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 September 30, 2020

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	**56-2020050**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
611 Gateway Blvd., Suite 710 South San Francisco, California	**94080**
(Address of Principal Executive Offices)	**(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	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	CBIO	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, or a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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

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

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

As of October 29, 2020, the number of outstanding shares of the registrant's common stock, par value $0.001 per share, was 22,097,820.

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)

	September 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 24,923	$ 15,369
Short-term investments	77,959	61,496
Accounts receivable	1,555	15,000
Prepaid and other current assets	3,535	4,201
Total current assets	107,972	96,066
Long-term investments	1,171	—
Other assets, noncurrent	698	257
Right-of-use assets	1,524	1,927
Property and equipment, net	439	304
Total assets	$ 111,804	$ 98,554
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 4,244	$ 4,279
Accrued compensation	2,543	2,106
Deferred revenue	764	15,000
Other accrued liabilities	8,750	7,031
Operating lease liability	519	483
Total current liabilities	16,820	28,899
Operating lease liability, noncurrent	925	1,319
Total liabilities	17,745	30,218
Stockholders' equity:		
Preferred stock, $0.001 par value, 5,000,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, $0.001 par value, 100,000,000 shares authorized; 22,082,924 and 12,040,835 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	22	12
Additional paid-in capital	389,883	326,810
Accumulated other comprehensive income	8	34
Accumulated deficit	(295,854)	(258,520)
Total stockholders' equity	94,059	68,336
Total liabilities and stockholders' equity	$ 111,804	$ 98,554

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
License	$ 32	$ —	$ 15,100	$ —
Collaboration	861	—	3,817	—
License and collaboration revenue	893	—	18,917	—
Operating expenses:				
Cost of license	32	—	3,102	—
Cost of collaboration	879	—	4,030	—
Research and development	12,249	9,927	38,419	33,066
General and administrative	3,833	3,268	11,895	10,224
Total operating expenses	16,993	13,195	57,446	43,290
Loss from operations	(16,100)	(13,195)	(38,529)	(43,290)
Interest and other income, net	67	489	1,195	1,722
Net loss	$ (16,033)	$ (12,706)	$ (37,334)	$ (41,568)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.73)	$ (1.06)	$ (2.05)	$ (3.47)
Shares used to compute net loss per share attributable to common stockholders, basic and diluted	22,072,243	12,022,620	18,199,575	11,992,240

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

Catalyst Biosciences, Inc.
Condensed Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss	$ (16,033)	$ (12,706)	$ (37,334)	$ (41,568)
Other comprehensive (loss) income:				
Unrealized (loss) gain on available-for-sale debt securities	(33)	(26)	(26)	35
Total comprehensive loss	$ (16,066)	$ (12,732)	$ (37,360)	$ (41,533)

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

Catalyst Biosciences, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2019	—	$ —	12,040,835	$ 12	$ 326,810	$ 34	$ (258,520)	$ 68,336
Stock-based compensation expense	—	—	7,817	—	805	—	—	805
Issuance of common stock from stock grants and option exercises	—	—	62,969	—	339	—	—	339
Issuance of common stock for public offering, net of issuance costs of $2,514	—	—	5,307,692	5	31,981	—	—	31,986
Unrealized gain on available-for-sale debt securities	—	—	—	—	—	106		106
Net loss	—	—	—	—	—	—	(4,053)	(4,053)
Balance at March 31, 2020	—	—	17,419,313	17	359,935	140	(262,573)	97,519
Stock-based compensation expense	—	—	16,048	—	834	—	—	834
Issuance of common stock for public offering, net of issuance costs of $2,045	—	—	4,615,384	5	27,950	—	—	27,955
Unrealized loss on available-for-sale debt securities	—	—	—	—	—	(99)	—	(99)
Net loss	—	—	—	—	—	—	(17,248)	(17,248)
Balance at June 30, 2020	—	—	22,050,745	22	388,719	41	(279,821)	108,961
Stock-based compensation expense	—	—	12,295	—	1,068	—	—	1,068
Issuance of common stock from stock grants	—	—	19,884	—	96	—	—	96
Unrealized loss on available-for-sale debt securities	—	—	—	—	—	(33)	—	(33)
Net loss	—	—	—	—	—	—	(16,033)	(16,033)
Balance at September 30, 2020	—	$ —	22,082,924	$ 22	$ 389,883	$ 8	$ (295,854)	$ 94,059

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	—	$ —	11,954,528	$ 12	$ 323,279	$ (4)	$ (203,342)	$ 119,945
Stock-based compensation expense	—	—	—	—	829	—	—	829
Issuance of common stock from stock grants and option exercises	—	—	19,576	—	106	—	—	106
Unrealized gain on available-for-sale debt securities	—	—	—	—	—	17	—	17
Net loss	—	—	—	—	—	—	(15,082)	(15,082)
Balance at March 31, 2019	—	—	11,974,104	12	324,214	13	(218,424)	105,815
Stock-based compensation expense	—	—	5,999	—	903	—	—	903
Issuance of common stock from option exercises	—	—	28,425	—	129	—	—	129
Unrealized gain on available-for-sale debt securities	—	—	—	—	—	44	—	44
Net loss	—	—	—	—	—	—	(13,780)	(13,780)
Balance at June 30, 2019	—	—	12,008,528	12	325,246	57	(232,204)	93,111
Stock-based compensation expense	—	—	7,393	—	801	—	—	801
Issuance of common stock from stock grants and option exercises	—	—	14,071	—	92	—	—	92
Unrealized loss on available-for-sale debt securities	—	—	—	—	—	(26)	—	(26)
Net loss	—	—	—	—	—	—	(12,706)	(12,706)
Balance at September 30, 2019	—	$ —	12,029,992	$ 12	$ 326,139	$ 31	$ (244,910)	$ 81,272

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)

	Nine Months Ended September 30,	
	2020	2019
Operating Activities		
Net loss	$ (37,334)	$ (41,568)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	2,707	2,533
Depreciation and amortization	93	112
Changes in operating assets and liabilities:		
Accounts receivable	13,445	—
Prepaid and other assets	225	(477)
Accounts payable	(35)	875
Accrued compensation and other accrued liabilities	2,156	2,944
Operating lease liability and right-of-use asset	45	57
Deferred revenue	(14,236)	—
Net cash flows used in operating activities	(32,934)	(35,524)
Investing Activities		
Proceeds from maturities of short-term investments	74,082	133,967
Purchases of short-term and long-term investments	(91,742)	(106,950)
Purchases of property and equipment	(228)	(65)
Net cash flows (used in) provided by investing activities	(17,888)	26,952
Financing Activities		
Issuance of common stock for public offering, net of issuance costs	59,941	—
Issuance of common stock from stock grants and option exercises	435	327
Net cash flow provided by financing activities	60,376	327
Net increase (decrease) in cash, cash equivalents and restricted cash	9,554	(8,245)
Cash, cash equivalents and restricted cash at beginning of the period	15,369	31,263
Cash, cash equivalents and restricted cash at end of the period[a]	$ 24,923	$ 23,018
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Right-of-use asset and operating lease liability recorded upon the adoption of ASC 842, net	$ —	$ 2,052

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") is a fully integrated research and clinical development biopharmaceutical company with expertise in protease engineering, discovery, translational research, clinical development, and manufacturing. The Company is focused on advancing its protease product candidates in the fields of hemostasis and complement regulation. The Company is located in South San Francisco, California and operates in one segment.

The Company had a net loss of $37.3 million for the nine months ended September 30, 2020 and an accumulated deficit of $295.9 million as of September 30, 2020. The Company expects to continue to incur losses for the next several years. As of September 30, 2020, the Company had $104.1 million of cash, cash equivalents and investments. Its primary uses of cash are to fund operating expenses, including research and development expenditures and general and administrative expenditures. Based on the current status of its research and development plans, the Company believes that its existing cash, cash equivalents and investments as of September 30, 2020 will be sufficient to fund its cash requirements for at least the next 12 months from the date of the filing of this quarterly report. If, at any time, the Company's prospects for financing its research and development programs decline, the Company may decide to reduce research and development expenses by delaying, discontinuing or reducing its funding of one or more of its research or development programs. Alternatively, the Company might raise funds through strategic collaborations, public or private financings or other arrangements. Such funding, if needed, may not be available on favorable terms, or at all.

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 full year.

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, 2019 ("Annual Report").

Accounting Pronouncements Recently Adopted

The Company's significant accounting policies are included in "Part II - Item 8 - Financial Statements and Supplementary Data - Note 3 – Summary of Significant Accounting Policies" in the Company's Annual Report. In November 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606 ("ASU 2018-18"). The amended guidance precludes presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The new guidance is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2018-18 as of January 1, 2020. The adoption of ASU 2018-18 did not have a material impact on the Company's condensed consolidated financial statements.

New Accounting Pronouncements Recently Issued But Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). 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. Subsequent to issuing ASU 2016-13, the FASB issued ASU 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, for the purpose of clarifying certain aspects of ASU 2016-

13. In May 2019, the FASB issued ASU 2019-05, Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief, to provide entities with more flexibility in applying the fair value option on adoption of the credit impairment standard. ASU 2018-19 and ASU 2019-05 have the same effective date and transition requirements as ASU 2016-13. ASU 2016-13 will be effective for the Company for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, using a modified retrospective approach. Early adoption is permitted. The Company plans to adopt ASU 2016-13 and related updates as of January 1, 2023. The Company will assess the impact of adoption of this standard on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in ASU 2019-12 are intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning January 1, 2021 with early adoption permitted. The Company is evaluating the impact of adopting this new accounting guidance on its consolidated financial statements.

Cost of License and Collaboration Revenue

Cost of license revenue includes sublicense fees paid or payable to Mosaic Biosciences, Inc. (“Mosaic”), incurred in the period, under the terms of the Mosaic collaboration agreement, and fees for patent development and protection paid or payable to other third-party vendors corresponding to the recognition of license revenue from the Biogen Agreement. See Notes 7 and 11. Cost of license revenue does not include any allocated overhead costs.

Cost of collaboration revenue includes fees for research and development services paid or payable to Mosaic and other third-party vendors and personnel cost, incurred in the period pertaining to the Biogen Agreement. See Notes 7 and 11. Cost of collaboration revenue does not include any allocated overhead costs.

3. 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 2 – Summary of Significant Accounting Policies” in the Company’s Annual Report. There were no significant changes in these methodologies during the nine months ended September 30, 2020.

There were no transfers in or out of Level 1 or 2 during the periods presented. The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 and December 31, 2019 (*in thousands*):

	September 30, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds(1)	$ 24,923	$ —	$ —	$ 24,923
U.S. government agency securities(2)	55,042	—	—	55,042
Federal agency securities(2)	—	24,088	—	24,088
Total financial assets	$ 79,965	$ 24,088	$ —	$ 104,053

(1) Included in cash and cash equivalents on the accompanying condensed consolidated balance sheets.
(2) Included in short-term investments on the accompanying condensed consolidated balance sheets and classified as available-for-sale debt securities. $1.2 million of Federal agency securities are included in long-term investments on the accompanying condensed consolidated balance sheets due to the maturity being more than 12 months.

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Money market funds(1)	$ 15,369	$ —	$ —	$ 15,369
U.S. government agency securities(2)	51,490	—	—	51,490
Federal agency securities(2)	—	10,006	—	10,006
Total financial assets	$ 66,859	$ 10,006	$ —	$ 76,865

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

(2) Included in short-term investments on the accompanying condensed consolidated balance sheets and classified as available-for-sale debt securities.

4. Financial Instruments

Cash equivalents and investments (debt securities) which are classified as available-for-sale debt securities, consisted of the following (*in thousands*):

September 30, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds (cash equivalents)	$ 24,923	$ —	$ —	$ 24,923
U.S. government agency securities	55,038	4	—	55,042
Federal agency securities	24,084	4	—	24,088
Total financial assets	$ 104,045	$ 8	$ —	$ 104,053
Classified as:				
Cash and cash equivalents				$ 24,923
Short-term investments				77,959
Long-term investments				1,171
				$ 104,053

December 31, 2019	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Money market funds (cash equivalents)	$ 15,369	$ —	$ —	$ 15,369
U.S. government agency securities	51,467	23	—	51,490
Federal agency securities	9,995	11	—	10,006
Total financial assets	$ 76,831	$ 34	$ —	$ 76,865
Classified as:				
Cash and cash equivalents				$ 15,369
Short-term investments				61,496
				$ 76,865

There have been no material realized gains or losses on available-for-sale debt securities for the periods presented. As of September 30, 2020, the remaining contractual maturities of $78.0 million of available-for-sale debt securities was less than one year and $1.2 million of available-for-sale debt securities were less than two years.

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

5. Lease

The Company leases office space for its corporate headquarters, located in South San Francisco, CA. The lease term is through April 30, 2023 and there are no stated renewal options. Operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. In calculating the present value of the lease payments, the Company has elected to utilize its incremental borrowing rate based on the original lease term and not the remaining lease term. The lease includes non-lease components (*e.g.*, common area maintenance) that are paid separately from rent based on actual costs incurred and therefore were not included in the right-of-use asset and lease liability but are reflected as an expense in the period incurred.

On July 17, 2020, the Company entered into an amendment to the existing lease agreement to lease additional office space for an aggregated undiscounted future payment of $0.4 million. This amendment will be treated as a separate lease with a lease term of 2.6 years and is expected to commence during the fourth quarter of 2020.

For the three and nine months ended September 30, 2020, the Company's operating lease expense was $0.2 million and $0.6 million, respectively. For the three and nine months ended September 30, 2019, the Company's operating lease expense was $0.2 million and $0.5 million, respectively. The present value assumptions used in calculating the present value of the lease payments were as follows:

	September 30, 2020	December 31, 2019
Weighted-average remaining lease term	2.58 years	3.33 years
Weighted-average discount rate	6.0%	6.0%

The maturity of the Company's operating lease liabilities as of September 30, 2020 were as follows *(in thousands)*:

Year	Undiscounted lease payments
Remaining in 2020	$ 145
2021	596
2022	614
2023	209
Total undiscounted lease payments	$ 1,564
Less imputed interest	(120)
Total operating lease liability	$ 1,444

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

	Nine Months Ended September 30,	
	2020	2019
Cash paid for leases that were included in operating cash outflows	$ 433	$ 420

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 of the Board, subject to stockholder approval. The 2018 Plan became effective on June 13, 2018. On June 11, 2020, 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 1,300,000 to a total of 2,800,000 shares. The amendment became effective immediately upon stockholder approval.

