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, 2022

OR

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

For the transition period from _____ to

Commission File Number 001-39756

Silverback Therapeutics, Inc.

(Exact name of Registrant as specified in its Charter)

Delaware	**81-1489190**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
500 Fairview Ave N, Suite 600 Seattle, Washington	
(Address of principal executive offices)	**98109 (Zip Code)**

Registrant's telephone number, including area code: (206) 456-2900

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**SBTX**	**The Nasdaq Stock Market LLC**

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

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

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

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

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

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

As of October 31, 2022 there were 36,058,338 shares of registrant's common stock, $0.0001 par value per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "Quarterly Report") contains forward-looking statements that involve risks and uncertainties. We make such forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report are forward-looking statements. In some cases, you can identify forward-looking statements by words such as "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or the negative of these words or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the proposed merger with ARS Pharmaceuticals, Inc. ("ARS Pharma") and the expected timing, completion, effects and potential benefits thereof;
- the expected exchange ratio and relative ownership percentages of the stockholders of ARS Pharma and Silverback in the combined company;
- the expected level of Silverback net cash at the closing of the proposed merger;
- our evaluation of strategic alternatives with a goal to enhance stockholder value, including the proposed merger with ARS Pharma, or if the proposed merger with ARS Pharma is not consummated, the possibility of a different merger or sale of the company, the sale of the company's assets in one or more transactions to one or more third parties or a liquidation and dissolution of the company;
- our plans to reduce our workforce, the expected cash and non-cash charges related thereto and the timing thereof;
- our plans to research, develop, and commercialize SBT8230 and any future product candidates;
- our ability to attract and retain key scientific and management personnel;
- our ability to attract and retain collaborators with development, regulatory and commercialization expertise;
- our expectations regarding the period during which we qualify as an emerging growth company under the Jumpstart Our Business Startups Act of 2012;
- the accuracy of our estimates regarding expenses, future revenues, capital requirements and needs for additional financing;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates and our ability to operate our business without infringing upon the intellectual property rights of others;
- the impact of the COVID-19 pandemic on our business and operations; and
- other risks and uncertainties, including those described under Part II, Item 1A, "Risk Factors" of this Quarterly Report.

Any forward-looking statements in this Quarterly Report reflect our current views with respect to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under Part II, Item 1A, "Risk Factors" of this Quarterly Report. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Unless the context otherwise indicates, references in this Quarterly Report to the terms "Silverback", "the Company", "we", "our" and "us" refer to Silverback Therapeutics, Inc., and references to our "common stock" refers to our voting common stock.

SUMMARY OF RISKS ASSOCIATED WITH OUR BUSINESS

An investment in shares of our common stock involves a high degree of risk. Below is a list of the more significant risks associated with our business. This summary does not address all of the risks that we face. Additional discussion of the risks listed in this summary, as well as other risks that we face, are set forth under Part II, Item 1A, "Risk Factors" in this Quarterly Report. Some of the material risks associated with our business include the following:

- Failure to complete the Merger may result in us and ARS Pharma paying a termination fee to the other party and could harm the price of our common stock and future business and operations of each company.
- We may not be able to divest our legacy programs within the timeframe under the Merger Agreement, on favorable terms or at all, which may result in the value of such assets not being included in the calculation of the exchange ratio.
- If the conditions to the closing of the Merger are not met, the Merger may not occur.
- The market price of our common stock following the Merger may decline as a result of the Merger.
- We and ARS Pharma may become involved in securities litigation or stockholder derivative litigation in connection with the Merger, and this could divert the attention of our and ARS Pharma management and harm the combined company's business, and insurance coverage may not be sufficient to cover all related costs and damages.
- We have a limited operating history, have incurred net losses since our inception, and anticipate that we will continue to incur significant losses for the foreseeable future. We may never generate any revenue or become profitable or, if we achieve profitability, may not be able to sustain it.
- If the Merger is not completed, we may be unsuccessful in completing an alternative transaction on terms that are as favorable as the terms of the proposed Merger, or at all, and we may be unable to reestablish a viable operating business.
- The COVID-19 pandemic has had, and could continue to have, an adverse impact on our business, including on our preclinical studies and planned clinical trials, supply chain, and business development activities.
- We are currently party to an in-license agreement under which we were granted rights to manufacture certain components of our product candidates. If we breach our obligations under these agreements, we may be required to pay damages, lose our rights to these technologies or both, which would adversely affect our business and prospects.
- We may rely on trade secret and proprietary know-how, which can be difficult to trace and enforce and, if we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.
- The price of our common stock could be subject to volatility related or unrelated to our operations.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Silverback Therapeutics, Inc.
Condensed Balance Sheets
(in thousands, except share and par value data)
(unaudited)

	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 203,224	$ 254,045
Short-term investments	63,400	—
Prepaid expenses and other current assets	4,175	7,447
Total current assets	270,799	261,492
Long-term investments	—	64,780
Restricted cash	250	250
Right-of-use asset	—	4,733
Property and equipment, net	15	2,212
Total assets	$ 271,064	$ 333,467
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 126	$ 2,078
Accrued expenses	3,649	11,727
Current portion of lease liability	215	1,087
Total current liabilities	3,990	14,892
Lease liability, net of current portion	—	4,760
Total liabilities	3,990	19,652
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred Stock, $0.0001 par value per share; 10,000,000 shares authorized at September 30, 2022 and December 31, 2021; no shares issued and outstanding at September 30, 2022 and December 31, 2021	—	—
Common stock, $0.0001 par value per share; 200,000,000 shares authorized at September 30, 2022 and December 31, 2021, 35,895,940 and 35,133,934 shares issued and 35,882,653 and 35,107,651 shares outstanding at September 30, 2022 and December 31, 2021, respectively	4	4
Additional paid-in capital	516,829	500,349
Accumulated other comprehensive loss	(1,623)	(326)
Accumulated deficit	(248,136)	(186,212)
Total stockholders' equity	267,074	313,815
Total liabilities, and stockholders' equity	$ 271,064	$ 333,467

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

Silverback Therapeutics, Inc.

