rights, duties, obligations or immunities under this Agreement. No supplement, amendment or other modification to this Agreement shall be effective unless duly executed by the Rights Agent.

ARTICLE 6
MISCELLANEOUS

Section 6.1 *Notices to Rights Agent and to the Company.*

All notices, requests and other communications (each, a “Notice”) to any party hereunder shall be in writing and delivered personally, by FedEx or other internationally recognized overnight courier service or, except with respect to any Notice from any Holder, by email. Such Notice shall be deemed given (a) on the date of delivery, if delivered in person or by e-mail (upon confirmation of receipt) prior to 5:00 p.m. in the time zone of the receiving party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving party or (b) on the first Business Day following the date of dispatch, if delivered by FedEx or by other internationally recognized overnight courier service (upon proof of delivery), addressed as follows:

if to the Rights Agent, to:

American Stock Transfer & Trust Company, LLC
6201 15th Ave
Brooklyn, NY 11219
Attention: Corporate Actions Group
E-mail: reorg_rm@astfinancial.com

if to the Company, to:

Catalyst Biosciences, Inc.
611 Gateway Blvd.
Suite 120
South San Francisco, CA 94080
Attention: Nassim Usman
Seline Miller
E-mail: nusman@catbio.com
smiller@catbio.com

or to such other address as such party may hereafter specify for the purpose by notice to the other parties hereto.

Section 6.2 *Notice to Holders.*

All Notices required to be given to the Holders will be given (unless otherwise herein expressly provided) in writing and mailed, first-class postage prepaid, to each Holder at such Holder’s address as set forth in the CVR Register, not later than the latest date, and not earlier than the earliest date, prescribed for the sending of such Notice, if any, and will be deemed given on the date of mailing. In any case where notice to the Holders is given by mail, neither the failure to mail such Notice, nor any defect in any Notice so mailed, to any particular Holder will affect the sufficiency of such Notice with respect to other Holders.

Section 6.3 *Entire Agreement.*

As between the Company and the Rights Agent, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement, notwithstanding the reference to any other agreement herein, and supersedes all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter of this Agreement.

Section 6.4 *Successor Substituted.*

Upon any consolidation of or merger by the Company with or into any other Person, or any conveyance, transfer or lease of substantially all of the properties and assets of the Company to any Person, the surviving Person or acquiring Person (as applicable) shall succeed to, and be substituted for, and may exercise every right and power of, and shall assume all of the obligations of the Company under this Agreement with the same effect as if such Person had been named as the Company herein.

Section 6.5 *Merger or Consolidation or Change of Name of Rights Agent.*

Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the stock transfer or other shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, *provided*, that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 3.3. The purchase of all or substantially all of the Rights Agent's assets employed in the performance of transfer agent activities shall be deemed a merger or consolidation for purposes of this Section 6.5.

Section 6.6 *Successors and Assigns.*

This Agreement will be binding upon, and will be enforceable by and inure solely to the benefit of, the Holders, the Company and the Rights Agent and their respective successors and assigns. Except for assignments to its Affiliates and as provided in Section 6.5, the Rights Agent may not assign this Agreement without the Company's prior written consent. Subject to Section 5.1(a)(ii) and Section 6.4 hereof, the Company may assign, in its sole discretion and without the consent of any other party, any or all of its rights, interests and obligations hereunder to one or more of its Affiliates or to any Person with whom the Company is merged or consolidated, or any entity resulting from any merger or consolidation to which the Company shall be a party (each, an "Assignee"); *provided, however*, that in connection with any assignment to an Assignee, the Company shall agree to remain liable for the performance by the Company of its obligations hereunder (to the extent the Company exists following such assignment). The Company or an Assignee may not otherwise assign this Agreement without the prior consent of the Majority of Holders. Any attempted assignment of this Agreement in violation of this Section 6.6 will be void *ab initio* and of no effect.