The following table summarizes stock option activity under the Company's equity incentive plans and related information:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)
Outstanding — December 31, 2019	1,577,541	$ 10.85	8.15
Options granted	971,250	$ 6.25	
Options exercised	(44,605)	$ 5.04	
Options forfeited	(223,708)	$ 9.61	
Options expired	(16,337)	$ 49.67	
Outstanding — September 30, 2020	2,264,141	$ 8.84	8.09
Exercisable — September 30, 2020	1,032,133	$ 10.99	

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 history as a public company and limited number of sales of its common stock, 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 operating 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 fair value of employee stock options was estimated using the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Employee Stock Options:				
Risk-free interest rate	0.39%	1.65%	0.96%	2.39%
Expected term (in years)	6.06	5.90	5.78	5.98
Dividend yield	—	—	—	—
Volatility	115.62%	109.47%	112.87%	89.76%
Weighted-average fair value of stock options granted	$ 4.61	$ 5.60	$ 5.17	$ 5.93

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Research and development	$ 493	$ 284	$ 1,151	$ 805
General and administrative(1)	575	517	1,556	1,728
Total stock-based compensation	$ 1,068	$ 801	$ 2,707	$ 2,533

(1) Included in general and administrative stock-based compensation for the three and nine months ended September 30, 2020 is expense related to 12,295 shares and 36,160 shares of common stock, respectively, issued to certain board members in lieu of their cash compensation.

As of September 30, 2020, 1,373,834 shares of common stock were available for future grant and 2,264,141 options to purchase shares of common stock were outstanding. As of September 30, 2020, the Company had unrecognized employee stock-based compensation expense of $6.7 million, related to unvested stock awards, which is expected to be recognized over an estimated weighted-average period of 2.67 years.

7. Collaborations

Pfizer

Pursuant to the termination agreement entered into on December 8, 2016, in connection with the termination of a prior license and development agreement, Pfizer granted the Company an exclusive license to Pfizer's proprietary rights for manufacturing materials and processes that apply to Factor VIIa variants, CB 813a and marzeptacog alfa (activated) - MarzAA. Pfizer also transferred to the Company the IND application and documentation related to the development, manufacturing and testing of the Factor VIIa products as well as the orphan drug designation. The Company agreed to make contingent cash payments to Pfizer in an aggregate amount up to $17.5 million, payable upon the achievement of certain clinical, regulatory and commercial milestones. Following commercialization of any covered product, Pfizer will also receive a single-digit royalty on net product sales on a country-by-country basis for a predefined royalty term. In February 2018, the Company paid Pfizer a $1.0 million milestone payment based on the dosing of the first patient in its Phase 2 study; the amount was recorded as a research and development expense. No payments were made to Pfizer in the nine months ended September 30, 2020.

ISU Abxis

In December 2018, the Company entered into an amended and restated license agreement with ISU Abxis (the "A&R ISU Abxis Agreement"), which amended and restated its previous license and collaboration agreement with ISU Abxis previously entered into in September 2013, as subsequently amended in October 2014 and December 2016 (the "Original ISU Abxis Agreement"). Under the A&R ISU Abxis Agreement, ISU Abxis will receive commercialization rights in South Korea to the Company's engineered Factor IX dalcinonacog alfa - DalcA and the Company will receive clinical development and commercialization rights in the rest of world (excluding South Korea) and manufacturing development and manufacturing rights worldwide (including South Korea). The A&R ISU Abxis Agreement eliminates the profit-sharing arrangement in the Original ISU Abxis Agreement and provides for a low single-digit royalty payment to ISU Abxis, on a country-by-country basis, for net product sales of DalcA by the Company or its affiliates in each country other than South Korea. Pursuant to the A&R ISU Abxis Agreement, the Company will also pay up to an aggregate of $19.5 million in milestone payments to ISU Abxis, including $2.5 million in regulatory and development milestone payments and up to $17.0 million in commercial milestone payments, if the applicable milestones are met. As of September 30, 2020, no milestones have been met.

Biogen

On December 18, 2019, the Company and Biogen International GmbH ("Biogen") entered into a License and Collaboration Agreement (the "Biogen Agreement"), under which the Company granted Biogen a worldwide, royalty-bearing, exclusive, with the right to sublicense, license ("Exclusive License") to develop and commercialize CB 2782-PEG and other anti-C3 proteases for potential treatment of dry age-related macular degeneration ("AMD") and other disorders. Pursuant to the Biogen Agreement, the Company will perform certain pre-clinical and manufacturing activities ("Research Services"), and Biogen will be solely responsible for funding the pre-clinical and manufacturing activities and performing IND-enabling activities, worldwide clinical development, and commercialization. The Company will provide the Research Services over a term of thirty months with Biogen having the option to extend the term for two additional twelve-month periods.

Under the terms of the Biogen Agreement, the Company received an up-front payment for the transfer of the Exclusive License (inclusive of certain know-how) of $15.0 million in January 2020. The Company is eligible to receive development milestones and sales milestones of up to $340.0 million. In addition, the Company is eligible to receive royalties in the range of single-digit to low double-digit percentage rates of annual net sales on a product-by-product and country-by-country basis. The Company will also receive reimbursements for costs associated with the performance of the Research Services.

The Company determined that the performance obligations under the Biogen Agreement were the Exclusive License and the Research Services. For the Exclusive License, the Company used the residual approach in determining the standalone selling price, or SSP, which includes the upfront payments, milestones and royalties. For the Research Services, the Company used the historical pricing approach for determining the SSP, which includes the reimbursement of personnel and out-of-pocket costs.

The Biogen Agreement will continue on a product-by-product and country-by-country basis until the tenth anniversary of the first commercial sale of the first product in a country, unless terminated earlier by either party as specified under the agreement.

For the nine months ended September 30, 2020, the Company recognized the $15.0 million in license revenue upon the transfer of the Exclusive License and the related know-how, and $0.1 million in license revenue for reimbursable out-of-pocket costs incurred.

For the three and nine months ended September 30, 2020, the Company recognized $0.9 million and $3.8 million, respectively, in collaboration revenue for reimbursable out-of-pocket and personnel costs incurred related to research services.

8. Net Loss per Share Attributable to Common Stockholders

The following table sets forth the computation of the basic and diluted net loss per common share as follows (*in thousands, except share and per share data*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net loss attributable to common stockholders	$ (16,033)	$ (12,706)	$ (37,334)	$ (41,568)
Weighted-average number of shares used in computing net loss per share, basic and diluted	22,072,243	12,022,620	18,199,575	11,992,240
Net loss available for common stockholders per share, basic and diluted	$ (0.73)	$ (1.06)	$ (2.05)	$ (3.47)

Since the Company was in a loss position for all periods presented, diluted net loss per share is the same as basic net loss per share for all periods as the inclusion of all potential common shares outstanding would have been anti-dilutive. Potentially dilutive securities on an as-if converted basis that were not included in the diluted per share calculations because they would be anti-dilutive were as follows:

	September 30,	
	2020	2019
Options to purchase common stock	2,264,141	1,569,838
Common stock warrants	722	7,857
Total	2,264,863	1,577,695

9. Stockholders' Equity

In February 2020, the Company completed an underwritten public offering of 5,307,692 shares of its common stock (including 692,307 shares sold pursuant to the exercise of the underwriters' overallotment option) at a price of $6.50 per share. The net proceeds to the Company, after deducting $2.5 million in underwriting discounts and commissions and offering expenses payable by the Company, were approximately $32.0 million.

In June 2020, the Company completed an underwritten public offering of 4,615,384 shares of its common stock at a price of $6.50 per share. The net proceeds to the Company, after deducting $2.0 million in underwriting discounts and commissions and offering expenses payable by the Company, were approximately $28.0 million.

10. Commitments and Contingencies

Manufacturing Agreements

On May 20, 2016, the Company signed a development and manufacturing services agreement with AGC Biologics, Inc. ("AGC"), formerly known as CMC ICOS Biologics, Inc., pursuant to which AGC will conduct manufacturing development of agreed upon product candidates. The Company currently has firm work orders with AGC to manufacture MarzAA and DalcA to support its clinical trials totaling $21.6 million and the payment obligations remaining as of September 30, 2020 were $13.4 million.

On October 9, 2019, the Company and Catalent Indiana, LLC ("Catalent") signed a clinical supply services agreement, effective October 4, 2019, pursuant to which Catalent will conduct drug product development of agreed upon product candidates. The Company had firm work orders with Catalent to manufacture DalcA to support its clinical trial totaling $0.5 million and all outstanding amounts were paid during the nine months ended September 30, 2020.

The COVID-19 pandemic may disrupt the operations of the Company's manufacturers or disrupt supply logistics, which could impact the timing of deliveries and potentially increase expenses under our agreements. All required MarzAA supplies for the MAA-304 and MAA-202 studies have been manufactured.

11. Related Parties

On October 24, 2017, the Company announced a strategic research collaboration with Mosaic to develop intravitreal anti-complement factor C3 products for the treatment of dry AMD and other retinal diseases. Dr. Usman, the Company's Chief Executive Officer and a member of the Company's board of directors, and Mr. Lawlor, a member of the Company's board of directors, were also members of the board of directors of Mosaic. On December 21, 2018, the Company amended its collaboration agreement with Mosaic to, among other things, include certain additional products. Pursuant to the Mosaic collaboration agreement, as amended, the Company and Mosaic co-funded certain research. Expenses related to the collaboration were $1.5 million and $0.8 million for the nine months ended September 30, 2020 and 2019, respectively. Expenses related to the collaboration were $0.2 million and $0.3 million for the three months ended September 30, 2020 and 2019, respectively. The amount incurred in 2020 is fully reimbursable under the Biogen Agreement, see Note 7.

On December 18, 2019, the Company entered into the second amendment to the Mosaic collaboration agreement following completion of the co-funded research. Pursuant to the second amendment, any future services provided by Mosaic will be performed on a fee-for-service basis. In connection with the Biogen Agreement, the Company received a $15.0 million upfront license fee on January 10, 2020, see Note 7. The Company paid Mosaic a $3.0 million sublicense fee and recorded such payment as cost of license revenue for the nine months ended September 30, 2020.

On May 8, 2020, the Company entered into a subsequent amendment to the Mosaic collaboration agreement. As part of this amendment, the Company paid a one-time $0.8 million cash payment, and Mosaic is eligible to receive up to $4.0 million in potential future milestone payments related to regulatory and clinical development events for CB 2782-PEG and an additional anti-complement product candidate in lieu of the Company's obligations to pay Mosaic a double-digit percentage of funds the Company receives from Biogen or any other amounts the Company receives related to sublicense fees, research and development payments, or any other research, regulatory, clinical or commercial milestones and royalties on any other development candidates. The Company now owns one hundred percent of all future payment streams related to these product candidates.

The one-time $0.8 million cash payment was recorded to research and development expenses for the nine months ended September 30, 2020.

12. Interest and Other Income, Net

The following table shows the detail of interest and other income, net as follows (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest income	$ 74	$ 489	$ 536	$ 1,763
Miscellaneous income	—	—	679	—
Other	(7)	—	(20)	(41)
Total interest and other income, net	$ 67	$ 489	$ 1,195	$ 1,722

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 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, 2019 ("Annual Report").

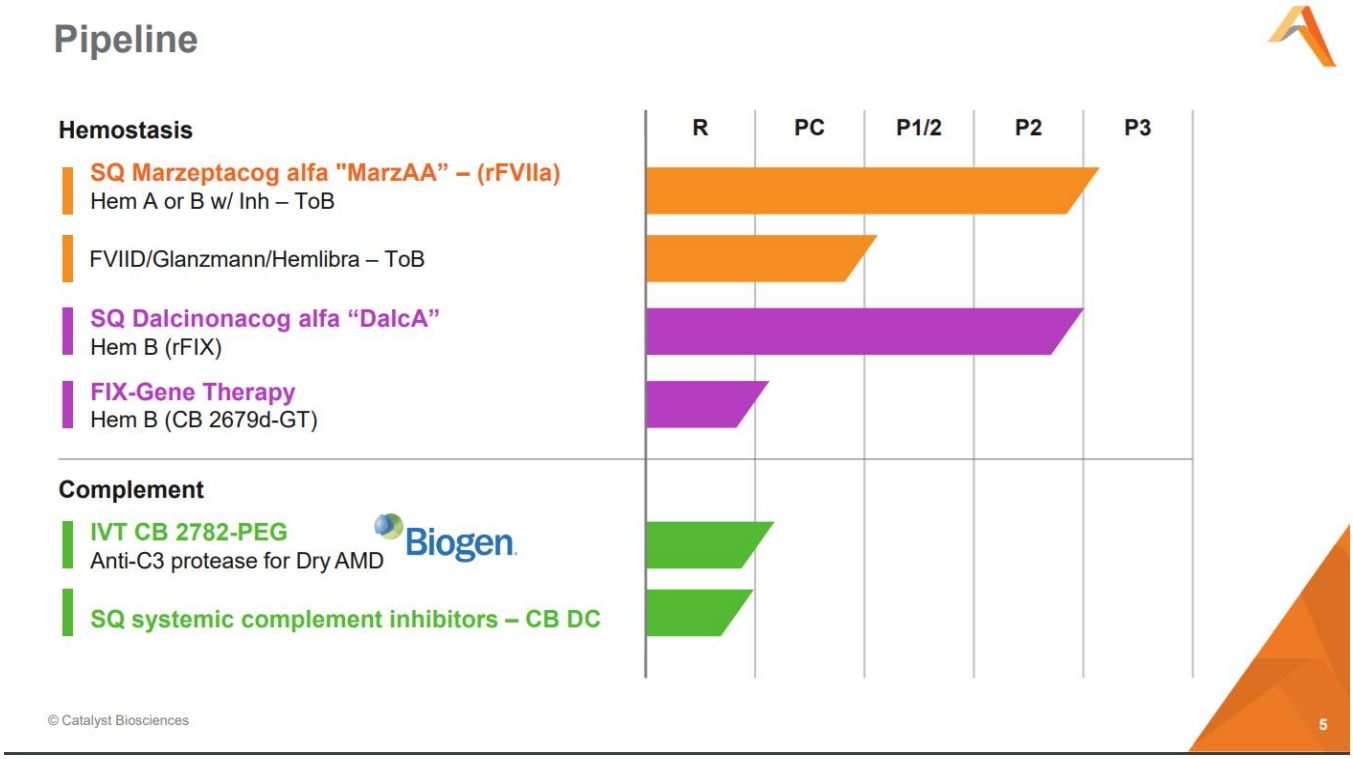
In addition to historical information, this Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"). Forward-looking statements are identified by words 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, the progress, scope or duration of the development of product candidates or programs, clinical trial plans, timelines and potential results, 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 we undertake no obligation to update or revise these statements in light of future developments. We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

Overview

We are a research and clinical development biopharmaceutical company focused on addressing unmet medical needs in rare hematologic and complement-mediated disorders. Our protease engineering platform has generated two late-stage clinical programs in hemophilia; a research program on engineering of subcutaneous ("SQ") complement inhibitors; a discovery stage Factor IX gene therapy construct - CB 2679d-GT - for Hemophilia B; and a partnered preclinical development program with Biogen for dry age-related macular degeneration ("AMD"). The product candidates generated by our protease engineering platform have improved functionality and potency that allow for: SQ administration of recombinant coagulation factors and complement inhibitors; low-dose, high activity gene therapy constructs; and less frequently dosed intravitreal therapeutics.