Condensed Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating expenses:				
Research and development	$ 8,363	$ 15,641	$ 37,505	$ 45,630
General and administrative	10,256	7,040	25,610	20,447
Gain on lease remeasurement	(774)	—	(774)	—
Loss on sale of property and equipment	1,094	—	1,094	—
Total operating expenses	18,939	22,681	63,435	66,077
Loss from operations	(18,939)	(22,681)	(63,435)	(66,077)
Interest income, net	1,075	26	1,511	59
Net loss	(17,864)	(22,655)	(61,924)	(66,018)
Unrealized loss on available-for-sale securities	(75)	(34)	(1,297)	(34)
Comprehensive loss	(17,939)	(22,689)	(63,221)	(66,052)
Net loss per share, basic and diluted	$ (0.50)	$ (0.65)	$ (1.76)	$ (1.89)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	35,457,960	35,001,466	35,248,690	34,884,656

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

Silverback Therapeutics, Inc.
Condensed Statements of Stockholders' Equity (Deficit)
(in thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of January 1, 2022	35,107,651	$ 4	$ 500,349	$ (326)	$ (186,212)	$ 313,815
Exercise of common stock options and vesting of early exercised common stock options	15,679	—	19	—	—	19
Stock-based compensation	—	—	4,949	—	—	4,949
Net loss and comprehensive loss	—	—	—	(922)	(24,631)	(25,553)
Balance as of March 31, 2022	35,123,330	$ 4	$ 505,317	$ (1,248)	$ (210,843)	$ 293,230
Exercise of common stock options, shares issued under the employee stock purchase plan, and vesting of early exercised common stock options	46,395	—	150		—	150
Stock-based compensation	—	—	5,140		—	5,140
Net loss and comprehensive loss	—	—	—	(300)	(19,429)	(19,729)
Balance as of June 30, 2022	35,169,725	$ 4	$ 510,607	$ (1,548)	$ (230,272)	$ 278,791
Exercise of common stock options, shares issued under the employee stock purchase plan, vesting of restricted stock unit awards, and vesting of early exercised common stock options	712,928	—	1,185		—	1,185
Stock-based compensation	—	—	5,037		—	5,037
Net loss and comprehensive loss	—	—	—	(75)	(17,864)	(17,939)
Balance as of September 30, 2022	35,882,653	$ 4	$ 516,829	$ (1,623)	$ (248,136)	$ 267,074

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

Silverback Therapeutics, Inc.
Condensed Statements of Stockholders' Equity (Deficit)
(in thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-in	Accumulated Other Comprehensive	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Loss	Deficit	Equity
Balance as of January 1, 2021	34,701,274	$ 3	$ 479,608	$ —	$ (96,734)	$ 382,877
Exercise of common stock options and vesting of early exercised common stock options	125,930	—	254	—	—	254
Stock-based compensation	—	—	4,285	—	—	4,285
Net loss and comprehensive loss	—	—	—	—	(18,867)	(18,867)
Balance as of March 31, 2021	34,827,204	$ 3	$ 484,147	$ —	$ (115,601)	$ 368,549
Exercise of common stock options, shares issued under the employee stock purchase plan, and vesting of early exercised common stock options	135,881	1	866	—	—	867
Stock-based compensation	—	—	4,730	—	—	4,730
Net loss and comprehensive loss	—	—	—	—	(24,496)	(24,496)
Balance as of June 30, 2021	34,963,085	$ 4	$ 489,743	$ —	$ (140,097)	$ 349,650
Exercise of common stock options and vesting of early exercised common stock options	74,051	—	154	—	—	154
Stock-based compensation	—	—	5,019	—	—	5,019
Net loss and comprehensive loss	—	—	—	(34)	(22,655)	(22,689)
Balance as of September 30, 2021	35,037,136	$ 4	$ 494,916	$ (34)	$ (162,752)	$ 332,134

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

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

	Nine Months Ended September 30, 2022	2021
Cash flows from operating activities:		
Net loss	$ (61,924)	$ (66,018)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	533	596
Stock-based compensation	15,126	14,034
Non-cash lease expense	728	903
Amortization of debt issuance costs	—	2
Gain on lease remeasurement	(774)	—
Loss on sale of property and equipment	1,094	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	4,608	(608)
Accounts payable and accrued expenses	(10,013)	6,422
Lease liability	(853)	(786)
Net cash used in operating activities	(51,475)	(45,455)
Cash flows from investing activities:		
Purchase of available for sale securities	—	(39,971)
Purchase of property and equipment	(684)	(822)
Net cash used in investing activities	(684)	(40,793)
Cash flows from financing activities:		
Principal payments on term loan payable	—	(846)
Proceeds from exercise of common stock options and employee stock purchase plan	1,338	1,185
Net cash provided by financing activities	1,338	339
Change in cash, cash equivalents, and restricted cash	(50,821)	(85,909)
Cash, cash equivalents, and restricted cash at beginning of period	254,295	386,919
Cash, cash equivalents, and restricted cash at end of period	$ 203,474	$ 301,010
Supplemental disclosure of cash flow information:		
Right-of-use assets and lease liabilities recognized	$ —	$ 3,733
Right-of-use assets and lease liabilities derecognized	$ 4,779	$ —
Sales of property and equipment in prepaid expenses and other current assets	$ 1,316	$ —

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

1. Organization and Nature of Business

Silverback Therapeutics, Inc. ("Silverback" or "the Company") is a biopharmaceutical company focused on leveraging its proprietary ImmunoTAC technology platform to develop systemically delivered and tissue targeted therapeutics for the treatment of chronic viral infections, cancer, and other serious diseases. The Company's ImmunoTAC platform is the result of a focused effort to discover ways to systemically deliver disease-modifying small molecules in a directed fashion to sites of disease. The Company's platform enables it to strategically pair proprietary linker-payloads that modulate key disease-modifying pathways with monoclonal antibodies directed at specific disease sites. The Company was formed in Seattle, Washington and incorporated in the state of Delaware on January 4, 2016.