Section 6.7 *Benefits of Agreement; Action by Majority of Holders.*

Nothing in this Agreement, express or implied, will give to any Person (other than the Company, the Rights Agent, the Holders and their respective permitted successors and assigns hereunder) any benefit or any legal or equitable right, remedy or claim under this Agreement or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the Company, the Rights Agent, the Holders and their permitted successors and assigns. The Holders are intended third-party beneficiaries under this Agreement, but will have no rights hereunder except as are expressly set forth herein. Except for the rights of the Rights Agent set forth herein, the Majority of Holders will have the sole right, on behalf of all Holders, by virtue of or under any provision of this Agreement, to institute any action or proceeding at law or in equity with respect to the performance of this Agreement by the Company, and no individual Holder or other group of Holders will be entitled to exercise such rights. Notwithstanding the foregoing, in the event of a bankruptcy of the Company, individual Holders shall be entitled to assert claims in bankruptcy and take related actions in pursuit of such claims with respect to any Payment Amounts that may be claimed by the bankruptcy estate of the Company or by any creditor of the Company.

Section 6.8 *Governing Law.*

This Agreement and the CVRs will be governed by, and construed in accordance with, the Laws of the State of New York, (without giving effect to any rule or principle that would result in application of the law of any other jurisdiction) and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

Section 6.9 *Jurisdiction.*

In any action or proceeding between any of the parties hereto arising out of or relating to this Agreement or any of the transactions contemplated hereby, each of the parties hereto: (a) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Supreme Court of the State of New York, County of New York, or, if under applicable Law exclusive jurisdiction is vested in the Federal courts, the United States District Court for the Southern District of New York (and appellate courts thereof); (b) agrees that all claims in respect of such action or proceeding shall be heard and determined exclusively in accordance with clause (a) of this Section 6.9; (c) waives any objection to laying venue in any such action or proceeding in such courts; (d) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over any party; and (e) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 6.1 or Section 6.2 of this Agreement.

Section 6.10 *Waiver of Jury Trial.*

Each of the parties hereto hereby irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby. Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event

of litigation, seek to enforce the foregoing waiver, (ii) each party understands and has considered the implication of this waiver, (iii) each party makes this waiver voluntarily, and (iv) each party has been induced to enter into this agreement by, among other things, the mutual waivers and certifications in this Section 6.10.

Section 6.11 *Severability Clause.*

In the event that any provision of this Agreement, or the application of any such provision to any Person or set of circumstances, is for any reason determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, will not be impaired or otherwise affected and will continue to be valid and enforceable to the fullest extent permitted by applicable Law. Upon such a determination, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible; *provided, however*, that if an excluded provision shall affect the rights, immunities, liabilities, duties or obligations of the Rights Agent, the Rights Agent shall be entitled to resign immediately upon written notice to the Company.

Section 6.12 *Counterparts; Effectiveness.*

This Agreement may be signed in any number of counterparts, each of which will be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement or any counterpart may be executed and delivered by facsimile copies or delivered by electronic communications by portable document format (.pdf), each of which shall be deemed an original. This Agreement will become effective when each party hereto will have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement will have no effect and no party will have any right or obligation hereunder (whether by virtue of any oral or written agreement or any other communication).

Section 6.13 *Termination.*

This Agreement will automatically terminate and be of no further force or effect and, except as provided in Section 3.2, the parties hereto will have no further liability hereunder, and the CVRs will expire without any consideration or compensation therefor upon the payment of all amounts potentially due under any Disposition Agreement entered into during the Disposition Period (if any) (the "Term"). The termination of this Agreement will not affect or limit the right of Holders to receive the Payment Amounts under Section 2.3(b) to the extent earned prior to the termination of this Agreement, and the provisions applicable thereto will survive the expiration or termination of this Agreement.

Section 6.14 *Force Majeure.*

Notwithstanding anything to the contrary contained herein, none of the Rights Agent, the Company or any of its Subsidiaries (except as it relates to the obligations of the Company under Section 2.3(a)) will be liable for any delays or failures in performance resulting from acts beyond its reasonable control including acts of God, terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunctions of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war or civil unrest.

Section 6.15 *Construction.*

(a) As used in this Agreement, the words “include” and “including,” and variations thereof, will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words “without limitation.”

(b) The headings contained in this Agreement are for convenience of reference only, will not be deemed to be a part of this Agreement and will not be referred to in connection with the construction or interpretation of this Agreement.

(c) Any reference in this Agreement to a date or time shall be deemed to be such date or time in New York City, United States, unless otherwise specified. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

Section 6.16 *Tax Treatment.*

The Rights Agent agrees to treat (i) the distribution of the CVRs as a distribution of contractual rights governed by Section 301 of the Code and (ii) any Payment Amount as a contractual payment pursuant to the rights afforded by this Agreement to the Holder and not as a distribution by the Company in respect of Company common stock for U.S. federal, and, to the extent applicable, state and local income tax purposes.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed as of the day and year first above written.