Our most advanced product candidate is marzeptacog alfa (activated) ("MarzAA"), a next-generation SQ FVIIa expected to enter a Phase 3 registration study (MAA-304) by the end of the year. Our next most advanced product candidate is dalcinonacog alfa ("DalcA"), a next-generation SQ FIX, which has shown preliminary efficacy and safety in a Phase 2b clinical trial in individuals with Hemophilia B. We have a discovery stage Factor IX gene therapy construct - CB 2679d-GT - for Hemophilia B, that has demonstrated superiority compared with the Padua variant in preclinical models. Finally, we have a global license and collaboration agreement with Biogen for the development and commercialization of anti-complement Factor 3 ("C3") pegylated CB 2782.

The following table summarizes our current development programs.



We are experiencing operational and other challenges as a result of the COVID-19 global pandemic, which could delay or halt our development programs. See Recent Other Developments and *Item 1A - Risk Factors* for further discussion of the current and expected impact on our business and development programs.

Recent Development Program Updates

MarzAA

Our most advanced product candidate is MarzAA, a potent, SQ administered, next-generation recombinant Factor VIIa variant. We have initiated preparations for a Phase 3 clinical trial (MAA-304) to evaluate the safety and efficacy of MarzAA for on-demand treatment and control of episodic bleeding in subjects with Hemophilia A or Hemophilia B with inhibitors. We expect to enroll the first patient by the end of the year. The Phase 3 study is an open-label cross-over trial, evaluating the safety and efficacy of SQ MarzAA in the treatment of bleeding episodes compared with standard of care in 60 patients (randomized 1:1). The study will assess the safety and effectiveness of SQ MarzAA, using up to three doses to treat a bleeding episode. The primary endpoint will be hemostatic efficacy at 24 hours using a standard 4-point assessment scale.

We also plan to initiate a Phase 1/2 trial of MarzAA for SQ treatment of bleeding in Factor VII Deficiency, Glanzmann Thrombasthenia, and in individuals with Hemophilia A with inhibitors treated with Hemlibra by the end of the year (MAA-202).

In 2019, we successfully completed a Phase 2 open-label SQ prophylaxis trial (MAA-201) that met all primary and secondary end points. The Phase 2 trial was designed to evaluate the efficacy of MarzAA in preventing bleeding episodes. The primary endpoint was to assess the effect of MarzAA on the annualized bleed rate ("ABR") at a subject's final dose level, with each patient's prior 6-month ABR serving as his own control. The secondary endpoints included safety, tolerability and lack of anti-drug-antibody or neutralizing antibody formation. Daily SQ administration for 50 days at an individual's final dose of MarzAA significantly reduced the mean 6-month pre-study ABR from 19.8 to 1.6 during treatment ($p<0.01$). Additionally, the Proportion of Days with Bleeding (PDB), was significantly reduced from a 6-month pre-treatment mean of 12.3% to 0.8% during treatment ($p<0.01$). The median ABR and PDB were both reduced to zero during treatment, with seven of nine subjects experiencing no bleeds, either traumatic or spontaneous, at their final dose level. Subcutaneous treatment with MarzAA was safe and well-tolerated. No anti-drug antibodies or inhibitors to MarzAA were detected after administration of a total of 517 SQ doses. Subcutaneous administration prolonged the half-life of MarzAA to 16.6 hours so that trough levels of MarzAA before the next SQ dose were sufficient to provide bleed prevention.

We completed a Phase 1/2 PK/PD study (MAA-102), in Q2 2020, to evaluate the pharmacokinetics and pharmacodynamics of ascending single dose levels of MarzAA and twice and thrice dosing of 60 µg/kg at 3-hourly intervals in individuals with Hemophilia A or B with or without inhibitors. The purpose of the trial was to determine if the timing and peak levels achieved were sufficient to treat episodic or breakthrough bleeding with SQ dosing and determine if increasing dose levels resulted in dose proportional pharmacokinetics. This trial, together with population pharmacokinetic simulations, confirms that we have optimized dosing for the MarzAA Phase 3 study. We reported final data from the trial at the International Society on Thrombosis and Haemostasis on July 12, 2020, which demonstrated that MarzAA reaches target levels we believe are required to effectively treat episodic and breakthrough bleeds. In addition to prophylaxis, multiple preclinical studies suggest that MarzAA has the potential to be used for treatment of episodic bleeding and supports further clinical testing in individuals with hemophilia with inhibitors or for other conditions.

Intravenous NovoSeven is the primary therapy used to stop breakthrough bleeding in Hemophilia A inhibitor patients being treated with Hemlibra. Our preclinical data indicates that MarzAA can potentially have a safety profile comparable to that of NovoSeven when used in combination with Hemlibra. Specifically, *in vitro* testing using a thrombin-generation assay with Hemophilia A plasma, both MarzAA and NovoSeven were equally effective at triggering blood coagulation when combined with Hemlibra at their respective clinically relevant concentrations without generation of excessive thrombin levels. The concurrent administration of FEIBA with Hemlibra has been associated with thrombotic events (when a blood clot forms inside a blood vessel), requiring a boxed warning in the package insert. While NovoSeven is safe in patients on Hemlibra prophylaxis, it must be administered through an IV infusion to treat a bleed. Ideally, an add-on therapy for patients on SQ Hemlibra would also be given subcutaneously. We believe MarzAA provides a potential solution as a SQ rescue therapy for Hemophilia A patients with inhibitors who experience breakthrough bleeds while being treated prophylactically with Hemlibra.

DalcA

We recently completed a Phase 2b study (DLZ-201) for our next most advanced product candidate, DalcA, a next-generation SQ Factor IX (“FIX”) drug for the prophylactic treatment of individuals with Hemophilia B. The trial was designed to evaluate daily SQ dosing and the ability to maintain protective steady state FIX levels above 12% in six individuals with severe Hemophilia B. Each subject received a single intravenous dose, followed by daily SQ doses of DalcA for 28 days during which FIX activity levels, clotting parameters, half-life, safety, tolerability and anti-drug antibody formation were monitored.

At the World Federation of Hemophilia Virtual Summit on June 15, 2020, we reported that 28 days of daily SQ dosing of DalcA at 100 IU/kg achieved protective target FIX levels of >12% in all participants, with FIX levels of up to 27% and a half-life of 2.5 to 5.1 days. No bleeds were reported during the 28 days of dosing and the 5-day wash-out, demonstrating effective prophylaxis and the potential for lower or less frequent dosing. Injection volumes were less than 1 mL. One subject withdrew on day 7 after reporting injection site reactions (“ISR”) from the first 3 SQ doses. No neutralizing anti-drug antibodies were detected, and no serious adverse events were reported. A single non-neutralizing anti-drug antibody to DalcA was observed at the end of study time point and had no clinical effect. Some subjects reported mild ISR of pain and/or redness, primarily with the initial injections. No thrombotic events occurred, and blood coagulation markers did not show any prothrombotic signals.

Factor IX Gene Therapy

Our Factor IX gene therapy construct CB 2679d-GT has demonstrated 2-fold to 3-fold higher activity compared with the Padua variant of Factor IX resulting in significantly improved clotting time and reduced blood loss in a preclinical Hemophilia B mouse model. Fidanacogene elaparvovec ("Pfizer/Spark"), AMT-061 ("uniQure/CSL") and FLT180A ("Freeline") use the Padua variant as the transgene in their AAV-based gene therapy clinical programs. Fidanacogene elaparvovec, AMT-061 and FLT180A have demonstrated encouraging Factor IX levels in their respective Phase 1/2 and Phase 2/3 studies with median Factor IX activity levels of approximately 30-45%. We have licensed AAV technology from The Board of Trustees of The Leland Stanford Junior University ("Stanford") and are currently optimizing the vector under a sponsored research agreement with Stanford. The Company presented preclinical data at the 13th Annual Congress of the European Association of Haemophilia and Allied Disorders in February 2020 demonstrating that a proprietary chimeric AAV capsid licensed from Stanford expressing our CB 2679d-GT FIX variant may significantly reduce the vector dose required of a gene therapy treatment while maintaining high factor activity levels.

We reported at the World Federation of Hemophilia Virtual Summit on June 19, 2020 that studies of CB 2679d-GT in Hemophilia B mice have demonstrated a 4-fold reduction in blood loss and an 8-fold reduction in bleeding time when compared with the same dose of the Padua variant of FIX. Furthermore, when packaged in a proprietary chimeric AAV capsid, CB 2679d-GT demonstrated a clear dose response of high stable FIX levels across the three dose levels in Hemophilia B mice.

A pilot non-human primate study compared the expression and tolerability of CB 2679d-GT in the novel chimeric capsid KP1 with the LK03 chimeric capsid. We reported at the World Federation of Hemophilia Virtual Summit on June 19, 2020 that the study demonstrated that CB 2679d-GT was well tolerated with high FIX expression that stabilized to approximately 25% to 50% FIX above baseline levels at the 6-week interim data cutoff. The novel chimeric capsid had differentiated and superior response to anti-capsid neutralizing antibodies compared to that observed for the LK03 comparator during the screening of non-human primates for the study.

SQ Systemic Complement Inhibitors

We have initiated discovery research to identify novel complement pathway regulating proteases and expect to nominate our first development candidate in Q4 2020.

Recent Collaborations

On December 18, 2019, we entered into a license and collaboration agreement with Biogen to develop and commercialize CB 2782-PEG and our other anti-C3 proteases for the potential treatment of dry AMD and other disorders. Under the collaboration agreement, we will perform pre-clinical and manufacturing activities, and Biogen is solely responsible for funding the pre-clinical and manufacturing activities and performing IND-enabling activities, worldwide clinical development, and commercialization. We received a $15.0 million upfront payment from Biogen in January 2020 for the grant of an exclusive license and the related know-how, and we are eligible to receive up to $340.0 million in milestone payments, along with tiered royalties for worldwide net sales of this product candidate up to low double-digits. For the three and nine months ended September 30, 2020, we recorded $0.9 million and $3.8 million in collaboration revenue. Unless earlier terminated, the agreement will remain in effect until the expiry of all royalty obligations. Biogen has the right to terminate the agreement at will, on a product-by-product basis or in its entirety at any time upon 60 days prior written notice. In addition, either party has the right to terminate the agreement following a material breach that remains uncured for 90 days, or in connection with an insolvency event involving the other party.

We also collaborated with Mosaic Biosciences ("Mosaic") in the development of our Complement product candidates including CB 2782-PEG. Under the collaboration agreement, as amended in December 2019, Mosaic will perform all future services for a fee, and pursuant to a subsequent amendment in May 2020, Mosaic received a one-time cash payment of $0.8 million and is eligible to receive up to $4.0 million in potential future milestone payments related to regulatory and clinical development events for CB 2782-PEG and an additional anti-complement product candidate in cash, or in common stock if the Company elects, in lieu of our obligations to pay Mosaic a double-digit percentage of funds we receive from Biogen or any other amounts we receive related to sublicense fees, research and development payments, or any other research, regulatory, clinical or commercial milestones and royalties on any other development candidates. We now own one hundred percent of all future payment streams related to these product candidates.

Dr. Usman, our Chief Executive Officer and a member of our board of directors, and Mr. Lawlor, a member of our board of directors, were members of the board of directors of Mosaic. Transactions with related parties, including the transaction referred above, are reviewed and approved by independent members of our Board of Directors in accordance with our Code of Business Conduct and Ethics.

Recent Manufacturing Updates

We have a long-term development and manufacturing services agreement with AGC Biologics, Inc. ("AGC"). AGC has global manufacturing sites and we use their facilities in the U.S. and Europe for drug substance manufacturing of MarzAA and DalcA. We also have long-term clinical supply services agreements with Symbiosis Pharmaceutical Services ("Symbiosis") and Catalent Indiana,

LLC (“Catalent”). Symbiosis has facilities in Europe and conducts drug product manufacturing for MarzAA. Catalent has facilities in the U.S. and Europe and conducts drug product development, manufacturing, packaging and labeling for MarzAA and DalcA.

MarzAA

We have successfully manufactured MarzAA to support our global Phase 3 clinical trial to evaluate the safety and efficacy of MarzAA for on-demand treatment and control of bleeding episodes in subjects with Hemophilia A or Hemophilia B with inhibitors. At the end of 2019, we successfully completed development work for a variety of vial sizes which will support flexible dosing. As of September 30, 2020, we have successfully completed two large-scale GMP batches of MarzAA that will be sufficient to support the Phase 3 clinical trial through its completion. Additionally, as of September 30, 2020, we have entered into a firm purchase commitment, with AGC, to validate the MarzAA manufacturing process including production of three Process Performance Qualification batches over the course of 2021 and 2022.

In January 2020, we completed a successful CMC Scientific Advice meeting with the Paul Ehrlich Institute in the EU which endorsed our current CMC strategy and manufacturing activities required for registration filing.

DalcA

We have completed the technology transfer for manufacture of the drug substance for DalcA from ISU Abxis, with whom we had collaborated on the Phase 1 development of DalcA, to AGC, including the associated process and analytical development activities. The first large-scale GMP batch of DalcA was successfully manufactured at AGC in 2019 to support the initiation of further clinical trials. At the end of 2019, we successfully completed development work for a variety of vial sizes at Catalent which will support flexible dosing in future clinical trials. As of September 30, 2020, we completed the technology transfer for drug product manufacture at Catalent and successfully manufactured a large-scale drug product engineering batch of DalcA at AGC.