On March 28, 2022, the Company's board of directors approved a corporate restructuring plan to discontinue the Company's clinical development programs for SBT6050 and SBT6290 and to prioritize resources on the development of the Company's SBT8230 program and early-stage discovery programs (the "March Restructuring Plan"). In connection with the March Restructuring Plan, the Company's workforce was reduced by 27%, with substantially all of the reduction in personnel completed by July 15, 2022. The Company initiated the reduction in force on March 31, 2022 and provided severance payments, continuation of group health insurance coverage, and other benefits for a specified period to the affected employees.

On July 21, 2022, as amended on August 11, 2022 and October 25, 2022, the Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with ARS Pharmaceuticals, Inc., a Delaware corporation ("ARS Pharma"), a biopharmaceutical company focused on the development of *neffy*, a needle-free epinephrine nasal spray, for the emergency treatment of Type I allergic reactions, and Sabre Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Silverback ("Merger Sub"). Upon the terms and subject to the satisfaction of the conditions described in the Merger Agreement, Merger Sub will be merged with and into ARS Pharma, with ARS Pharma surviving as a wholly owned subsidiary of Silverback (the "Merger"). The Merger is intended to qualify as a tax-free reorganization for U.S. federal income tax purposes. The transaction is anticipated to be completed during the fourth quarter of 2022.

In connection with the Merger Agreement and in order to preserve cash resources, the Company has reduced its workforce by approximately 78% as of September 30, 2022, and an additional 17% will be terminated by transaction close. The Company anticipates the rest of the employees will remain with the combined company post-close. All employees affected by the workforce reduction will be eligible to receive, among other things, severance payments based on the applicable employee's level and years of service with the Company and the continuation of group health insurance coverage for a specified time period post-termination.

Risks and Uncertainties

The Company is subject to a number of inherent risks which include, but are not limited to, the need to obtain adequate additional funding, possible failure of clinical trials or other events demonstrating a lack of clinical safety or efficacy of its product candidates, dependence on key personnel, reliance on third-party service providers for manufacturing drug product and conducting clinical trials, the ability to successfully secure its proprietary technology, and risks related to the regulatory approval and commercialization of a product candidate. Additionally, the development and commercialization of new drug products is highly competitive. Products or technologies developed by competitors may diminish or render obsolete the Company's existing products under development. Moreover, the Company is subject to a number of risks related to the proposed Merger with ARS Pharma which include, but are not limited to, the failure to complete the Merger may result in the Company paying a termination fee to ARS Pharma, the inability of the Company to divest its legacy programs within the timeframe required under the Merger Agreement, on favorable terms or at all, if the Merger is not completed, the Company may be unsuccessful in completing an alternative transaction on terms that are as favorable as the terms of the Merger, or at all, and the Company may be unable to reestablish a viable operating business.

Liquidity and Capital Resources

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred net operating losses since its inception and had an accumulated deficit of $248.1 million as of September 30, 2022. The Company had cash, cash equivalents, and investments of $266.6 million as of September 30, 2022 and has not generated positive cash flows from operations. To date, the Company has funded its operations primarily through the issuance of redeemable convertible preferred stock, convertible notes, and the sale of common stock in connection with the Company's initial public offering ("IPO"). The Company's currently available cash, cash equivalents, and restricted cash as of September 30, 2022 are sufficient to meet its anticipated cash requirements for the 12 months following the date the financial statements are issued. Management considers

that there are no conditions or events, in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a period of at least 12 months from the date the financial statements are issued.

Management expects operating losses to continue for the foreseeable future. There can be no assurance that the Company will ever earn revenues or achieve profitability, or if achieved, that they will be sustained on a continuing basis. The Company may be unable to secure financing when needed, or if available, such financings may be under terms that are unfavorable to the Company or the current stockholders. If the Company is unable to raise additional funds when needed, it may be required to delay, reduce the scope of, or eliminate development programs, which may adversely affect its business and operations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative U.S. GAAP as found in the Accounting Standards Codification ("ASC"), and Accounting Standards Update ("ASU"), of the Financial Accounting Standards Board ("FASB").

Unaudited Interim Condensed Financial Statements

The accompanying condensed balance sheet as of September 30, 2022, the condensed statements of operations and comprehensive loss and condensed statements of stockholders' equity (deficit) for the three and nine months ended September 30, 2022 and 2021, and the condensed statements of cash flows for the nine months ended September 30, 2022 and 2021, are unaudited. The balance sheet as of December 31, 2021 was derived from the audited financial statements as of and for the year ended December 31, 2021. The unaudited interim condensed financial statements have been prepared on a basis consistent with the audited annual financial statements as of and for the year ended December 31, 2021, and, in the opinion of management, reflect all adjustments, consisting solely of normal recurring adjustments, necessary for the fair presentation of the Company's financial position as of September 30, 2022, the condensed results of its operations for the three and nine months ended September 30, 2022 and 2021, and its cash flows for the nine months ended September 30, 2022 and 2021. The financial data and other information disclosed in these notes related to the nine months ended September 30, 2022 and 2021 are also unaudited. The condensed results of operations for the three and nine months ended September 30, 2022 are not necessarily indicative of the results to be expected for the full year ending December 31, 2022 or any other period.

Use of Estimates

The preparation of the Company's financial statements requires it to make estimates and assumptions that impact the reported amounts of assets, liabilities and expenses in the Company's financial statements and accompanying notes. The most significant estimates in the Company's financial statements relate to accruals for research and development expenses, valuation of equity awards, and valuation allowances for deferred tax assets. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially and adversely from these estimates.

The full extent to which the coronavirus ("COVID-19") pandemic will directly or indirectly impact the Company's business, results of operations and financial condition, including expenses, clinical trials and research and development costs, will depend on future developments that are highly uncertain, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19, as well as the economic impact on local, regional, national and international markets. The Company has considered potential impacts arising from the COVID-19 pandemic and is not presently aware of any events or circumstances that would require the Company to update its estimates, judgments or revise the carrying value of its assets or liabilities.