Catalyst Biosciences, Inc.

By: _____

Name:

Title:

American Stock Transfer & Trust Company, LLC

By: _____

Name:

Title:

[Signature Page to Catalyst Contingent Value Rights Agreement]

CATALYST BIOSCIENCES, INC.

January 17, 2023

Nassim Usman, Ph.D.
VIA EMAIL

Dear Nassim:

This letter (the “**Agreement**”) confirms the agreement between you and Catalyst Biosciences, Inc. (the “**Company**”) regarding your waiver of certain existing severance payments and benefits, the cancellation of certain of your outstanding stock options, your general release of claims with respect to the Company as of the date hereof, and a lump sum bonus to be paid to you in consideration for your execution and non-revocation of such general release of claims. For clarity, the lump sum bonus relates to the discretionary event-based bonus approved by the Company’s Compensation Committee on December 1, 2022, which is in lieu of and replaces any amounts you would otherwise be entitled to receive pursuant to the Company’s target performance bonus for fiscal year 2022 (the “**2022 Annual Bonus**”). By signing below, you acknowledge and agree that you will not be paid the 2022 Annual Bonus and instead will receive the lump sum payment described in Section 3 below. This Agreement will be effective upon your execution of the Agreement (the “**Effective Date**”). Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the employment agreement between you and the Company, dated August 27, 2018, as amended (the “**Employment Agreement**”).

1. As of the Effective Date, you acknowledge and agree that you are waiving any rights you may have to the severance payments and benefits you would otherwise be entitled to receive pursuant to the Employment Agreement upon a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period. Notwithstanding the foregoing, in the event of a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period, you shall be entitled to receive the same monthly COBRA premiums that you would have been entitled to receive in connection with such termination absent the waiver in the immediately preceding sentence, in accordance with the terms and conditions of your Employment Agreement. Except as provided herein, the provisions of the Employment Agreement shall remain in full force and effect following the Effective Date and this Agreement shall not constitute a modification or waiver of any provision of the Employment Agreement except as provided herein. For clarity, nothing in this Agreement shall affect your rights to receive severance benefits outside of the Change in Control Protection Period.
 2. You hereby represents and warrant that (i) you are the sole record and beneficial owner of, and have the sole right to dispose of, the option(s) to purchase shares of Company common stock (each, an “**Option**”) pursuant to the Company’s 2018 Omnibus Incentive Plan, as amended (the “**Plan**”), as set forth on the Option Summary Schedule attached hereto as **Exhibit A** (subject to applicable community
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property laws, if any), (ii) the Option(s) set forth on the Option Summary Schedule are, or as of the Effective Date will be, free and clear of any liens, and (iii) the Options set forth on the Option Summary Schedule attached hereto as **Exhibit A** represent all Options beneficially owned by you that either (x) were granted to you prior to January 1, 2022 and are unvested in part as of the date hereof (each such Option, a “**Pre-2022 Option**”) or (y) were granted to you on or after January 1, 2022 (each such Option, a “**2022 Option**”). By executing this Agreement, you hereby acknowledge and agree that (i) each outstanding and unexercised Pre-2022 Option that is unvested as of the last date of your employment with the Company (after giving effect to any applicable acceleration provisions in the Employment Agreement) shall be cancelled effective as of your last date of employment with the Company and (ii) each 2022 Option that is outstanding and unexercised as of the date hereof shall be cancelled as of the Effective Date (clauses (i) and (ii), collectively, the “**Cancelled Options**”).