Recent Other Developments

COVID-19 business impact

The current COVID-19 pandemic has presented a substantial public health and economic challenge around the world and is affecting our employees, potential trial participants and business operations. The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information that may emerge concerning COVID-19, the actions taken to contain it or treat its impact and the economic impact on local, regional, national and international markets.

To date, we have instructed our employees to stay at home except as needed to ensure continuity of our operations. As we continue to actively advance our clinical programs, we are in close contact with our principal investigators, clinical sites and contractors, including manufacturers, and are assessing the impact of COVID-19 on planned trials, expected timelines and costs on an ongoing basis. We are continuing study start-up activities where possible to allow rapid site activation and enrollment of our Phase 3 and Phase 2 MarzAA trials, although we may experience delays.

Given the focus of healthcare providers and hospitals on treating patients with the virus, and the reluctance of potential trial participants to visit hospitals or other clinical trial sites, we may experience delays in the enrollment of patients in our upcoming clinical trials as well as delays in the analysis of data from our trials that have completed. We will continue to evaluate the impact of the COVID-19 pandemic on our business and will reevaluate the timing of our anticipated clinical milestones as we learn more and the impact of COVID-19 on our industry becomes clearer.

Financing

In June 2020, we completed an underwritten public offering of 4,615,384 shares of our common stock at a price of $6.50 per share. The net proceeds to us, after deducting $2.0 million in underwriting discounts and commissions and offering expenses payable by us, were approximately $28.0 million.

In February 2020, we completed an underwritten public offering of 5,307,692 shares of our common stock (including 692,307 shares sold pursuant to the exercise of the underwriters’ overallotment option) at a price of $6.50 per share. The net proceeds to us, after deducting $2.5 million in underwriting discounts and commissions and offering expenses payable by us, were $32.0 million.

We have no products approved for commercial sale and have not generated any revenue from product sales. From inception to September 30, 2020, we have raised net proceeds of approximately $451.4 million, primarily from private placements of convertible

preferred stock, proceeds from our merger with Targacept, issuances of shares of common stock and warrants, including $74.9 million in total revenue received from our license and collaboration agreements.

We have never been profitable and have incurred significant operating losses in each year since inception. Our net losses were $16.0 million and $12.7 million for the three months ended September 30, 2020 and 2019, respectively, and $37.3 million and $41.6 million for the nine months ended September 30, 2020 and 2019, respectively. As of September 30, 2020, we had an accumulated deficit of $295.9 million. As of September 30, 2020, our cash, cash equivalents and investments balance were $104.1 million. Substantially all our operating losses were incurred in our research and development programs and in our general and administrative operations.

We expect to incur significant expenses and increasing operating losses for at least the next several years as we continue the preclinical, manufacturing and clinical development, and seek regulatory approval for our drug candidates. Our operating losses may fluctuate significantly from quarter to quarter and year to year due to timing of preclinical, manufacturing, clinical development programs and regulatory guidance spending.

Financial Operations Overview

License and Collaboration Revenue

License and collaboration revenue consist of revenue earned for performance obligations satisfied pursuant to our Biogen Agreement. In December 2019, we entered into a license and collaboration agreement with Biogen. In consideration for the grant of an Exclusive License and related know-how, we received an up-front payment of $15.0 million in January 2020, which was recorded in license revenue during the nine months ended September 30, 2020. We also incurred reimbursable out-of-pocket and personnel costs pertaining to the Biogen Agreement of $0.9 million and $3.8 million during the three and nine months ended September 30, 2020, respectively. There can be no assurance when any future milestone or royalty payments under the Biogen agreement may occur, if at all.

We have not generated any revenue from the sale of any drugs, and we do not expect to generate any revenue until we obtain regulatory approval of and commercialize our product candidates.

Cost of License and Collaboration

Cost of license and collaboration revenue consists of sublicense fees and fees for research and development services payable to Mosaic, fees for research and development services payable to third-party vendors, and personnel costs, corresponding to the recognition of license and collaboration revenue from Biogen. Cost of license and collaboration revenue does not include any allocated overhead costs. In connection with the license revenue recognized from Biogen as discussed above, we paid Mosaic a $3.0 million sublicense fee and recorded such payment as cost of license revenue. We also incurred reimbursable out-of-pocket and personnel costs pertaining to the Biogen Agreement of $0.9 million and $4.0 million and recorded such costs as cost of collaboration revenue during the three and nine months ended September 30, 2020, respectively.

Research and Development Expenses

Research and development expenses represent costs incurred to conduct research, such as the discovery and development of our product candidates. We recognize all research and development costs as they are incurred.

Research and development expenses consist primarily of the following:

- employee-related expenses, which include salaries, benefits and stock-based compensation;
- laboratory and vendor expenses, including payments to consultants, 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 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 following table summarizes our research and development expenses for the periods presented (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Personnel costs	$ 3,227	$ 2,161	$ 7,868	$ 5,997
Preclinical research(1)	3,070	2,329	9,908	5,566
Clinical and manufacturing(1)	5,508	5,183	19,681	20,807
Facility and overhead(1)	444	254	962	696
Total research and development expenses	$ 12,249	$ 9,927	$ 38,419	$ 33,066

(1) Prior year numbers have been reclassified to conform with the current year presentation.

The largest component of our total operating expenses has historically been our investment in research and development activities, including the clinical and manufacturing development of our product candidates. We are currently focusing substantially all our resources and development efforts on MarzAA, DalcA and our anti-complement program. Our internal resources, employees and infrastructure are not directly tied to individual product candidates or development programs. As such, we do not maintain information regarding these costs incurred for these research and development programs on a project-specific basis.

We expect our aggregate research and development expenses will increase during the next year as we advance the clinical and manufacturing development of our programs. The global coronavirus pandemic may also delay and increase costs of our current development plans.

On May 20, 2016, we signed a development and manufacturing services agreement with AGC, formerly known as CMC ICOS Biologics, Inc., pursuant to which AGC will conduct manufacturing development of agreed upon product candidates. We will own all intellectual property developed in such manufacturing development activities that are specifically related to our product candidates and will have a royalty-free and perpetual license to use AGC's intellectual property to the extent reasonably necessary to make these product candidates, including commercial manufacturing. In 2016 we commenced manufacturing activities for MarzAA and as of September 30, 2020, six GMP batches have been manufactured at AGC in addition to an engineering batch to support the planned clinical trials.

The initial term of the agreement is ten years or, if later, until all stages under outstanding statements of work have been completed. Either party may terminate the agreement in its entirety upon written notice of a material uncured breach or upon the other party's bankruptcy, and we may terminate the agreement upon prior notice for any reason. In addition, each party may terminate the agreement in the event that the manufacturing development activities cannot be completed for technical or scientific reasons. We have firm work orders with AGC to manufacture MarzAA and DalcA to support clinical trials totaling $21.6 million. The payment obligations remaining as of September 30, 2020 were $13.4 million.

On October 9, 2019, we signed a clinical supply services agreement with Catalent, effective Oct 4, 2019, pursuant to which Catalent will conduct drug product development of agreed upon product candidates. We will own, and Catalent assigns to us, the intellectual property that is specifically related to our products including the products' composition and use, and Catalent will own, and we assign to Catalent, the intellectual property that result from Catalent's performance of its services under the clinical supply agreement.

The initial term of the clinical supply agreement is three years, although the term may be extended for successive twelve-month periods, unless either party gives the other party written notice of its intent not to extend the term at least ninety (90) days prior to the expiration of the initial term or the then-current extension. Either party may terminate the clinical supply agreement in its entirety upon written notice of a material uncured breach or upon the other party's bankruptcy, and we may terminate the clinical supply agreement for its convenience upon thirty (30) days prior written notice. In addition, each party may terminate the clinical supply agreement in the event that the other party fails to perform its obligations under the agreement for reasons beyond the reasonable control of such party, such as technical or scientific reasons. If we cancel or reschedule a project plan or purchase order outside the parameters set in the clinical supply agreement, we would be obligated to pay for a portion of Catalent's costs less certain fees that Catalent is able to mitigate. We have committed to a total of $0.5 million in payments to Catalent pursuant to the statements of work for DalcA and zero of those payments are outstanding as of September 30, 2020.

The process of conducting clinical trials necessary to obtain regulatory approval is costly and time consuming. We may never succeed in achieving marketing approval for our product candidates. The probability of success of each product candidate may be affected by numerous factors, including clinical data, competition, manufacturing capability and commercial viability. As a result, we are unable to determine the duration of and costs to complete our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of any of our product candidates.

Successful development of current and future product candidates is highly uncertain. Completion dates and costs for our research programs can vary significantly for each current and future product candidate and are difficult to predict. Thus, we cannot estimate with any degree of certainty the costs we will incur in the development of our product candidates. We anticipate we will make determinations as to which programs and product candidates to pursue and how much funding to direct to each program and product candidate on an ongoing basis in response to the scientific success of early research programs, results of ongoing and future clinical trials, our ability to enter into collaborative agreements with respect to programs or potential product candidates, as well as ongoing assessments as to each current or future product candidate's commercial potential.

General and Administrative Expenses

General and administrative expenses consist of personnel costs, allocated expenses and other expenses for outside professional services, including legal, human resources, audit and accounting services. Personnel costs consist of salaries, bonus, benefits and stock-based compensation. We incur expenses associated with operating as a public company, including expenses related to compliance with the rules and regulations of the 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. We expect such expenses to increase as we advance our programs.

Interest and Other Income, Net

Interest and other income consist primarily of interest income on our investment portfolio and a payment received in the first quarter of 2020 under an agreement associated with neuronal nicotinic receptor assets sold in 2016.

Results of Operations

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

	Three Months Ended September 30,			
	2020	2019	Change ($)	Change (%)
License	$ 32	$ —	$ 32	100%
Collaboration	861	—	861	100%
License and collaboration revenue	893	—	893	100%
Operating expenses:				
Cost of license	32	—	32	100%
Cost of collaboration	879	—	879	100%
Research and development	12,249	9,927	2,322	23%
General and administrative	3,833	3,268	565	17%
Total operating expenses	16,993	13,195	3,798	29%
Loss from operations	(16,100)	(13,195)	(2,905)	22%
Interest and other income, net	67	489	(422)	(86)%
Net loss	$ (16,033)	$ (12,706)	$ (3,327)	26%

	Nine Months Ended September 30,			
	2020	2019	Change ($)	Change (%)
License	$ 15,100	$ —	$ 15,100	100%
Collaboration	3,817	—	3,817	100%
License and collaboration revenue	18,917	—	18,917	100%
Operating expenses:				
Cost of license	3,102	—	3,102	100%
Cost of collaboration	4,030	—	4,030	100%
Research and development	38,419	33,066	5,353	16%
General and administrative	11,895	10,224	1,671	16%
Total operating expenses	57,446	43,290	14,156	33%
Loss from operations	(38,529)	(43,290)	4,761	(11)%
Interest and other income, net	1,195	1,722	(527)	(31)%
Net loss	$ (37,334)	$ (41,568)	$ 4,234	(10)%

License and Collaboration Revenue

License and collaboration revenue of $0.9 million and $18.9 million generated in the three and nine months ended September 30, 2020, respectively, was from our Biogen Agreement, which was entered into on December 18, 2019.

Cost of License and Collaboration

Cost of license and collaboration costs were $0.9 million and $7.1 million during the three and nine months ended September 30, 2020, respectively. Cost of license in the nine months ended September 30, 2020 was primarily the $3.0 million sublicense fee we paid to Mosaic in connection with the recognition of the license revenue from Biogen. Cost of collaboration in the three and nine months ended September 30, 2020 was reimbursable third-party vendor and personnel costs we incurred pertaining to the Biogen Agreement.

Research and Development Expenses

Research and development expenses were $12.2 million and $9.9 million during the three months ended September 30, 2020 and 2019, respectively, an increase of $2.3 million, or 23%. The increase was due primarily to an increase of $1.1 million in personnel-related costs, an increase of $0.7 million in preclinical research and an increase of $0.3 million in clinical manufacturing costs.

Research and development expenses were $38.4 million and $33.1 million during the nine months ended September 30, 2020 and 2019, respectively, an increase of $5.4 million, or 16%. The increase was due primarily to an increase of $4.3 million in preclinical research and an increase of $1.9 million in personnel-related costs, partially offset by a decrease of $1.1 million in clinical manufacturing costs.

General and Administrative Expenses

General and administrative expenses were $3.8 million and $3.3 million during the three months ended September 30, 2020 and 2019, respectively, an increase of $0.5 million, or 17%. The increase was due primarily to an increase of $0.4 million in professional services and an increase of $0.4 million in personnel-related costs, partially offset by a decrease of $0.2 million in indirect employee and facilities costs.

General and administrative expenses were $11.9 million and $10.2 million during the nine months ended September 30, 2020 and 2019, respectively, an increase of $1.7 million, or 16%. The increase was due primarily to an increase of $1.8 million in professional services and an increase of $0.2 million in personnel-related costs, partially offset by a $0.2 million decrease in indirect employee costs.

Interest and Other Income, Net

Interest and other income, net was $0.1 million and $0.5 million during the three months ended September 30, 2020 and 2019, respectively, a decrease of $0.4 million. The decrease was primarily due to a decrease in interest income on investments.

Interest and other income, net was $1.2 million and $1.7 million during the nine months ended September 30, 2020 and 2019, respectively, a decrease of $0.5 million. The decrease was primarily due to a decrease in interest income of $1.2 million, partially offset by a $0.7 million final contingent payment from a prior asset sale.

Recent Accounting Pronouncements

Refer to "Recently Adopted Accounting Pronouncements" included in Note 2, *Summary of Significant Accounting Policies*, in the "Notes to the Condensed Consolidated Financial Statements" in this Form 10-Q.