Fair Value of Financial Instruments

Cash and cash equivalents, restricted cash, and investments are carried at fair value. Accounts payable and accrued expenses are carried at cost, which approximates fair value given their short-term nature.

Cash and Cash Equivalents

Cash equivalents are comprised of short-term, highly-liquid investments with maturities of 90 days or less at the date of purchase. At September 30, 2022 and December 31, 2021, the Company's cash equivalents consisted of money market funds.

Restricted Cash

Restricted cash consists of a deposit securing a collateral letter of credit issued in connection with the Company's facility operating lease.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the condensed balance sheets that sum to the amounts shown in the condensed statements of cash flows (in thousands):

	September 30, 2022	December 31, 2021
Cash and cash equivalents	$ 203,224	$ 254,045
Restricted cash	250	250
Total cash and cash equivalents and restricted cash	$ 203,474	$ 254,295

Investments

The Company invests excess cash in investment grade intermediate-term fixed income securities. These investments are included in short-term and long-term investments on the condensed balance sheets, classified as available-for-sale, and reported at fair value with unrealized gains and losses included in accumulated other comprehensive loss. Realized gains and losses on the sale of these securities are recognized in net loss. Securities with a maturity date within 1 year of the balance sheet date are classified as short-term.

The Company periodically evaluates whether declines in fair values of its investments below their book value are other-than-temporary. This evaluation consists of several qualitative and quantitative factors regarding the severity and duration of the unrealized loss as well as the Company's ability and intent to hold the investment until a forecasted recovery occurs. Additionally, the Company assesses whether it has plans to sell the security or it is more likely than not it will be required to sell any investment before recovery of its amortized cost basis. Factors considered include quoted market prices, recent financial results and operating trends, implied values from any recent transactions or offers of investee securities, credit quality of debt instrument issuers, other publicly available information that may affect the value of the investments, duration and severity of the decline in value, and the Company's strategy and intentions for holding the investment.

Concentrations of Credit Risk

The Company is subject to credit risk from holding its cash and cash equivalents at a limited number of commercial banks. The Company limits its exposure to credit losses by investing in money market funds through a U.S. bank with high credit ratings and U.S. Treasury Securities. Cash may consist of deposits held with banks that may at times exceed federally insured limits, however, exposure to credit risk in the event of default by the financial institution is limited to the extent of amounts recorded on the balance sheets. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Leases

Leases consist of the Company's operating leases. In accordance with ASC 842, Leases, the Company determines if an arrangement is a lease at inception and evaluates each lease agreement to determine whether the lease is an operating or finance lease. For leases where the Company is the lessee, right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Operating lease ROU assets also include any prepaid lease payments, lease incentives received, and costs which will be incurred in exiting a lease.

The Company's leases include options to extend or terminate the leases. Periods covered by an option to extend a lease are included in the lease term when it is reasonably certain that the Company will exercise that option. Periods covered by an option to terminate a lease are included in the lease term when it is reasonably certain that the Company will not exercise that option.

Short-term leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company does not have material short-term lease costs. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. For real estate leases, the Company does not separate lease and non-lease components. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Research and Development Expenses

All research and development costs are expensed in the period incurred. Research and development expenses consist primarily of direct and indirect costs incurred in connection with the development of the Company's ImmunoTAC technology platform, discovery efforts, and preclinical study and clinical trial activities related to the Company's program pipeline. Direct costs include expenses incurred under agreements with CROs and other vendors that conduct the Company's preclinical and clinical activities, expenses associated with manufacturing the Company's product candidates including under agreements with contract development and manufacturing organizations and other vendors, and consulting fees. Indirect costs include personnel-related expenses, consisting of employee salaries, bonuses, benefits, and stock-based compensation expense and recruiting costs for personnel engaged in research and development activities, facility and equipment related expenses, consisting of indirect and allocated expenses for rent, depreciation, and equipment maintenance, and other unallocated research and development expenses incurred in connection with the Company's research and development programs, including laboratory materials and supplies and license fees. Research and development expenses are charged to operating expenses as incurred when these expenditures relate to the Company's research and development efforts and have no alternative future uses.

The Company is obligated to make upfront payments upon execution of certain research and development agreements. Advance payments, including nonrefundable amounts, for goods or services that will be used or rendered for future research and development activities are capitalized until such goods are delivered or the related services are performed, or such time when the Company does not expect the goods to be delivered or services to be performed. The Company estimates the period over which such services will be performed and the level of effort to be expended in each period. If actual timing of performance or the level of effort varies from the estimate, the Company will adjust the amounts recorded accordingly. Since inception, the Company has not experienced any material differences between accrued or prepaid costs and actual costs.

Stock-Based Compensation

The cost of employee services received in exchange for an award of an equity instrument is measured at the grant date based on the award's estimated fair value using the Black-Scholes option pricing model. The estimated fair value of the awards is recognized into expense on a straight-line basis over the requisite service period. Stock-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized, and any previously recognized compensation expense is reversed. Management evaluates when the achievement of a performance condition is probable based on the expected satisfaction of the performance condition at each reporting date. Forfeitures are recognized as a reduction of stock-based compensation expense as they occur. The option plan permits, but does not require, the inclusion of early exercise provisions in individual awards. Proceeds from early option exercises are recorded as a liability until the underlying restricted shares vest. While the restricted shares have voting rights, they are not considered outstanding for accounting purposes.

Comprehensive Loss

Comprehensive loss is defined as a change in equity during a period from transactions and other events and circumstances from non-owner sources. The Company presents one continuous Statement of Operations and Comprehensive Loss. The Company's comprehensive loss includes unrealized gains and losses on investments.

Net Loss Per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, without consideration of potentially dilutive securities. Diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders since the effect of potentially dilutive securities is anti-dilutive given the net loss of the Company. For purposes of this calculation, stock options, employee stock purchase rights, and unvested common stock subject to repurchase are considered to be common stock equivalents but are not included in the calculations of diluted net loss per share for the periods presented as their effect would be antidilutive.