3. Subject to, and in consideration for, your execution of this Agreement, without revocation, and provided you comply with all of the terms and conditions of this Agreement and all Company policies, the Company will pay you a lump sum bonus payment of \$1,149,000 less all applicable withholdings and other required deductions, which will be paid to you within 30 days following the Effective Date (the date such bonus is actually paid, the “**Payment Date**”).
 4. In consideration for receiving the payment described in Section 3 above, and for other good and valuable consideration, the sufficiency of which you hereby acknowledge, you hereby generally and completely release, to the maximum extent permitted by applicable law, the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, stockholder, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the “**Released Parties**”) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the “**Released Claims**”). The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).
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5. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows: **“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her would have materially affected his or her settlement with the debtor or released party.”** You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.
 6. Notwithstanding the foregoing, the following are not included in the Released Claims (the **“Excluded Claims”**): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (ii) any rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. You hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. You understand that nothing in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (**“Government Agencies”**). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to the maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement.
 7. Nothing contained in this Agreement shall constitute or be treated as an admission by you or the Company of any liability, wrongdoing, or violation of law.
 8. You agree that you will not disclose to others the fact or terms of this Agreement, except that you may disclose such information to your spouse or to your attorney or accountant in order for such individuals to render services to you.
 9. You agree that except as otherwise expressly provided in this Agreement and the Employment Agreement, this Agreement renders null and void any and all prior or contemporaneous agreements or understandings between you and the Company or any affiliate of the Company, including, but not limited to, any employment-related agreement entered into by and between you and the Company. You and the
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Company agree that this Agreement and the Employment Agreement constitutes the entire agreement between you and the Company and any affiliate of the Company regarding the subject matter of this Agreement and the Employment Agreement, and that this Agreement may be modified only in a written document signed by you and a duly authorized officer of the Company.

10. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.
11. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and such invalidity or unenforceability shall not affect any other provision of this Agreement, the balance of which will remain in and have its intended full force and effect; provided, however that if such invalid or unenforceable provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to have been modified so as to be valid and enforceable to the maximum extent permitted by law.
12. You agree that this Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement. Execution of a facsimile copy or scanned image shall have the same force and effect as execution of an original, and a facsimile signature or scanned image of a signature shall be deemed an original and valid signature.

[Signature Page Follows]

To accept this Agreement, please sign and date this Agreement and return it to me. You have until 5:00 p.m. PT on January 17, 2023 to review and consider this Agreement and to provide me with an executed copy thereof. Please indicate your agreement with the above terms by signing below.

Sincerely,

CATALYST BIOSCIENCES, INC.

By: _____
(Signature)

Name:

Title:

My agreement with the terms of this Agreement is signified by my signature below. Furthermore, I acknowledge that I have read and understand this Agreement and that I sign this release of all claims voluntarily, with full appreciation that at no time in the future may I pursue any of the rights I have waived in this Agreement.

Signed _____

Dated: _____

Nassim Usman, Ph.D.

EXHIBIT A**OPTIONS SUMMARY SCHEDULE⁽¹⁾****ISOs**

Grant Date	Exercise Price Per Share	Shares of Company Common Stock Originally Subject to Options	Options Vested and Outstanding⁽²⁾	Options Unvested and Outstanding⁽³⁾	Cancelled Options⁽⁴⁾
10/22/2015	\$17.36	6,143	6,143	-	-
10/22/2015	\$17.36	14,721	14,721	-	-
7/11/2017	\$1.22	188,921	188,921	-	-
1/12/2018	\$3.98	25,140	25,140	-	-
1/24/2019	\$2.10	6,341	-	6,341	6,341
1/23/2020	\$1.81	57,264	-	57,264	57,264
2/8/2021	\$1.55	76,173	4	76,169	76,169

NQSOs

Grant Date	Exercise Price Per Share	Shares of Company Common Stock Originally Subject to Options	Options Vested and Outstanding⁽²⁾	Options Unvested and Outstanding⁽³⁾	Cancelled Options⁽⁴⁾
10/22/2015	\$17.36	3,389	3,389	-	-
10/22/2015	\$17.36	2,362	2,362	-	-
10/22/2015	\$17.36	30,438	30,438	-	-
7/11/2017	\$1.22	799,272	799,272	-	-
1/12/2018	\$3.98	336,232	336,232	-	-
7/30/2018	\$2.55	285,294	285,294	-	-
1/24/2019	\$2.10	297,972	297,972	-	-
1/23/2020	\$1.81	380,186	318,975	61,211	61,211
2/8/2021	\$1.55	456,375	255,176	201,199	201,199
6/1/2022	\$0.32	1,521,568	-	1,521,568	1,521,568

(1) All figures set forth on this Exhibit A shall be subject to adjustment in connection with any stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the shares of the Company, corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete), or any similar transaction.

(2) Reflects all Options that are vested and outstanding as of the date hereof.