Liquidity and Capital Resources

As of September 30, 2020, we had $104.1 million of cash, cash equivalents and investments. For the nine months ended September 30, 2020, we had a $37.3 million net loss and $32.9 million cash used in operating activities. We have an accumulated deficit of $295.9 million as of September 30, 2020. Our primary uses of cash are to fund operating expenses, including research and development expenditures and general and administrative expenditures. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

We believe that our existing capital resources, including cash, cash equivalents and investments will be sufficient to meet our projected operating requirements for at least the next 12 months from the date of this filing. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We plan to continue to fund losses from operations and capital funding needs through future equity and/or debt financings, as well as potential additional asset sales, licensing transactions, collaborations or strategic partnerships with other companies. We have effective registration statements on Form S-3 that enable us to sell up to $170.0 million in securities. The sale of additional equity or convertible debt could result in additional dilution to our stockholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financing covenants that would restrict our operations. Licensing transactions, collaborations or strategic partnerships may result in us relinquishing valuable rights. We can provide no assurance that financing will be available in the amounts we need or on terms acceptable to us, if at all. If we are not able to secure adequate additional funding we may be forced to delay, make reductions in spending, extend payment terms with suppliers, liquidate assets where possible, and/or suspend or curtail planned programs. Any of these actions could materially harm our business.

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

	Nine Months Ended September 30,	
	2020	2019
Cash used in operating activities	$ (32,934)	$ (35,524)
Cash (used in) provided by investing activities	(17,888)	26,952
Cash provided by financing activities	60,376	327
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 9,554	$ (8,245)

Cash Flows from Operating Activities

Cash used in operating activities for the nine months ended September 30, 2020 was $32.9 million, due primarily to a net loss of $37.3 million, and the change in our net operating assets and liabilities of $1.6 million, due primarily to a $13.4 million decrease in accounts receivable, a $2.2 million increase in accrued compensation and other accrued liabilities and a $0.2 million decrease in prepaid and other assets, partially offset by a $14.2 million decrease in deferred revenue related to the Biogen Agreement.

Cash used in operating activities for the nine months ended September 30, 2019 was $35.5 million, due primarily to a net loss of $41.6 million, and the change in our net operating assets and liabilities of $3.4 million, due primarily to a $0.9 million increase in accounts payable and a $2.9 million increase in accrued compensation and vendor payments, offset by an increase in prepaid and other assets. Non-cash charges of $2.5 million were recorded for stock-based compensation.

Cash Flows from Investing Activities

Cash used in investing activities for the nine months ended September 30, 2020 was $17.9 million, due primarily to $91.7 million in purchases of investments, partially offset by $74.1 million in proceeds from maturities of investments.

Cash provided by investing activities for the nine months ended September 30, 2019 was $27.0 million, due primarily to $134.0 million in proceeds from maturities of investments, partially offset by $107.0 million in purchases of investments.

Cash Flows from Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2020 was $60.4 million, due to $32.0 million in net proceeds from the issuance of common stock related to our public offering in February 2020, $28.0 million in net proceeds from the issuance of common stock related to our public offering in June 2020, and $0.4 million in stock grants and option exercises.

Cash provided by financing activities for the nine months ended September 30, 2019 was $0.3 million, due primarily to proceeds from issuance of common stock related to the Company's Employee Stock Purchase Plan and stock option exercises under the Company's 2018 Omnibus Incentive Plan.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Available information

Our corporate website address is www.catalystbiosciences.com. We use the investor relations page of our website for purposes of compliance with Regulation FD and as a routine channel for distribution of important information, including news releases, analyst presentations, financial information and corporate governance practices. Our filings with the SEC are posted on our website and available free of charge as soon as reasonably practical after they are electronically filed with, or furnished to, the SEC. The SEC's website, www.sec.gov, contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. The content on any website referred to in this Quarterly Report on Form 10-Q is not incorporated by reference in this Form 10-Q unless expressly noted. Further, the Company's references to website URLs are intended to be inactive textual references only.

Critical Accounting Polices and Estimates

There have been no significant changes to our critical accounting policies since December 31, 2019. For a description of critical accounting policies that affect our significant judgments and estimates used in the preparation of our unaudited condensed consolidated financial statements, refer to Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and interest rates. We are exposed to market risks in the ordinary course of our business. Our primary exposure to market risk is interest income sensitivity in our investment portfolio. Fixed rate securities and borrowings may have their fair market value adversely impacted due to fluctuations in interest rates, while floating rate securities may produce less income than expected if interest rates fall and floating rate borrowings may lead to additional interest expense if interest rates increase. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if forced to sell securities which have declined in market value due to changes in interest rates.

However, because of the short-term nature of the instruments in our portfolio, a sudden change in market interest rates would not be expected to have a material impact on the fair market value of our investment portfolio. As of September 30, 2020, we had cash and cash equivalents and investments of $104.1 million, which included bank deposits and money market funds, and investments of $79.2 million. Accordingly, we do not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our investment portfolio.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2020. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our 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 the evaluation of our disclosure controls and procedures as of September 30, 2020, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

As of September 30, 2020, we have not experienced any significant impact to our internal controls over financial reporting despite the fact that most of our employees who are involved in our financial reporting processes and controls are working remotely due to the COVID-19 pandemic. The design of our processes and controls allow for remote execution with accessibility to secure data. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact on their design and operating effectiveness.

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 September 30, 2020 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

We are not a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. The disclosure below modifies the risk factors previously disclosed in *"Part I - Item 1A - Risk Factors"* of our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the Securities and Exchange Commission on February 20, 2020.

You should carefully consider the risks and uncertainties disclosed as "Risk Factors" in our Annual Report, together with all of the other information in this Report, including the section titled *"Part I - Financial Information - Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations"* and the condensed consolidated financial statements and related notes.

The risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2019 have expanded to include the following additional risk factor:

The outbreak of the novel coronavirus disease, COVID-19, could adversely impact our business, including our preclinical studies and clinical trials.

The global coronavirus pandemic has resulted in widespread requirements for individuals to stay in their homes and strained medical facilities worldwide. It is too early to assess the full impact of the coronavirus outbreak on our business, including our trials for MarzAA and DalcA and our development activities in our anti-complement program but coronavirus may affect our ability to complete recruitment and data analysis for our clinical trials and our ability to conduct research and development of our complement programs in our planned timeframe. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, as a result of the COVID-19 pandemic, we may experience disruptions that could severely impact our business, preclinical studies, drug manufacturing and clinical trials including:

- delays or difficulties in enrolling potential trial participants in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;
- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site data monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others or interruption of clinical trial subject visits and study procedures, which may impact the integrity of subject data and clinical study endpoints;
- interruption or delays in the operations of the Food and Drug Administration, European Medicines Agency or other regulatory authorities, which may impact review and approval timelines;
- interruption of, or delays in receiving, supplies of our product candidates from our contract manufacturing organizations due to staffing shortages, production slowdowns or stoppages and disruptions in delivery systems;
- interruptions in preclinical studies due to restricted or limited operations at laboratory facilities;
- suspension or termination of our clinical trials for various reasons, such as a finding that the participants are being exposed to infectious diseases like COVID-19 or the participants involved in our clinical trials have become infected with COVID-19;
- limitations on employee resources that would otherwise be focused on the conduct of our preclinical studies and clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people; and
- material delays and complications with respect to our research and development programs.

In addition, the trading prices for our common stock and other biopharmaceutical companies have been highly volatile as a result of the COVID-19 pandemic. Furthermore, a recession or market correction resulting from the spread of COVID-19 could materially affect our operations and the value of our common stock.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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	Description
10.1	Second Amendment to Office Lease, dated July 17, 2020, by and between 611 Gateway Center, L.P. and Catalyst Biosciences, Inc.
10.2	Offer Letter by and between Clinton Musil and Catalyst Biosciences, Inc. dated June 9, 2020.
31.1	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.
31.2	Certification of the 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.
32.1	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.
32.2	Certification of the 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.
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets as of September 30, 2020 (unaudited) and December 31, 2019; (ii) the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2020 and 2019 (unaudited); (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2020 and 2019 (unaudited); (iv) the Condensed Consolidated Statement of Stockholders' Equity as of September 30, 2020 and September 30, 2019 (unaudited); (v) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2020 and 2019 (unaudited); and (vi) the Notes to Unaudited Interim Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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: November 5, 2020

/s/ Nassim Usman, Ph.D.

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

Date: November 5, 2020

/s/ Clinton Musil

Clinton Musil
Chief Financial Officer
(*Principal Financial Officer*)

SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE (this "**Second Amendment**") is made as of July 17, 2020, by and between **611 GATEWAY CENTER LP**, a Delaware limited partnership ("**Landlord**"), and **CATALYST BIOSCIENCES INC.**, a Delaware corporation ("**Tenant**").

RECITALS

A. Landlord and Tenant are now parties to that certain Office Lease dated as of November 8, 2017, as amended by that certain First Amendment to Office Lease dated August 9, 2018 ("**First Amendment**") (as amended, the "**Lease**"). Pursuant to the Lease, Tenant leases certain premises consisting of approximately 13,232 rentable square feet ("**Original Premises**") in a building located at 611 Gateway Boulevard, South San Francisco, California ("**Building**"). The Original Premises are more particularly described in the Lease. Capitalized terms used herein without definition shall have the meanings defined for such terms in the Lease.

B. Landlord and Tenant desire, subject to the terms and conditions set forth below, to amend the Lease to, among other things, expand the size of the Original Premises by adding those certain premises in the Building commonly known as Suite 540 containing approximately 2,976 rentable square feet.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual promises and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Second Expansion Premises**. In addition to the Original Premises, commencing on the Second Expansion Premises Commencement Date (as defined in Section 2 below), Landlord leases to Tenant, and Tenant leases from Landlord, that certain portion of the Building commonly known as Suite 540 containing approximately 2,976 rentable square feet, as more particularly shown on **Exhibit A** attached hereto (the "**Second Expansion Premises**").

2. **Delivery**. Landlord shall use reasonable efforts to deliver the Second Expansion Premises to Tenant on or before the Target Second Expansion Premises Commencement Date with Landlord's Work Substantially Completed ("**Delivery**" or "**Deliver**"). If Landlord fails to Deliver the Second Expansion Premises to Tenant by the date that is 75 days after the Target Second Expansion Premises Commencement Date for any reason other than Force Majeure (including Covid-19) or Tenant Delays, Landlord shall not be liable to Tenant for any loss or damage resulting therefrom; provided, however, that Tenant shall have the right to terminate this Second Amendment by written notice to Landlord. As used herein, the terms "**Landlord's Work**," "**Tenant Delays**" and "**Substantially Completed**" shall have the meanings set forth for such terms in the work letter attached to this Second Amendment as **Exhibit B** ("**Second Expansion Premises Work Letter**"). If Tenant does not elect to terminate this Second Amendment within 5 business days of the lapse of such 75 day period (as the same may be extended for Force Majeure (including Covid-19) and Tenant Delay), such right to terminate this Second Amendment shall be waived and this Second Amendment shall remain in full force and effect. For the sake of clarity, Tenant shall have no obligation under Section 8.5 of the Lease or the Second Expansion Premises Work Letter to remove any of the Alterations or improvements constructed in connection with Landlord's Work.

If, for any reason other than Tenant Delays, Landlord has not commenced demolition of the exiting leasehold improvements in the Second Expansion Premises in preparation for construction of the Tenant Improvements by October 15, 2020, Tenant shall have the right to elect to terminate this

Second Amendment by written notice to Landlord. If Tenant does not elect to terminate this Second Amendment within 5 business days after the date provided for in the preceding sentence (as extended by Tenant Delays), such right to terminate this Second Amendment shall be waived and this Second Amendment shall remain in full force and effect.

The "**Second Expansion Premises Commencement Date**" shall be the earlier to occur of: (i) the date that Landlord Delivers the Second Expansion Premises to Tenant, or (ii) the date that Landlord could have delivered the Second Expansion Premises to Tenant but for Tenant Delays. The "**Target Second Expansion Premises Commencement Date**" shall be November 1, 2020. Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Second Expansion Premises Commencement Date in a form attached here to as **Exhibit C**; provided, however, Tenant's failure to execute and deliver such acknowledgment shall not affect the parties' rights hereunder.

Except as set forth in the Second Expansion Premises Work Letter: (i) Tenant shall accept the Second Expansion Premises in their condition as of the date Landlord Delivers the Second Expansion Premises to Tenant, subject to all applicable Legal Requirements; (ii) Landlord shall have no obligation for any defects in the Second Expansion Premises; and (iii) Tenant's taking possession of the Second Expansion Premises shall be conclusive evidence that Tenant accepts the Second Expansion Premises and that the Second Expansion Premises were in good condition at the time possession was taken, subject to the last sentence of this Section 2.

Tenant agrees and acknowledges that, except as expressly provided for herein, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Second Expansion Premises, and/or the suitability of the Second Expansion Premises for the conduct of Tenant's business, and Tenant waives any implied warranty that the Second Expansion Premises are suitable for the Permitted Use.

If any of the Building systems serving the Second Expansion Premises are not in good working order as of the Second Expansion Premises Commencement Date, Landlord shall repair such Building systems; provided, however, that Tenant notifies Landlord in writing of the need for such repairs within 60 days after the Second Expansion Premises Commencement Date.

3. **Premises**. Commencing on the Second Expansion Premises Commencement Date, the defined term for "**Premises**" in the Item 2.2 of the Summary of Basic Lease Information in the Lease is in its entirety and replaced with the following:

> "**Premises:** That portion of the Building, containing approximately 16,208 rentable square feet, consisting of (i) a portion of the 7th floor of the Building commonly known as Suite 710 containing approximately 8,606 rentable square feet ("**Original Premises**"), (ii) a portion of the 7th floor of the Building commonly known as Suite 720 containing approximately 4,626 rentable square feet ("**Expansion Premises**"), and (iii) a portion of the 5th floor of the Building commonly known as Suite 540 containing approximately 2,976 rentable square feet ("**Second Expansion Premises**"), all as determined by Landlord, as shown on **Exhibit A**."

As of the Second Expansion Premises Commencement Date, **Exhibit A** to the Lease shall be amended to include the Second Expansion Premises described on **Exhibit A** attached to this Second Amendment.

4. **Lease Term**. The Lease with respect to the Second Expansion Premises shall commence on the Second Expansion Premises Commencement Date and shall expire along with the balance of the Premises on April 30, 2023 ("**Lease Expiration Date**").

5. **Base Rent**.

a. **Original Premises and Expansion Premises**. Tenant shall continue to pay Base Rent for the Original Premises and the Expansion Premises through the Lease Expiration Date as set forth in the Lease.

b. **Second Expansion Premises**. Beginning on the Second Expansion Premises Commencement Date, Tenant shall commence paying Base Rent for the Second Expansion Premises at the rate of $4.00 per rentable square foot of the Second Expansion Premises per month. Base Rent for the Second Expansion Premises shall be increased on each annual anniversary of the Second Expansion Premises Commencement Date (or if the Second Expansion Premises Commencement Date occurs on a day other than the first day of a month, then the first day of the following month) (each an "**Second Expansion Premises Adjustment Date**") by multiplying the Base Rent payable immediately before such Second Expansion Premises Adjustment Date by the 3% and adding the resulting amount to the Base Rent payable for the Second Expansion Premises immediately before such Second Expansion Premises Adjustment Date.