Emerging Growth Company Status

The Company is an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public

and private companies until the earlier of the date that it is (1) no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

Recently Issued Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The objective of the standard is to provide information about expected credit losses on financial instruments at each reporting date and to change how other-than temporary impairments on investment securities are recorded. The guidance is effective for the Company beginning on January 1, 2023, with early adoption permitted. The Company is currently evaluating the impact the standard may have on its financial statements and related disclosures.

3. Fair Value Measurements

The Company follows authoritative accounting guidance, which among other things, defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (at exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of inputs that may be used to measure fair value include:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity.

The following table identifies the Company's assets and liabilities that were measured at fair value on a recurring basis (in thousands):

September 30, 2022	**Level**	**Amortized Cost**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair Value**
Money market funds	1	$ 203,224	$ —	$ —	$ 203,224
Short-term investments - U.S. Treasury securities	1	65,023	—	(1,623)	63,400
Total	1	$ 268,247	$ —	$ (1,623)	$ 266,624
December 31, 2021					
Money market funds	1	253,945	—	—	253,945
Long-term investments - U.S. Treasury securities	1	65,106	—	(326)	64,780
Total	1	$ 319,051	$ —	$ (326)	$ 318,725

There were no transfers between the Level 1 and Level 2 categories or into or out of the Level 3 category during the periods presented.

The investments U.S. Treasury securities designated as short-term investments have an effective maturity date equal to or less than one year from the respective balance sheet date. Those designated as long-term investments have an effective maturity date that is more than one year, but less than two years, from the respective balance sheet date. The Company evaluated its investments for other-than-temporary impairment and considers the decline in market value for the securities to be primarily attributable to current economic and market conditions. For the investments, it is not more-likely-than-not that the Company will be required to sell the investments, and the Company does not intend to do so prior to the recovery of the amortized cost basis.

4. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Employee compensation and benefits	$ 2,333	$ 4,605
Research and development expenses	718	6,528
Professional services and other	598	594
Total accrued expenses	$ 3,649	$ 11,727

5. Leases

The Company leases office and laboratory space in Seattle, Washington. The components of lease expense and related cash flows were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Lease expense				
Operating lease expense	$ 334	$ 402	$ 1,052	$ 1,096
Variable lease expense	119	121	373	333
Total lease expense	$ 453	$ 523	$ 1,425	$ 1,429
Operating cash outflows from operating leases	$ 458	$ 499	$ 1,479	$ 1,333

The weighted-average remaining term on the Company's leases was 0.25 years as of September 30, 2022. To compute the present value of the lease liabilities, the Company used a weighted average discount rate of 7.4% as of September 30, 2022. The Company's future minimum commitments due under its operating lease agreement is $0.2 million.

On July 1, 2021, the Company entered into a sublease agreement for additional office space in Seattle, Washington. The commencement date of the sublease was August 1, 2021. The contractual term of the sublease is two years with an option to extend for one additional year and an option to terminate after one year subject to a termination fee. On May 2, 2022, the Company sent a notice of termination of the sublease agreement to be effective on August 1, 2022. Due to the change in lease term, the Company remeasured the ROU asset and lease liability as of May 2, 2022 and, as a result, reduced the ROU asset and lease liability by $0.3 million.

On September 27, 2022, the Company entered into an amendment to its lease agreement to terminate the Company's remaining lease as of December 31, 2022. Due to the change in lease term, the Company remeasured the ROU asset and lease liability and, as a result, reduced the lease liability and ROU asset by $4.5 million. As the remeasurement of the lease liability reduced the ROU asset down to zero, the Company recorded a gain on lease remeasurement of $0.8 million for the three and nine months ended September 30, 2022.

6. Term Loan Payable

In November 2016, the Company entered into a loan and security agreement with Silicon Valley Bank ("SVB") and borrowed $3.5 million as a term loan. The outstanding principal amount of the term loan accrued interest at an annual rate of 1.75% per annum. At closing, the Company incurred de minimis debt issuance costs and owed a final payment fee of $0.3 million, both of which are amortized to interest expense over the remaining term of the debt under the effective interest method. The effective interest rate of the Company's term loan was 5.14%.

The term loan's original maturity date was November 1, 2020. However, in April 2020, the Company amended the loan and security agreement to defer principal payments for six months and extend the maturity date to May 1, 2021. There were no costs or additional warrant issuances in connection with this amendment. The Company accounted for the amendment as a debt modification and amortized the remaining debt discount over the remaining term.

On May 1, 2021, the Company made its final scheduled payment to SVB under the loan and security agreement including the final payment fee.

7. Stockholders' Equity (Deficit)

Common Stock

The Company has reserved shares of common stock for the following potential future issuances:

	September 30, 2022	December 31, 2021
Shares underlying outstanding equity awards	7,533,964	6,370,873
Shares available for future equity award grants	2,801,563	2,931,012
Shares underlying early exercised equity awards	13,287	26,283
Total	10,348,814	9,328,168

8. Stock-Based Compensation

Stock-based compensation expense recognized for all equity awards has been reported in the statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Research and development expense	$ 2,173	$ 2,144	$ 6,385	$ 6,147
General and administrative expense	2,864	2,875	8,741	7,887
Total stock-based compensation expense	$ 5,037	$ 5,019	$ 15,126	$ 14,034

As of September 30, 2022, the total unrecognized stock-based compensation expense was $30.7 million, which is expected to be recognized over a remaining weighted-average period of approximately 1.83 years.

Stock Option Awards

As of September 30, 2022, the Company's equity incentive plans authorized a total of 11,321,495 shares, of which 2,801,563 shares are available for future grant, and 7,533,964 shares are outstanding. Not included in the outstanding option balance are 13,287 shares pursuant to stock options that were early exercised and subject to repurchase under the Company's 2016 Equity Incentive Plan that remain unvested as of September 30, 2022.