- (3) Reflects all Options that are unvested and outstanding as of the date hereof.
- (4) All 2022 Options shall be cancelled as of the Effective Date. With respect to each Pre-2022 Option, the portion of such Pre-2022 Option identified in this column shall be cancelled as of the last date of your employment with the Company; provided that, the number of Cancelled Options set forth in this column shall be reduced by any portion of such Pre-2022 Option that becomes vested during the period commencing on the date hereof and ending on the last date of your employment with the Company (after giving effect to any applicable acceleration provisions in the Employment Agreement).
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CATALYST BIOSCIENCES, INC.

January 14, 2023

Grant Blouse
VIA EMAIL

Dear Grant:

This letter (the “**Agreement**”) confirms the agreement between you and Catalyst Biosciences, Inc. (the “**Company**”) regarding your waiver of certain existing severance payments and benefits, the cancellation of certain of your outstanding stock options, your general release of claims with respect to the Company as of the date hereof, and a lump sum bonus to be paid to you in consideration for your execution and non-revocation of such general release of claims. For clarity, the lump sum bonus relates to the discretionary event-based bonus approved by the Company’s Compensation Committee on December 1, 2022, which is in lieu of and replaces any amounts you would otherwise be entitled to receive pursuant to the Company’s target performance bonus for fiscal year 2022 (the “**2022 Annual Bonus**”). By signing below, you acknowledge and agree that you will not be paid the 2022 Annual Bonus and instead will receive the lump sum payment described in Section 3 below. This Agreement will be effective upon your execution of the Agreement (the “**Effective Date**”). Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the employment agreement between you and the Company, dated August 27, 2018, as amended (the “**Employment Agreement**”).

1. As of the Effective Date, you acknowledge and agree that you are waiving any rights you may have to the severance payments and benefits you would otherwise be entitled to receive pursuant to the Employment Agreement upon a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period. Notwithstanding the foregoing, in the event of a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period, you shall be entitled to receive the same monthly COBRA premiums that you would have been entitled to receive in connection with such termination absent the waiver in the immediately preceding sentence, in accordance with the terms and conditions of your Employment Agreement. Except as provided herein, the provisions of the Employment Agreement shall remain in full force and effect following the Effective Date and this Agreement shall not constitute a modification or waiver of any provision of the Employment Agreement except as provided herein. For clarity, nothing in this Agreement shall affect your rights to receive severance benefits outside of the Change in Control Protection Period.
 2. You hereby represents and warrant that (i) you are the sole record and beneficial owner of, and have the sole right to dispose of, the option(s) to purchase shares of Company common stock (each, an “**Option**”) pursuant to the Company’s 2018 Omnibus Incentive Plan, as amended (the “**Plan**”), as set forth on the Option Summary Schedule attached hereto as **Exhibit A** (subject to applicable community
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property laws, if any), (ii) the Option(s) set forth on the Option Summary Schedule are, or as of the Effective Date will be, free and clear of any liens, and (iii) the Options set forth on the Option Summary Schedule attached hereto as **Exhibit A** represent all Options beneficially owned by you that either (x) were granted to you prior to January 1, 2022 and are unvested in part as of the date hereof or (y) were granted to you on or after January 1, 2022. By executing this Agreement, you hereby acknowledge and agree that each Option identified as a Cancelled Option on the Option Summary Schedule attached hereto as **Exhibit A** that is outstanding and unexercised as of the Effective Date shall be cancelled effective as of the Effective Date.

3. Subject to, and in consideration for, your execution of this Agreement, without revocation, and provided you comply with all of the terms and conditions of this Agreement and all Company policies, the Company will pay you a lump sum bonus payment of \$572,249, less all applicable withholdings and other required deductions, which will be paid to within 30 days following the Effective Date (the date such bonus is actually paid, the **"Payment Date"**).
 4. In consideration for receiving the payment described in Section 3 above, and for other good and valuable consideration, the sufficiency of which you hereby acknowledge, you hereby generally and completely release, to the maximum extent permitted by applicable law, the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, stockholder, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the **"Released Parties"**) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the **"Released Claims"**). The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).
 5. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows: **"A general release does not extend to claims which the**
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creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her would have materially affected his or her settlement with the debtor or released party.” You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.