6. **Additional Rent**. In addition to Tenant's obligations under Section 5 of the First Amendment, commencing on the Second Expansion Premises Commencement Date and continuing throughout the remainder of the Lease Term, Tenant shall pay, with respect to the Second Expansion Premises, Tenant's Share of Capital Expenses and Excess of Tenant's Share of Building Direct Expenses; provided, however, for purposes of calculating the amount of Tenant's Share of Capital Expenses and the Excess of Tenant's Share of Building Direct Expenses, which Tenant shall pay in connection with the Second Expansion Premises, (i) Tenant's Share shall equal 1.1429%; and (ii) the Base Year shall be calendar year 2020.

7. **California Accessibility Disclosure**. The provisions of Section 24.2 of the Lease are hereby incorporated by reference.

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

9. **Miscellaneous**.

a. This Second Amendment is the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Second Amendment may be amended only by an agreement in writing, signed by the parties hereto.

b. Landlord and Tenant each represents and warrants that it has not dealt with any broker, agent or other person (collectively, "**Broker**") in connection with the transaction reflected in this Second Amendment and that no Broker brought about this transaction, other than Newmark Knight Frank. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any Broker, other than the brokers, if any, named in this Second Amendment, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction.

c. This Second Amendment is binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

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

e. Except as amended and/or modified by this Second Amendment, the Lease is hereby ratified and confirmed and all other terms of the Lease shall remain in full force and effect, unaltered and unchanged by this Second Amendment. In the event of any conflict between the provisions of this Second Amendment and the provisions of the Lease, the provisions of this Second Amendment shall prevail. Whether or not specifically amended by this Second Amendment, all of the terms and provisions of the Lease are hereby amended to the extent necessary to give effect to the purpose and intent of this Second Amendment.

[Signatures are on the next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the day and year first above written.

LANDLORD:

611 GATEWAY CENTER LP,
a Delaware limited partnership

By: GATEWAY CENTER GP LLC,
a Delaware limited liability company,
general partner

By: GATEWAY PORTFOLIO MEMBER LLC,
a Delaware limited liability company,
managing member

By: GATEWAY PORTFOLIO HOLDINGS LLC,
a Delaware limited liability company,
managing member

By: ARE-SAN FRANCISCO NO. 83, LLC,
a Delaware limited liability company,
managing member

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,
a Delaware limited partnership,
managing member

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

By: /s/ Kristen Childs
Its: VP Real Estate Legal Affairs

TENANT:

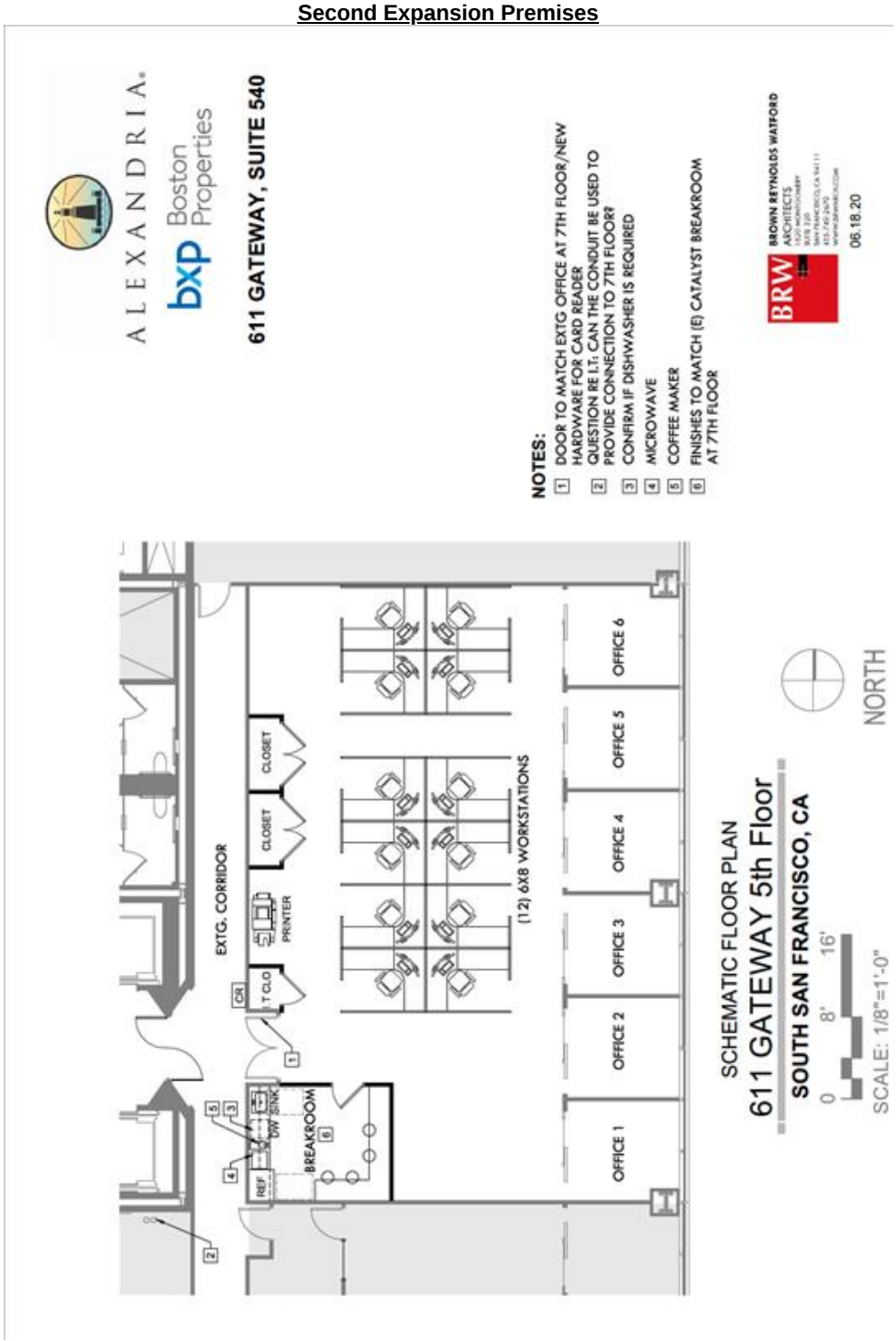
CATALYST BIOSCIENCES INC.,
a Delaware corporation

By: /s/ Nassim Usman
Its: President and CEO

By: /s/ Clinton Musil
Its: Chief Financial Officer

Exhibit A

Second Expansion Premises



A-2

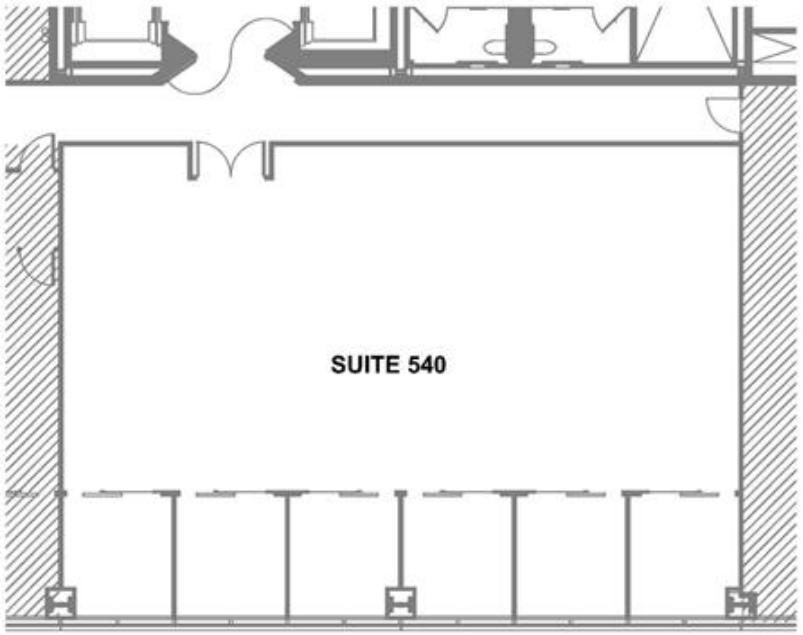
ALEXANDRIA

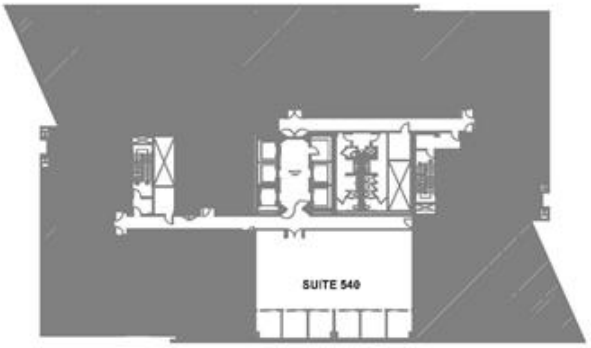
ALEXANDRIA

bxp Boston Properties

5 FLOOR

Suite 540 Lease Exhibit





5th FLOOR KEY PLAN

611 GATEWAY 5th Floor

SOUTH SAN FRANCISCO, CA

0 8' 16' 32'

SCALE: 1/8"=1'-0"

JUNE 15,2020

NORTH

BRW BROWN REYNOLDS WATFORD ARCHITECTS

Exhibit B
Second Expansion Premises Work Letter

THIS SECOND EXPANSION PREMISES WORK LETTER dated July __, 2020 (this "**Second Expansion Premises Work Letter**") is made and entered into, by and between **611 GATEWAY CENTER LP**, a Delaware limited partnership ("**Landlord**"), and **CATALYST BIOSCIENCES INC.,** a Delaware corporation ("**Tenant**"), and is attached to and made a part of that certain Office Lease dated as of November 8, 2017, as amended by that certain First Amendment to Office Lease dated August 9, 2018, and as further amended by that certain Second Amendment to Office Lease dated as of even date herewith (as amended, the "**Lease**"), now by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

1. **General Requirements**.

(a) **Tenant's Authorized Representative**. Tenant designates Faisal Shawwa ("**Tenant's Representative**") as the only person authorized to act for Tenant pursuant to this Work Letter. Landlord shall not be obligated to respond to or act upon any request, approval, inquiry or other communication ("**Communication**") from or on behalf of Tenant in connection with this Work Letter unless such Communication is in writing from Tenant's Representative. Tenant may change Tenant's Representative at any time upon not less than 5 business days advance written notice to Landlord. Neither Tenant nor Tenant's Representative shall be authorized to direct Landlord's contractors in the performance of Landlord's Work (as hereinafter defined).

(b) **Landlord's Authorized Representative**. Landlord designates Patrick Dillman and Greg Gehlen (either such individual acting alone, "**Landlord's Representative**") as the only persons authorized to act for Landlord pursuant to this Work Letter. Tenant shall not be obligated to respond to or act upon any request, approval, inquiry or other Communication from or on behalf of Landlord in connection with this Work Letter unless such Communication is in writing from Landlord's Representative. Landlord may change either Landlord's Representative at any time upon not less than 5 business days advance written notice to Tenant. Landlord's Representative shall be the sole persons authorized to direct Landlord's contractors in the performance of Landlord's Work.

(c) **Architects, Consultants and Contractors**. Landlord and Tenant hereby acknowledge and agree that: (i) the architect (the "**TI Architect**"), general contractor and any subcontractors for the Tenant Improvements shall be selected by Landlord, subject to Tenant's approval, which approval shall not be unreasonably withheld, conditioned or delayed.

2. **Tenant Improvements**.

(a) **Tenant Improvements Defined**. As used herein, "**Tenant Improvements**" shall mean all improvements to the Second Expansion Premises of a fixed and permanent nature as shown on the TI Construction Drawings, as defined in Section 2(c) below. Other than Landlord's Work (as defined in Section 3(a) below), Landlord shall not have any obligation whatsoever with respect to the finishing of the Second Expansion Premises for Tenant's use and occupancy.

(b) **Tenant's Space Plans**. Landlord and Tenant have approved the test fit attached hereto as **Exhibit A** (the "**Space Plans**") detailing Tenant's requirements for the Tenant Improvements.

(c) **Working Drawings**. Landlord shall cause the TI Architect to prepare and deliver to Tenant for review and comment construction plans, specifications and drawings for the Tenant Improvements ("**TI Construction Drawings**"), which TI Construction Drawings shall be prepared substantially in accordance with the Space Plans. Tenant shall be solely responsible for ensuring that the TI Construction Drawings

reflect Tenant's requirements for the Tenant Improvements. Tenant shall deliver its written comments on the TI Construction Drawings to Landlord not later than 5 business days after Tenant's receipt of the same; provided, however, that Tenant may not disapprove any matter that is consistent with the Space Plans without submitting a Change Request. Landlord and the TI Architect shall consider all such comments in good faith and shall, within 7 business days after receipt, notify Tenant how Landlord proposes to respond to such comments, but Tenant's review rights pursuant to the foregoing sentence shall not delay the design or construction schedule for the Tenant Improvements. Any disputes in connection with such comments shall be resolved in accordance with Section 2(d) hereof. Provided that the design reflected in the TI Construction Drawings is consistent with the Space Plans, Tenant shall approve the TI Construction Drawings submitted by Landlord, unless Tenant submits a Change Request. Once approved by Tenant, subject to the provisions of Section 4 below, Landlord shall not materially modify the TI Construction Drawings except as may be reasonably required in connection with the issuance of the TI Permit (as defined in Section 3(b) below).

(d) **Approval and Completion**. Tenant, in Tenant's reasonable discretion, shall approve (or disapprove with stated reasons for disapproval) the TI Construction Drawings within five (5) business days of Landlord's delivery of the same to Tenant, in order to facilitate Substantial Completion of Landlord's Work by the Target Second Expansion Premises Commencement Date; provided, however, that Tenant may not disapprove any matter that is consistent with the Space Plans without submitting a Change Request. Upon any dispute regarding the design of the Tenant Improvements, which is not settled within 10 business days after notice of such dispute is delivered by one party to the other, Tenant may make the final decision regarding the design of the Tenant Improvements, provided (i) Tenant acts reasonably and such final decision is either consistent with or a compromise between Landlord's and Tenant's positions with respect to such dispute, (ii) that all costs and expenses resulting from any such decision by Tenant shall be payable out of the TI Fund (as defined in Section 5(c) below), and (iii) Tenant's decision will not affect the base Building, structural components of the Building or any Building systems. Any changes to the Space Plans and/or TI Construction Drawings following Landlord's and Tenant's approval of same requested by Tenant shall be processed as provided in Section 4 hereof.