A summary of the Company's stock option activity for the nine months ended September 30, 2022 is as follows (in thousands, except share and per share data and years):

	Stock Options Outstanding			
	Shares Subject to Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Balance at December 31, 2021	6,370,873	$ 12.82		
Granted	3,088,001	4.20		
Exercised	(588,190)	2.04		$ 1,790
Cancelled	(1,845,177)	11.71		
Balance at September 30, 2022	7,025,507	10.22	7.89	$ 8,525
Vested at September 30, 2022	2,828,006	$ 12.00	6.79	$ 3,711

The total fair value of shares vested during the nine months ended September 30, 2022 and 2021 was $17.4 million and $11.7 million, respectively. The aggregate intrinsic value in the table above is calculated as the difference between the exercise price of the underlying options and the estimated fair value of the Company's common stock for all options that were in-the-money at September 30, 2022. The weighted-average grant date fair value per share of option grants for the nine months ended September 30, 2022 and 2021 was $2.82 and $24.92, respectively.

The grant date fair value of stock options was estimated using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Expected term (in years)	5.8	5.9
Expected volatility	77%	80%
Risk-free interest rate	2.24%	0.94%
Expected dividend yield	—	—

The fair value of stock options was determined using the Black-Scholes option-pricing model and the assumptions below. Each of these inputs is subjective and generally requires significant judgement.

Fair Value of Common Stock. The grant date fair market value of the shares of common stock underlying stock options is determined by the Company's board of directors. Following the closing of the Company's IPO, the fair market value of the Company's common stock is based on its closing price as reported on the date of grant on the primary stock exchange on which the Company's common stock is traded. Prior to the Company's IPO, because there was no public market for the Company's common stock, the board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair market value, which included contemporaneous valuations performed by an independent third-party, the Company's results of operations and financial position, including its levels of available capital resources, its stage of development and material risks related to the Company's business, progress of the Company's research and development activities, the Company's business conditions and projections, the lack of marketability of the Company's common stock and preferred stock as a private company, the prices at which the Company sold shares of its redeemable convertible preferred stock to outside investors in arms-length transactions, the rights, preferences and privileges of the Company's redeemable convertible preferred stock relative to those of its common stock, the analysis of IPOs and the market performance of similar companies in the biopharmaceutical industry, the likelihood of achieving a liquidity event for the Company's securityholders, such as an IPO or a sale of the company, given prevailing market conditions, the hiring of key personnel and the experience of management, trends and developments in the Company's industry and external market conditions affecting the life sciences and biotechnology industry sectors.

Expected Term. The expected term represents the period that the options granted are expected to be outstanding. The expected term of stock options issued is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term) as the Company has concluded that its stock option exercise history does not provide a reasonable basis upon which to estimate expected term.

Expected Volatility. Given the Company's limited historical stock price volatility data, the Company derived the expected volatility from the average historical volatilities over a period approximately equal to the expected term of comparable publicly traded companies within its peer group that were deemed to be representative of future stock price trends as the Company has limited trading history for its common stock. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of its own stock price becomes available.

Risk-free Interest Rate. The risk-free interest rate is based on the U.S. Treasury rate, with maturities similar to the expected term of the stock options.

Expected Dividend Yield. The Company has never paid dividends on its common stock and does not anticipate paying any dividends in the foreseeable future. Therefore, the Company uses an expected dividend yield of zero.

Restricted Stock Unit Awards

During the nine months ended September 30, 2022 the Company issued restricted stock unit ("RSU") awards to employees under the Company's 2020 Equity Incentive Plan. There was no RSU activity during the nine months ended September 30, 2021. A summary of the Company's RSU activity for the nine months ended September 30, 2022 is as follows:

	Restricted Stock Unit Awards	
	Share Equivalents	Weighted-Average Grant Date Fair Value
Balance at December 31, 2021	—	$ —
Granted	817,376	3.70
Vested	(134,865)	3.15
Cancelled	(174,054)	4.50
Balance at September 30, 2022	508,457	$ 3.58

9. Licensing Agreement

Cell Line License Agreement with WuXi Biologics (Hong Kong) Limited

In October 2019, the Company entered into a cell line license agreement with WuXi Biologics (Hong Kong) Limited ("WuXi Bio"). Under the license agreement, WuXi Bio granted the Company a non-exclusive, worldwide, sublicensable, under certain of WuXi Bio's intellectual property rights, know-how and biological materials ("WuXi Bio Licensed Technology"), to make, use, sell, offer for sale and import a product developed through the use of the WuXi Bio Licensed Technology ("WuXi Bio Licensed Product"). The WuXi Bio Licensed Technology is used to manufacture a component of the Company's legacy programs. The Company has paid an aggregate of $150,000 in license fees that were recorded in research and development expense when incurred.

In the event the Company manufactures its commercial supplies of a product produced by the Licensed Cell Line using a manufacturer other than WuXi Bio or its affiliates, the Company will become obligated to pay WuXi Bio aggregate milestone payments, upon achievement of certain sales milestones, of up to $10.8 million.

The Company has the right to terminate the license by giving at least six months prior written notice to WuXi Bio and paying all amounts due to them through the termination date. In the event the Company fails to pay all amounts due to WuXi Bio under the license agreement, and fails to pay the amounts within 30 days after receiving written notice of such failure, WuXi Bio may terminate the license with 45 days written notice to the Company. In the event either party commits a material breach under the license and fails to cure the breach within 30 days after receiving written notice from the other party of such breach, either party may terminate the license immediately upon written notice to the other party.

10. Commitments and Contingencies

Legal Proceedings

From time to time, the Company may have certain contingent liabilities that arise in the ordinary course of its business activities. The Company accrues a liability for such matters when it is probable that future expenditures will be made and can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount.