6. Notwithstanding the foregoing, the following are not included in the Released Claims (the “**Excluded Claims**”): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (ii) any rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. You hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. You understand that nothing in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (“**Government Agencies**”). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to the maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement.
 7. Nothing contained in this Agreement shall constitute or be treated as an admission by you or the Company of any liability, wrongdoing, or violation of law.
 8. You agree that you will not disclose to others the fact or terms of this Agreement, except that you may disclose such information to your spouse or to your attorney or accountant in order for such individuals to render services to you.
 9. You agree that except as otherwise expressly provided in this Agreement and the Employment Agreement, this Agreement renders null and void any and all prior or contemporaneous agreements or understandings between you and the Company or any affiliate of the Company, including, but not limited to, any employment-related agreement entered into by and between you and the Company. You and the Company agree that this Agreement and the Employment Agreement constitutes the entire agreement between you and the Company and any affiliate of the Company regarding the subject matter of this Agreement and the Employment Agreement, and that this Agreement may be modified only in a written document signed by you and a duly authorized officer of the Company.
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10. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.
11. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and such invalidity or unenforceability shall not affect any other provision of this Agreement, the balance of which will remain in and have its intended full force and effect; provided, however that if such invalid or unenforceable provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to have been modified so as to be valid and enforceable to the maximum extent permitted by law.
12. You agree that this Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement. Execution of a facsimile copy or scanned image shall have the same force and effect as execution of an original, and a facsimile signature or scanned image of a signature shall be deemed an original and valid signature.

[Signature Page Follows]

To accept this Agreement, please sign and date this Agreement and return it to me. You have until 5:00 p.m. PT on January 14, 2023 to review and consider this Agreement and to provide me with an executed copy thereof. Please indicate your agreement with the above terms by signing below.

Sincerely,

CATALYST BIOSCIENCES, INC.

By: _____
(Signature)

Name:

Title:

My agreement with the terms of this Agreement is signified by my signature below. Furthermore, I acknowledge that I have read and understand this Agreement and that I sign this release of all claims voluntarily, with full appreciation that at no time in the future may I pursue any of the rights I have waived in this Agreement.

Signed _____

Grant Blouse

Dated: _____

EXHIBIT A**OPTIONS SUMMARY SCHEDULE*****ISOs**

Grant Date	Exercise Price Per Share	Shares of Company Common Stock Originally Subject to Options	Options Vested and Outstanding**	Options Unvested and Outstanding	Cancelled Options
7/16/2018	\$3.21	104,855	104,855	-	-
7/30/2018	\$2.55	12,164	12,164	-	-
1/24/2019	\$2.10	16,919	16,919	-	-
1/23/2020	\$1.81	36,057	24,961	11,096	11,096
2/8/2021	\$1.55	66,659	23,947	42,712	42,712
6/16/2021	\$1.14	35,661	-	35,661	35,661
2/11/2022	\$0.14	304,222	-	304,222	304,222

NQSOs

Grant Date	Exercise Price Per Share	Shares of Company Common Stock Originally Subject to Options	Options Vested and Outstanding**	Options Unvested and Outstanding	Cancelled Options
7/16/2018	\$3.21	9,262	9,262	-	-
7/30/2018	\$2.55	25,874	25,874	-	-
1/24/2019	\$2.10	51,550	51,550	-	-
1/23/2020	\$1.81	97,079	97,079	-	-
2/8/2021	\$1.55	79,791	73,689	6,102	6,102
6/16/2021	\$1.14	59,436	53,490	5,946	5,946
2/11/2022	\$0.14	456,561	-	456,561	456,561

*All figures set forth on this Exhibit A shall be subject to adjustment in connection with any stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the shares of the Company, corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete), or any similar transaction.

**Includes all Options granted prior to January 1, 2022 which are scheduled to vest on or before October 15, 2023 (representing the date that is 9 months following your termination of employment effective January 15, 2023), which will accelerate upon your termination of employment in accordance with the terms of the Employment Agreement.

CATALYST BIOSCIENCES, INC.

January 17, 2023

Seline Miller
VIA EMAIL

Dear Seline:

This letter (the “**Agreement**”) confirms the agreement between you and Catalyst Biosciences, Inc. (the “**Company**”) regarding your waiver of certain existing severance payments and benefits, the cancellation of certain of your outstanding stock options, your general release of claims with respect to the Company as of the date hereof, and a lump sum bonus to be paid to you in consideration for your execution and non-revocation of such general release of claims. For clarity, the lump sum bonus relates to the discretionary event-based bonus approved by the Company’s Compensation Committee on December 1, 2022, which is in lieu of and replaces any amounts you would otherwise be entitled to receive pursuant to the Company’s target performance bonus for fiscal year 2022 (the “**2022 Annual Bonus**”). By signing below, you acknowledge and agree that you will not be paid the 2022 Annual Bonus and instead will receive the lump sum payment described in Section 3 below. This Agreement will be effective upon your execution of the Agreement (the “**Effective Date**”). Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the employment agreement between you and the Company, dated November 4, 2021, as amended (the “**Employment Agreement**”).