3. **Performance of Landlord's Work**.

(a) **Definition of Landlord's Work**. As used herein, "**Landlord's Work**" shall mean the work of constructing the Tenant Improvements.

Tenant shall be solely responsible for ensuring that the design and specifications for Landlord's Work are consistent with Tenant's requirements. Landlord shall be responsible for obtaining all permits, approvals and entitlements necessary for Landlord's Work, but shall have no obligation to, and shall not, secure any permits, approvals or entitlements related to Tenant's specific use of the Second Expansion Premises or Tenant's business operations therein.

(b) **Commencement and Permitting**. Landlord shall commence construction of the Tenant Improvements upon obtaining a building permit (the "**TI Permit**") authorizing the construction of the Tenant Improvements consistent with the TI Construction Drawings approved by Tenant. The cost of obtaining the TI Permit shall be payable from the TI Fund. Tenant shall assist Landlord in obtaining the TI Permit. If any governmental authority having jurisdiction over the construction of Landlord's Work or any portion thereof shall impose terms or conditions upon the construction thereof that: (i) are inconsistent with Landlord's obligations hereunder, (ii) increase the cost of constructing Landlord's Work, or (iii) will materially delay the construction of Landlord's Work, Landlord and Tenant shall reasonably and in good faith seek means by which to mitigate or eliminate any such adverse terms and conditions.

(c) **Completion of Landlord's Work**. Landlord shall substantially complete or cause to be substantially completed Landlord's Work in a good and workmanlike manner, in accordance with the TI Permit subject, in each case, to Minor Variations and normal "punch list" items of a non-material nature that do not interfere with the use of the Second Expansion Premises ("**Substantial Completion**" or

"**Substantially Complete**"). Upon Substantial Completion of Landlord's Work, Landlord shall require the TI Architect and the general contractor to execute and deliver, for the benefit of Tenant and Landlord, a Certificate of Substantial Completion in the form of the American Institute of Architects ("**AIA**") document G704. For purposes of this Work Letter, "**Minor Variations**" shall mean any modifications reasonably required: (i) to comply with all applicable Legal Requirements and/or to obtain or to comply with any required permit (including the TI Permit); (ii) to comply with any request by Tenant for modifications to Landlord's Work; (iii) to comport with good design, engineering, and construction practices that are not material; or (iv) to make reasonable adjustments for field deviations or conditions encountered during the construction of Landlord's Work.

(d) **Selection of Materials**. Where more than one type of material or structure is indicated on the TI Construction Drawings approved by Landlord and Tenant, the option will be selected at Landlord's sole and absolute discretion. As to all building materials and equipment that Landlord is obligated to supply under this Work Letter, Landlord shall select the manufacturer thereof in its sole and absolute discretion.

(e) **Delivery of the Tenant Improvements**. When the Tenant Improvements are Substantially Complete, subject to the remaining terms and provisions of this Section 3(e), Tenant shall accept the Tenant Improvements. Tenant's acceptance of the Tenant Improvements shall not constitute a waiver of: (i) any warranty with respect to workmanship (including installation of equipment) or material (exclusive of equipment provided directly by manufacturers), (ii) any non-compliance of Tenant Improvements with applicable legal requirements, or (iii) any claim that the Tenant Improvements were not completed substantially in accordance with the TI Construction Drawings (subject to Minor Variations and such other changes as are permitted hereunder) (collectively, a "**Construction Defect**"). Tenant shall have one year after Substantial Completion within which to notify Landlord of any such Construction Defect discovered by Tenant, and Landlord shall use reasonable efforts to remedy or cause the responsible contractor to remedy any such Construction Defect within 30 days thereafter. Notwithstanding the foregoing, Landlord shall not be in default under the Lease if the applicable contractor, despite Landlord's reasonable efforts, fails to remedy such Construction Defect within such 30-day period, in which case Landlord shall have no further obligation with respect to such Construction Defect other than to cooperate, at no cost to Landlord, with Tenant should Tenant elect to pursue a claim against such contractor.

Tenant shall be entitled to receive the benefit of all construction warranties and manufacturer's equipment warranties relating to equipment installed in the Second Expansion Premises. If requested by Tenant, Landlord shall attempt to obtain extended warranties from manufacturers and suppliers of such equipment, but the cost of any such extended warranties shall be borne solely by Tenant. Landlord shall promptly undertake and complete, or cause to be completed, all punch list items.

(f) **Second Expansion Premises Commencement Date Delay**. Except as otherwise provided in the Lease, Delivery of the Second Expansion Premises shall occur when Landlord's Work has been Substantially Completed, except to the extent that completion of Landlord's Work shall have been actually delayed by any one or more of the following causes, and such delay has not been remedied within 1 business day following written notice to Tenant (which notice may be by email) (each day of delay after such 1 business day period, a "**Tenant Delay**"):

(i) Tenant's Representative was not available to give or receive any Communication or to take any other action required to be taken by Tenant hereunder;

(ii) Tenant's request for Change Requests (as defined in Section 4(a) below) whether or not any such Change Requests are actually performed;

(iii) Construction of any Change Requests;

(iv) Tenant's request for materials, finishes or installations requiring unusually long lead times;

(v) Tenant's delay in reviewing, revising or approving plans and specifications beyond the periods set forth herein;

(vi) Tenant's delay in providing information critical to the normal progression of the Tenant Improvements. Tenant shall provide such information as soon as reasonably possible, but in no event longer than 2 business days after receipt of any request for such information from Landlord;

(vii) Tenant's delay in making payments to Landlord for Excess TI Costs; or

(viii) Any other act or omission by Tenant or any Tenant Party (as defined below), or persons employed by any of such persons.

If Delivery is delayed for any of the foregoing reasons, then Landlord shall cause the TI Architect to certify the date on which the Tenant Improvements would have been Substantially Completed but for such Tenant Delay and such certified date shall be the date of Delivery.

4. **Changes**. Any changes requested by Tenant to the Tenant Improvements shall be requested and instituted in accordance with the provisions of this Section 4 and shall be subject to the written approval of Landlord and the TI Architect, such approval not to be unreasonably withheld, conditioned or delayed.

(a) **Tenant's Request For Changes**. If Tenant requests changes to the Tenant Improvements ("**Changes**"), Tenant shall request such Changes by notifying Landlord in writing in substantially the same form as the AIA standard change order form (a "**Change Request**"), which Change Request shall detail the nature and extent of any such Change. Such Change Request must be signed by Tenant's Representative. Landlord shall, before proceeding with any Change, use commercially reasonable efforts to respond to Tenant as soon as is reasonably possible with an estimate of: (i) the time it will take, and (ii) the architectural and engineering fees and costs that will be incurred, to analyze such Change Request (which costs shall be paid from the TI Fund to the extent actually incurred, whether or not such change is implemented). Landlord shall thereafter submit to Tenant in writing, within 5 business days of receipt of the Change Request (or such longer period of time as is reasonably required depending on the extent of the Change Request), an analysis of the additional cost or savings involved, including, without limitation, architectural and engineering costs and the period of time, if any, that the Change will extend the date on which Landlord's Work will be Substantially Complete. Any such delay in the completion of Landlord's Work caused by a Change, including any suspension of Landlord's Work while any such Change is being evaluated and/or designed, shall be Tenant Delay.

(b) **Implementation of Changes**. If Tenant: (i) approves in writing the cost or savings and the estimated extension in the time for completion of Landlord's Work, if any, and (ii) deposits with Landlord any Excess TI Costs required in connection with such Change, Landlord shall cause the approved Change to be instituted. Notwithstanding any approval or disapproval by Tenant of any estimate of the delay caused by such proposed Change, the TI Architect's determination of the amount of Tenant Delay in connection with such Change shall be final and binding on Landlord and Tenant.

5. **Costs**.

(a) **Budget For Tenant Improvements**. Before the commencement of construction of the Tenant Improvements, Landlord shall obtain a detailed breakdown by trade of the costs incurred or that will be incurred in connection with the design and construction of the Tenant Improvements (the "**Budget**") which Budget shall be subject to Tenant's prior written approval. If Tenant fails to object and provide written comments to Landlord regarding the Budget within 3 business days after Tenant's receipt of the same, Tenant shall be deemed to have approved the same. The Budget shall be based upon the TI Construction Drawings approved by Tenant and shall include a payment to Landlord of administrative rent ("**Administrative Rent**") equal to 3% of the TI Costs for monitoring and inspecting the construction of the

Tenant Improvements and Changes, which sum shall be payable from the TI Fund. If the Budget is greater than the TI Allowance, Tenant shall deposit with Landlord the difference, in cash, prior to the commencement of construction of the Tenant Improvements or Changes, for disbursement by Landlord as described in Section 5(d).

(b) **TI Allowance**. Landlord shall provide to Tenant a tenant improvement allowance (the "**TI Allowance**") in the maximum amount of $65.00 per rentable square foot in the Second Expansion Premises, which is included in the Base Rent set forth in in Section 5(b) of the Second Amendment.

The TI Allowance shall be disbursed in accordance with this Second Amendment Work Letter. Tenant shall have no right to the use or benefit (including any reduction to or payment of Base Rent) of any portion of the TI Allowance not required for the construction of (i) the Tenant Improvements described in the TI Construction Drawings approved pursuant to Section 2(d) or (ii) any Changes pursuant to Section 4. Tenant shall have no right to any portion of the TI Allowance that is not disbursed before the last day of the month that is 6 months after the Second Expansion Premises Commencement Date.

(c) **Costs Includable in TI Fund**. The TI Fund shall be used solely for the payment of design, permits and construction costs in connection with the construction of the Tenant Improvements, including, without limitation, the cost of electrical power and other utilities used in connection with the construction of the Tenant Improvements, the cost of preparing the Space Plan and the TI Construction Drawings, all costs set forth in the Budget, including Landlord's Administrative Rent, Landlord's out-of-pocket expenses, costs resulting from Tenant Delays and the cost of Changes (collectively, "**TI Costs**"). Notwithstanding anything to the contrary contained herein, the TI Fund shall not be used to purchase any furniture, personal property or other non-Building system materials or equipment, including, but not limited to, equipment not incorporated into the Tenant Improvements.

(d) **Excess TI Costs**. Landlord shall have no obligation to bear any portion of the cost of any of the Tenant Improvements except to the extent of the TI Allowance. Landlord shall, upon request from Tenant from time to time, promptly notify Tenant of any changes to the Budget approved by Tenant. If at any time the remaining TI Costs under the Budget exceed the remaining unexpended TI Allowance, Tenant shall deposit with Landlord, as a condition precedent to Landlord's obligation to complete the Tenant Improvements, 100% of the then current TI Cost in excess of the remaining TI Allowance ("**Excess TI Costs**"). If Tenant fails to deposit any Excess TI Costs with Landlord, Landlord shall have all of the rights and remedies set forth in the Lease for nonpayment of Rent (including, but not limited to, the right to interest at the default rate and the right to assess a late charge). For purposes of any litigation instituted with regard to such amounts, those amounts will be deemed Rent under the Lease. The TI Allowance and Excess TI Costs are herein referred to as the "**TI Fund**." Funds deposited by Tenant shall be the first disbursed to pay TI Costs. Notwithstanding anything to the contrary set forth in this Section 5(c), Tenant shall be fully and solely liable for TI Costs and the cost of Minor Variations in excess of the TI Allowance. If upon completion of the Tenant Improvements and the payment of all sums due in connection therewith there remains any undisbursed portion of the TI Fund, Tenant shall be entitled to such undisbursed TI Fund solely to the extent of any Excess TI Costs deposit Tenant has actually made with Landlord.

6. **Tenant Access**.

(a) **Tenant's Access Rights**. Landlord hereby agrees to permit Tenant access, at Tenant's sole risk and expense, to the Second Expansion Premises (i) 20 days prior to the Second Expansion Premises Commencement Date to perform any work ("**Tenant's Work**") required by Tenant other than Landlord's Work, provided that such Tenant's Work is coordinated with the TI Architect and the general contractor, and complies with the Lease and all other reasonable restrictions and conditions Landlord may impose, and (ii) prior to the completion of Landlord's Work, to inspect and observe work in process; all such access shall be during normal business hours or at such other times as are reasonably designated by Landlord. Any entry by Tenant shall comply with all established safety practices of Landlord's contractor and Landlord until completion of Landlord's Work and acceptance thereof by Tenant.

(b) **No Interference**. Neither Tenant nor any of Tenant's employees, contractors, agents or invitees (each, a "**Tenant Party**") shall interfere with the performance of Landlord's Work, nor with any inspections or issuance of final approvals by applicable governmental authorities, and upon any such interference, Landlord shall have the right to exclude Tenant and any Tenant Party from the Second Expansion Premises until Substantial Completion of Landlord's Work.

(c) **No Acceptance of Second Expansion Premises**. The fact that Tenant may, with Landlord's consent, enter into the Second Expansion Premises prior to the date Landlord's Work is Substantially Complete for the purpose of performing Tenant's Work shall not be deemed an acceptance by Tenant of possession of the Second Expansion Premises, but in such event Tenant shall defend with counsel reasonably acceptable by Landlord, indemnify and hold Landlord harmless from and against any loss of or damage to Tenant's property, completed work, fixtures, equipment, materials or merchandise, and from liability for death of, or injury to, any person, caused by the act or omission of Tenant or any Tenant Party.

7. **Miscellaneous**.

(a) **Consents**. Whenever consent or approval of either party is required under this Second Expansion Premises Work Letter, that party shall not unreasonably withhold, condition or delay such consent or approval, unless expressly set forth herein to the contrary.

(b) **Modification**. No modification, waiver or amendment of this Second Expansion Premises Work Letter or of any of its conditions or provisions shall be binding upon Landlord or Tenant unless in writing signed by Landlord and Tenant.

(c) **Default**. Notwithstanding anything set forth herein or in the Lease to the contrary, Landlord shall not have any obligation to perform any work hereunder or to fund any portion of the TI Costs during any period that there is a Default by Tenant under the Lease.