On November 5, 2021, a securities class action complaint was filed against the Company and certain of the Company's officers and directors in the U.S. District for the Western District of Washington, captioned Dresner v. Silverback Therapeutics, Inc., et al., Case No. 2:21-cv-01499 (the "Dresner Case"). The court has appointed lead plaintiff and lead plaintiff's counsel, and plaintiff's counsel then filed the amended complaint on April 11, 2022. The amended complaint alleges that between December 3, 2020 and March 31, 2022, the Company and certain of the Company's officers and directors violated (1) Sections 11 and 15 of the Securities Act of 1933, as amended; and (2) Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Securities and Exchange Commission ("SEC") Rule 10b-5 promulgated thereunder, by making allegedly false and misleading statements in various SEC filings and press releases regarding the clinical and commercial prospects of the Company's product candidate, SBT6050, which is now discontinued. The complaint seeks unspecified damages and interest, as well as attorneys' fees and other costs. The Company and the other defendants filed a motion to dismiss on May 26, 2022 and lead plaintiff filed an opposition brief on July 11, 2022. On August 10, 2022, the Company and the other defendants filed a reply brief. The court held a hearing on October 28, 2022 and is expected to issue a ruling on the motion to dismiss by the end of 2022 or in the first half of 2023.

The Company cannot predict the outcome of this suit, and failure by the Company to obtain a favorable resolution could have a material adverse effect on its business, results of operations and financial condition. The Company's chances of success on the merits are still uncertain and any possible loss or range of loss cannot be reasonably estimated and as such the Company has not recorded a liability as of September 30, 2022.

Indemnifications

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions. Pursuant to such agreements, the Company may indemnify, hold harmless, and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has never incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by Delaware corporate law. The Company currently has directors' and officers' insurance coverage that reduces its exposure and enables the Company to recover a portion of any future amounts paid. The Company believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal.

COVID-19

The global COVID-19 pandemic continues to evolve, and management continue to monitor the situation closely. The extent of the impact of COVID-19 on the Company's business, operations, planned preclinical studies and clinical trials, and manufacturing timelines and plans remains uncertain, and will depend on certain developments, including the duration and spread of the outbreak and its impact on the Company's CROs, third-party manufacturers, supply chains necessary for research and development and manufacturing, and other third parties with whom the Company does business, as well as its impact on regulatory authorities and the Company's key scientific and management personnel. For example, the COVID-19 pandemic has caused the cost of obtaining animals for our preclinical studies to increase dramatically and, if the shortage continues, could also result in delays to our development timelines.

To the extent possible, management is conducting business as usual, with necessary or advisable modifications to employee travel and some of the Company's non-lab based employees working remotely. Management will continue to actively monitor the evolving situation related to COVID-19 and may take further actions that alter Company operations, including those that may be required by federal, state or local authorities, or that management determines are in the best interests of the Company's employees and other third parties with whom the Company does business. At this point, the extent to which the COVID-19 pandemic may affect the Company's business, operations and clinical development timelines and plans, including the resulting impact on Company expenditures and capital needs, remains uncertain and is subject to change.

11. Employee Benefit Plans

The Company maintains a retirement plan, which is qualified under section 401(k) of the Internal Revenue Code of 1986, as amended, for the Company's U.S. employees. The plan allows eligible employees to defer, at the employee's discretion, pretax compensation up to the IRS annual limits. In 2022, the Company began matching contributions to each employee participant's account equal to 100% of the participant's contributions up to 4% of the participant's eligible compensation, subject to applicable plan and IRS limits.

12. Net Loss Per Share Attributable to Common Stockholders

The following outstanding shares of potentially dilutive securities were excluded from the computation of the diluted net loss per share attributable to common stockholders for the periods presented because their effect would have been anti-dilutive:

	Nine Months Ended September 30,	
	2022	2021
Common stock options	7,025,507	6,451,285
RSU awards	508,457	—
Unvested common stock	13,287	30,615
ESPP withholdings	1,451	22,668
Total potentially dilutive shares	7,548,702	6,504,568

13. Restructuring Plans

March Restructuring Plan

During the nine months ended September 30, 2022, the Company incurred $1.7 million in costs associated with the termination benefits resulting from the March Restructuring Plan. $1.3 million and $0.4 million of the termination benefits are included in research and development expense and general and administrative expense, respectively. A summary of the restructuring charges for the nine months ended September 30, 2022 is as follows (in thousands):

	Accrued Severance 2022
Accrued severance as of December 31, 2021	$ —
Severance expense incurred during the three months ended March 31, 2022	404
Accrued severance as of March 31, 2022	404
Severance expense incurred during the three months ended June 30, 2022	1,180
Severance paid during the period	(987)
Accrued severance as of June 30, 2022	$ 597
Severance expense incurred during the three months ended September 30, 2022	100
Severance paid during the period	(415)
Accrued severance as of September 30, 2022	$ 282

July Restructuring Plan

In connection with the Merger Agreement and in order to preserve cash resources, the Company has reduced its workforce by approximately 78% as of September 30, 2022, and an additional 17% will be terminated by transaction close. The Company anticipates the rest of the employees will remain with the combined company post-close. All employees affected by the workforce reduction will be eligible to receive, among other things, severance payments based on the applicable employee's level and years of service with the Company and the continuation of group health insurance coverage for a specified time period post-termination.

During the three months ended September 30, 2022, the Company incurred $5.8 million in costs associated with the termination benefits resulting from the July Restructuring Plan. $3.7 million and $2.1 million of the termination benefits are included in research and development expense and general and administrative expense, respectively. A summary of the restructuring charges for the three months ended September 30, 2022 is as follows (in thousands):

	Accrued Severance 2022
Accrued severance as of June 30, 2022	$ —
Severance expense incurred during the three months ended September 30, 2022	5,790
Severance paid during the period	(4,381)
Accrued severance as of September 30, 2022	$ 1,409

In the event the Merger with ARS Pharma occurs, the Company will be required to pay an additional $7.2 million in severance-related charges, all of which will be cash expenditures.