1. As of the Effective Date, you acknowledge and agree that you are waiving any rights you may have to the severance payments and benefits you would otherwise be entitled to receive pursuant to the Employment Agreement upon a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period. Notwithstanding the foregoing, in the event of a termination of your employment by the Company without Cause or as a result of Constructive Termination, in each case, during the Change in Control Protection Period, you shall be entitled to receive the same monthly COBRA premiums that you would have been entitled to receive in connection with such termination absent the waiver in the immediately preceding sentence, in accordance with the terms and conditions of your Employment Agreement. Except as provided herein, the provisions of the Employment Agreement shall remain in full force and effect following the Effective Date and this Agreement shall not constitute a modification or waiver of any provision of the Employment Agreement except as provided herein. For clarity, nothing in this Agreement shall affect your rights to receive severance benefits outside of the Change in Control Protection Period.
 2. You hereby represents and warrant that (i) you are the sole record and beneficial owner of, and have the sole right to dispose of, the option(s) to purchase shares of Company common stock (each, an “**Option**”) pursuant to the Company’s 2018 Omnibus Incentive Plan, as amended (the “**Plan**”), as set forth on the Option Summary Schedule attached hereto as **Exhibit A** (subject to applicable community
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property laws, if any), (ii) the Option(s) set forth on the Option Summary Schedule are, or as of the Effective Date will be, free and clear of any liens, and (iii) the Options set forth on the Option Summary Schedule attached hereto as **Exhibit A** represent all Options beneficially owned by you that either (x) were granted to you prior to January 1, 2022 and are unvested in part as of the date hereof (each such Option, a “**Pre-2022 Option**”) or (y) were granted to you on or after January 1, 2022 (each such Option, a “**2022 Option**”). By executing this Agreement, you hereby acknowledge and agree that (i) each outstanding and unexercised Pre-2022 Option that is unvested as of the last date of your employment with the Company (after giving effect to any applicable acceleration provisions in the Employment Agreement) shall be cancelled effective as of your last date of employment with the Company and (ii) each 2022 Option that is outstanding and unexercised as of the date hereof shall be cancelled as of the Effective Date (clauses (i) and (ii), collectively, the “**Cancelled Options**”).

3. Subject to, and in consideration for, your execution of this Agreement, without revocation, and provided you comply with all of the terms and conditions of this Agreement and all Company policies, the Company will pay you a lump sum bonus payment of \$370,351, less all applicable withholdings and other required deductions, which will be paid to you within 30 days following the Effective Date (the date such bonus is actually paid, the “**Payment Date**”).
 4. In consideration for receiving the payment described in Section 3 above, and for other good and valuable consideration, the sufficiency of which you hereby acknowledge, you hereby generally and completely release, to the maximum extent permitted by applicable law, the Company, and its affiliated, related, parent and subsidiary entities, and its and their current and former directors, officers, employees, stockholder, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the “**Released Parties**”) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the “**Released Claims**”). The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with the Company; (ii) all claims related to your compensation or benefits from the Company, including salary, bonuses, commissions, vacation, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the California Labor Code (as amended), and the California Fair Employment and Housing Act (as amended).
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5. YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS. In giving the release herein, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code, which reads as follows: **“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her would have materially affected his or her settlement with the debtor or released party.”** You hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to your release of any unknown or unsuspected claims herein.
 6. Notwithstanding the foregoing, the following are not included in the Released Claims (the **“Excluded Claims”**): (i) any rights or claims for indemnification you may have pursuant to any written indemnification agreement with the Company to which you are a party or under applicable law; (ii) any rights which are not waivable as a matter of law; and (iii) any claims for breach of this Agreement. You hereby represent and warrant that, other than the Excluded Claims, you are not aware of any claims you have or might have against any of the Released Parties that are not included in the Released Claims. You understand that nothing in this Agreement limits your ability to file a charge or complaint with the Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (**“Government Agencies”**). You further understand this Agreement does not limit your ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit your right to receive an award for information provided to the Securities and Exchange Commission, you understand and agree that, to the maximum extent permitted by law, you are otherwise waiving any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement.
 7. Nothing contained in this Agreement shall constitute or be treated as an admission by you or the Company of any liability, wrongdoing, or violation of law.
 8. You agree that you will not disclose to others the fact or terms of this Agreement, except that you may disclose such information to your spouse or to your attorney or accountant in order for such individuals to render services to you.
 9. You agree that except as otherwise expressly provided in this Agreement and the Employment Agreement, this Agreement renders null and void any and all prior or contemporaneous agreements or understandings between you and the Company or any affiliate of the Company, including, but not limited to, any employment-related agreement entered into by and between you and the Company. You and the
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Company agree that this Agreement and the Employment Agreement constitutes the entire agreement between you and the Company and any affiliate of the Company regarding the subject matter of this Agreement and the Employment Agreement, and that this Agreement may be modified only in a written document signed by you and a duly authorized officer of the Company.

10. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.
11. The provisions of this Agreement are severable. If any provision of this Agreement is held invalid or unenforceable, such provision shall be deemed deleted from this Agreement and such invalidity or unenforceability shall not affect any other provision of this Agreement, the balance of which will remain in and have its intended full force and effect; provided, however that if such invalid or unenforceable provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to have been modified so as to be valid and enforceable to the maximum extent permitted by law.
12. You agree that this Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one agreement. Execution of a facsimile copy or scanned image shall have the same force and effect as execution of an original, and a facsimile signature or scanned image of a signature shall be deemed an original and valid signature.

[Signature Page Follows]

To accept this Agreement, please sign and date this Agreement and return it to me. You have until 5:00 p.m. PT on January 17, 2023 to review and consider this Agreement and to provide me with an executed copy thereof. Please indicate your agreement with the above terms by signing below.

Sincerely,

CATALYST BIOSCIENCES, INC.

By: _____
(Signature)

Name:

Title:

My agreement with the terms of this Agreement is signified by my signature below. Furthermore, I acknowledge that I have read and understand this Agreement and that I sign this release of all claims voluntarily, with full appreciation that at no time in the future may I pursue any of the rights I have waived in this Agreement.

Signed _____

Dated: _____

Seline Miller

EXHIBIT A

OPTIONS SUMMARY SCHEDULE⁽¹⁾

ISOs

Grant Date	Exercise Price Per Share	Shares of Company Common Stock Originally Subject to Options	Options Vested and Outstanding⁽²⁾	Options Unvested and Outstanding⁽³⁾	Cancelled Options⁽⁴⁾
4/15/2021	\$1.27	60,862	26,617	34,245	34,245
2/11/2022	\$0.14	408,921	-	408,921	408,921

- (1) All figures set forth on this Exhibit A shall be subject to adjustment in connection with any stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the shares of the Company, corporate merger, consolidation, acquisition of property or stock, separation (including a spin-off or other distribution of stock or property), reorganization, liquidation (whether partial or complete), or any similar transaction.
- (2) Reflects all Options that are vested and outstanding as of the date hereof.
- (3) Reflects all Options that are unvested and outstanding as of the date hereof.
- (4) All 2022 Options shall be cancelled as of the Effective Date. With respect to each Pre-2022 Option, the portion of such Pre-2022 Option identified in this column shall be cancelled as of the last date of your employment with the Company; provided that, the number of Cancelled Options set forth in this column shall be reduced by any portion of such Pre-2022 Option that becomes vested during the period commencing on the date hereof and ending on the last date of your employment with the Company (after giving effect to any applicable acceleration provisions in the Employment Agreement).
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CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES EXCHANGE ACT
OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nassim Usman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. for the period ended June 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 14, 2023

/s/ Nassim Usman, Ph.D.

Nassim Usman, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

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

I, Seline Miller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. for the period ended June 30, 2023;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

Date: August 14, 2023

/s/ Seline Miller

Seline Miller
Interim Chief Financial Officer
(Interim Financial and Principal Accounting Officer)

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

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. (the "Company") for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nassim Usman, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

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

Date: August 14, 2023

/s/ Nassim Usman, Ph.D.

Nassim Usman, Ph.D.

President and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. (the “Company”) for the period ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Seline Miller, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2023

/s/ Seline Miller

Seline Miller
Interim Chief Financial Officer
(Interim Financial and Principal Accounting Officer)