EXHIBIT C

Acknowledgment of Second Expansion Premises Commencement Date

This **ACKNOWLEDGMENT OF SECOND EXPANSION PREMISES COMMENCEMENT DATE** is made this _____ day of _____, ____, between **611 GATEWAY CENTER LP**, a Delaware limited partnership ("**Landlord**"), and **CATALYST BIOSCIENCES INC.,** a Delaware corporation ("**Tenant**"), and is attached to and made a part of the Office Lease dated as of November 8, 2017, as amended by that certain First Amendment to Office Lease dated August 9, 2018, and as further amended by that certain Second Amendment to Office Lease dated as _____ ___, 2020 (as amended, the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Second Expansion Premises Commencement Date is _____, _____, and the expiration date of the Lease Term is April 30, 2023. In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Second Expansion Premises Commencement Date, this Acknowledgment of Second Expansion Premises Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this ACKNOWLEDGMENT OF SECOND EXPANSION PREMISES COMMENCEMENT DATE to be effective on the date first above written.

LANDLORD:

611 GATEWAY CENTER LP,
a Delaware limited partnership

By: GATEWAY CENTER GP LLC,
a Delaware limited liability company,
general partner

By: GATEWAY PORTFOLIO MEMBER LLC,
a Delaware limited liability company,
managing member

By: GATEWAY PORTFOLIO HOLDINGS LLC,
a Delaware limited liability company,
managing member

By: ARE-SAN FRANCISCO NO. 83, LLC,
a Delaware limited liability company,
managing member

By: ALEXANDRIA REAL ESTATE EQUITIES, L.P.,
a Delaware limited partnership,
managing member

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

By:
Its:

TENANT:

CATALYST BIOSCIENCES INC.,
a Delaware corporation

By:
Its:

By:
Its:

CATALYST BIOSCIENCES, INC.
611 Gateway Blvd., Suite 710,
South San Francisco, CA 94080
P 650.871.0761
W catalystbiosciences.com
NASDAQ: CBIO

Nassim Usman, Ph.D.
President & CEO

9 June 2020

Clinton Musil

Dear Mr. Musil:

We are pleased to confirm our offer of employment as Chief Financial Officer of Catalyst Biosciences, Inc. (the "**Company**"). In this role, you will report directly to Nassim Usman, Ph.D., President & CEO. Your employment will commence on your Start Date as set forth next to your signature below.

While employed by the Company, you agree to perform your duties faithfully and to the best of your abilities and to devote your full business efforts and time to the Company. Except upon the prior written consent of the President & CEO, you will not, during your employment with the Company, (i) accept any other employment, or (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with your duties and responsibilities as Chief Financial Officer or create a conflict of interest with the Company. This consent will not be unduly withheld by the President & CEO. As the Company's Chief Financial Officer, you will be a "Section 16 officer" of the Company, subject to the provisions of Section 16 of the Securities Exchange Act of 1934. If you do not already have Edgar codes to file Forms 3 and 4 with the Securities and Exchange Commission, the Company can assist you in obtaining them.

Your base compensation will be $32,916 per month ($395,000, annualized), paid periodically in accordance with normal Company payroll practices and subject to the usual, required withholding. You will be eligible for a review of your salary in in connection with the regular review of executive salaries in 2021.

You will also have the opportunity to earn an annual performance-based bonus up

to 40% of your annual salary (pro-rated for 2020 based on date of hire). To receive your bonus, you must be employed by the Company at the time the bonus is paid.

In addition to the base salary indicated above, we are prepared to pay to you a one- time sign-on bonus of $15,000. By signing this offer of employment, you acknowledge and agree that, in the event that you voluntarily resign from the Company or if your employment is involuntarily terminated for just cause (as determined by the Company) within two years or less, you will repay 100% of the sign-on bonus less any federal and state taxes paid on or before your departure date.

Subject to formal approval by the Compensation Committee of the Board of Directors after the start of your employment, you will receive stock options to purchase 140,000 shares of common stock of Catalyst Biosciences, Inc. with an exercise price equal to the closing price of the Company's common stock on the date of grant. Your options will vest over four years, with 25% vesting on the one- year anniversary of your Start Date, and 1/48 vesting monthly thereafter. Your option will be granted as an "inducement option" outside of the Company's 2018 Omnibus Incentive Plan pursuant to Nasdaq rules and regulations, but will have terms and conditions similar to options granted pursuant to the 2018 Omnibus Incentive Plan, as will be set forth in the applicable stock option agreement.

During your employment with the Company, you will be eligible to participate in the Company's employee benefit plans including, but not limited to, Life, Disability, Medical, Dental and Vision Insurance, 401(k), Section 125 Flexible Spending Accounts. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

As a full-time employee, you will be eligible for paid-time-off benefits, for such things as sick leave, vacation time or time for personal needs, in accordance with our policies for similarly situated employees.

You will be eligible to receive stock options or other equity compensation as determined from time to time by the Compensation Committee of the Board of Directors.

In the event your employment with us is terminated for any reason other than death or Disability (as defined in the relevant equity award documentation), you will have three months following the termination of employment to exercise the vested portion of any option grant. In the event your employment with us is terminated due to your death or Disability, the vested portion of any option grant may be exercised within the one-year period following the termination of your employment. In no event may any option grant be exercised after the expiration of its ten-year term. You should be aware that your employment with the Company is for no specified period and constitutes "at will" employment. As a result, you are free to terminate your

employment at any time, for any reason or for no reason. Similarly, the Company is free to terminate your employment at any time, for any reason or for no reason. The at- will employment policy can only be changed by a written document approved by the Board and signed on behalf of the Board.

Should your employment with the Company be terminated without Cause or as a result of Constructive Termination (each as defined below), in each case after the six-month anniversary of your Start Date and outside of the Change in Control Protection Period (as defined below), you shall be eligible to receive (i) severance payments, equal to the rate of base salary which you were receiving at the time of such termination, during the period from the date of your termination until the date that is nine (9) months after the effective date of the termination (the "**Severance Period**"), which payments shall be paid during the Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) accelerated vesting as of the time of such termination with respect to the unvested options held by you that would have vested during the Severance Period, and (iii) if you elect to continue your Company health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act ("**COBRA**") following such termination, payment by the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Should your employment with the Company be terminated without Cause (as defined below) or as a result of Constructive Termination, in each case during the six (6) month period prior to or the eighteen (18) month period following a Change in Control (as defined in the Company's 2018 Omnibus Incentive Plan, as amended from time to time) (the "**Change in Control Protection Period**"), you shall be eligible to receive (i) severance payments, equal to the sum of (a) 75% of your annual base salary determined at the rate at which you were receiving your base salary at the time of such termination and (b) 75% of your maximum annual performance-based bonus at the time of such termination, paid in equal installments during the period from the date of the termination until the date that is twelve (12) months after the effective date of the termination (the "**Post-COC Severance Period**"), which payments shall be paid during the Post-COC Severance Period (or applicable shorter period) in accordance with the Company's standard payroll practice following the effective date of the release described below and which shall be subject to applicable withholding taxes, (ii) 100% percent of any unvested options held by you will vest as of the time of such termination, and (iii) if you elect to continue your Company health insurance coverage under COBRA following such termination, payment by

the Company of the same portion of your monthly premium under COBRA as it pays for active employees until the earliest of (a) the close of the Post-COC Severance Period, (b) the expiration of your continuation coverage under COBRA or (c) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.

Any severance benefits under this Agreement are conditioned upon your execution of a release of claims in a form provided by the Company, and any severance payments shall commence on the 60th day following your separation, so long as you have signed a release that has become irrevocable during such period, with the initial payment including payments that otherwise would have been made during the sixty day period.

Notwithstanding anything to the contrary in this offer letter, any payment or benefit due to you under this offer letter or otherwise will not be paid or provided during the six (6) month period following your termination of employment if (i) the Company determines, in its good faith judgment, that you are a "specified" employee under Section 409A of the Internal Revenue Code and any treasury regulations and internal revenue service guidance thereunder ("**Section 409A**") and (ii) such payments or benefits are "nonqualified deferred compensation" for purposes of Section 409A . If the payment of any amounts are delayed as a result of the previous sentence, any cash severance payments due to you pursuant to this offer letter or otherwise during the first six (6) months after your termination will accrue during such six month period and will become payable in a lump sum payment on the date six (6) months and one (1) day following the date of your termination. Thereafter, payments will resume in accordance with the applicable schedule set forth in this offer letter. You agree to work in good faith with the Company to consider amendments to this offer letter which are necessary or appropriate to avoid imposition of any additional tax or income recognition under Section 409A prior to the actual payment to you of payments or benefits under this offer letter. Notwithstanding the foregoing, this offer letter will be deemed amended, without any consent required from you, to the extent necessary to avoid imposition of any additional tax or income recognition pursuant to Section 409A prior to actual payments to you under this offer letter. You and the Company agree to cooperate with each other and to take reasonably necessary steps in this regard.

This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For

purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred, (ii) no right to such reimbursement or in-kind benefits shall be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company, any Company affiliates, or their respective employees, officers, directors, agents and representatives (including, without limitation, legal counsel) be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by you on account of non-compliance with Section 409A.

"**Cause**" shall mean (i) your failure to perform your assigned duties or responsibilities as an employee of the Company after notice thereof from the Company describing your failure to perform such duties or responsibilities, (ii) your engaging in any act of dishonesty, fraud or misrepresentation, (iii) your violation of any federal or state law or regulation applicable to the Company's business, (iv) your breach of any confidentiality agreement or invention assignment agreement between you and the Company, or (v) your being convicted of or entering a plea of *nolo contendere* to, any crime or committing any act of moral turpitude. The determination as to whether you are being terminated for Cause will be made in good faith by the Company and will be final and binding on you.

"Constructive Termination" shall be deemed to occur if, without your written consent, within 90 days following any of the conditions below, you terminate your employment in accordance with this provision: (A) the Company's material breach of this Agreement resulting from the failure of the Company to require any successor to the Company upon a Change in Control to assume the Company's obligations under this offer letter, (B) a material reduction or other adverse change in your job duties, reporting relationships, responsibilities and requirements inconsistent with your position with the Company and prior duties, reporting relationships, responsibilities and requirements, provided that neither a mere change in title alone nor reassignment following a Change in Control to a position that is substantially similar to the position held prior to the Change in Control in terms of job duties, responsibilities or requirements shall constitute a material reduction in job

responsibilities, or (C) the request by the Company or its successor to relocate the principal place for performance of your Company duties to a location more than thirty (30) miles from your then-current principal business location; provided that (i) you have provided written notice of your intent to terminate employment on the basis of a Constructive Termination within sixty (60) days after the Constructive Termination condition first occurs, and (ii) the Company fails to correct the Constructive Termination within thirty (30) days after receipt of your written notice.

In the event that the severance and other payments or benefits provided for in this offer letter or otherwise payable to you (i) constitute "parachute payments" within the meaning, of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), then your benefits under this offer letter shall be either

A. delivered in full, or

B. delivered as to such lesser extent which would result in no portion of such benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by you on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. If a reduction is required and no parachute payments constitute nonqualified deferred compensation under Section 409A, you shall be able to select which payments and/or benefits are reduced and the order of reduction. If a reduction is required and any parachute payments constitute nonqualified deferred compensation under Section 409A, the reduction shall occur in the following order: (i) options whose exercise price exceeds the fair market value of the optioned equity, (ii) Full Credit Payments (as defined below) that are payable in cash, (iii) non-cash Full Credit Payments that are taxable, (iv) non-cash Full Credit Payments that are not taxable (v) Partial Credit Payments (as defined below) and (vi) non-cash employee welfare benefits. In each case, reductions shall be made in reverse chronological order such that the payment or benefit owed on the latest date following the occurrence of the event triggering the excise tax will be the first payment or benefit to be reduced (with reductions made pro-rata in the event payments or benefits are owed at the same time). The term "Full Credit Payment" means a payment or benefit that if reduced in value by one dollar reduces the amount of the parachute payment (as defined in Section 280G of the Code) by one dollar. "Partial Credit Payment" means any payment or benefit that is not a Full Credit Payment.

You understand and agree that by accepting this offer of employment, you represent to the Company that your performance will not breach any other agreement to which

you are a party and that you have not, and will not during the term of your employment with the Company, enter into any oral or written agreement in conflict with any of the provisions of this letter or the Company's policies. You are not to bring with you to the Company, or use or disclose to any person associated with the Company, any confidential or proprietary information belonging to any former employer or other person or entity with respect to which you owe an obligation of confidentiality under any agreement or otherwise. The Company does not need and will not use such information. Also, we expect you to abide by any obligations to refrain from soliciting any person employed by or otherwise associated with any former employer.

This offer letter and the confidential information and/or inventions assignment agreement between you and the Company represent the entire agreement and understanding between you and the Company concerning your employment relationship with the Company and supersede in their entirety any and all prior agreements and understandings concerning your employment relationship with the Company, whether written or oral. Except as specifically provided in this offer letter, this offer letter can only be amended in a writing approved by the Board and signed by you and a duly authorized officer of the Company. Any waiver of a right under this offer letter must be in writing. The Company will require any successor to all or substantially all of its assets or businesses to assume this Agreement and perform the Company's obligations hereunder. This offer letter will be governed by California law.

For purposes of federal immigration laws, you will be required to provide to the Company documentary evidence of your identity and eligibility for employment in the United States. Such documentation must be provided within three (3) business days of the effective date of your employment, or your employment relationship with the Company may be terminated.

Clint, we look forward to your participation in the Company's future success! Sincerely,
/s/ Nassim Usman, Ph.D.

Nassim Usman, Ph.D.
President & Chief Executive Officer

Accepted and agreed to this

9th day of June, 2020

/s/ Clinton Musil July 1, 2020
Clinton Musil Start Date

Exhibit 31.1

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 September 30, 2020;

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;

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

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

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

Date: November 5, 2020

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

Exhibit 31.2

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, Clinton Musil, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. for the period ended September 30, 2020;

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;

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

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

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

Date: November 5, 2020

/s/ Clinton Musil
Clinton Musil
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. (the "Company") for the period ended September 30, 2020 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: November 5, 2020

/s/ Nassim Usman, Ph.D.

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Catalyst Biosciences, Inc. (the "Company") for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Clinton Musil, 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: November 5, 2020

/s/ Clinton Musil

Clinton Musil
Chief Financial Officer
(*Principal Financial Officer*)