14. Loss on Sale of Property and Equipment

Considering the proposed Merger with ARS Pharma and restructuring plans, management made the decision in August 2022 to sell the excess property and equipment owned by the Company. As a result, property and equipment with a carrying value of $2.4 million was sold at auction in September 2022 for $1.3 million, net of fees and taxes. As a results of the sales, the Company recognized a loss on sale of property and equipment totaling $1.1 million for the three months ended September 30, 2022. These

losses are recognized as expenses on the unaudited Condensed Statement of Operations and Comprehensive Loss. The Company's remaining property and equipment is immaterial. A receivable for net proceeds of $1.3 million as of September 30, 2022 is recorded in prepaid expenses and other current assets.

15. Subsequent Events

Asset Purchase Agreement

On October 18, 2022, the Company entered into an asset purchase agreement to sell certain patent applications and rights directed to next-generation linker technology for a one-time payment of $0.2 million.

Second Amendment to Merger Agreement

On October 25, 2022, the Company and ARS Pharma entered into a Second Amendment of the Merger Agreement to adjust the Company's allowed range of net cash at close from no less than $210 million nor greater than $255 million to no less than $210 million nor greater than $265 million.

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

You should read the following discussion and analysis together with our unaudited financial statements and related notes thereto included in "Item 1. Financial Statements (Unaudited)" of this Quarterly Report on Form 10-Q and the audited financial statements and related notes thereto as of and for the year ended December 31, 2021 included in our Annual Report on Form 10-K, filed with the Securities and Exchange Commission (SEC), on March 31, 2022. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this Quarterly Report, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. You should carefully read the "Risk Factors" section of this Quarterly Report to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements.

Overview

We are a biopharmaceutical company focused on leveraging our proprietary ImmunoTAC technology platform to develop systemically delivered, tissue targeted therapeutics for the treatment of chronic viral infections, cancer, and other serious diseases. Our platform enables us to strategically pair proprietary linker-payloads that modulate key disease-modifying pathways with monoclonal antibodies directed to specific disease sites.

In July 2020, we initiated clinical development of our first ImmunoTAC product candidate, a TLR8 agonist conjugated to a HER2 antibody, SBT6050. Preclinical data suggested that we would be able to demonstrate a therapeutic window and advance SBT6050 through clinical development as a monotherapy and in combination with standard-of-care agents that had a complementary mechanism-of-action. Our Phase 1/1b program was designed to measure safety and tolerability, pharmacokinetic (PK), pharmacodynamic (PD) and anti-tumor activity as monotherapy and in combination with pembrolizumab. On March 28, 2022, we made the decision to discontinue our clinical development program for SBT6050 due to limited monotherapy activity and dose-limiting adverse events when used in combination with pembrolizumab. SBT6290, comprised of the same linker payload conjugated to a Nectin4 antibody, was expected to show a similar clinical profile and, therefore, we also terminated this program prior to dosing patients. Following the decision on March 28, 2022, we prioritized our resources to focus on the development of SBT8230 and early-stage discovery programs.

Our understanding of TLR8 conjugates in preclinical species and in the clinic guides our interpretation of the preclinical characteristics of SBT8230, an ASGR1 antibody conjugated to a TLR8 agonist linker payload for the treatment of chronic hepatitis B virus (cHBV). ASGR1 is highly expressed in liver and is restricted in its expression to this organ. Other ASGR1-directed agents, such as those used in RNAi therapies, have shown robust liver localization. SBT8230 shows biodistribution profiles in non-human primates (NHP) consistent with these agents, which is distinct from SBT6050 and SBT6290. The anti-viral immune response is achieved through activation of myeloid cells and subsequent activation of immune cells that drive an IFNγ signal, which has been observed in the clinic with SBT6050. This has been shown by others to drive seroconversion, an important determinant of a functional cure. We presented a preclinical update on SBT8230 in the fourth quarter of 2021. In the third quarter of 2022, we completed Phase 1-enabling good laboratory practices toxicology studies and Phase 1-enabling chemistry, manufacturing, and control activities.

In addition, up until recently, we had internal discovery programs focused on evaluating and developing new antigen binding domains specific for targets of interest (including antibodies), next-generation linker technologies, and both agonist and antagonist small molecule payloads, that may be combined to create novel tissue-targeted antibody conjugates. Our most advanced discovery program is a proprietary glucocorticoid receptor agonist linker-payload (GC) conjugated to an antagonist monoclonal antibody against CD40 for the treatment of autoimmune and inflammatory diseases. By specifically delivering a glucocorticoid to CD40-expressing immune cells, our approach is designed to mitigate the off-target toxicities commonly observed with systemically administered glucocorticoids. In addition, the conjugate offers the potential for CD40 blockade together with targeted glucocorticoid delivery to enhance anti-inflammatory and immunosuppressive effects. Our CD40-GC conjugate leverages next-generation linker technology developed internally, which is designed to improve the pharmacokinetic properties of antibody drug conjugates. Our CD40-GC program is currently estimated to be 6-12 months away from development candidate selection.

Following our decision to discontinue our clinical development programs for SBT6050 and SBT6290, in April of 2022, we initiated a process to evaluate alternatives for the Company, including strategic mergers and acquisitions, asset acquisitions and sales, remaining a standalone company pursuing a limited pipeline focusing on SBT8230 and preclinical programs, and liquidation to distribute available cash. The goal of this evaluation was to identify the opportunity that would, in the opinion of our board of directors, create the most value for our stockholders.

On July 21, 2022, as amended on August 11, 2022 and October 25, 2022, we entered into an Agreement and Plan of Merger and Reorganization (the Merger Agreement) with Sabre Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of the Company (the Merger Sub), and ARS Pharmaceuticals, Inc., a Delaware corporation (ARS Pharma), pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions described in the Merger Agreement, Merger Sub will merge with and into ARS Pharma (the Merger) with ARS Pharma continuing as a wholly-owned subsidiary of our Company and the surviving corporation of the Merger. At the effective time of the proposed Merger, all of ARS Pharma's outstanding shares of common stock (after giving effect to the automatic conversion of all outstanding shares of ARS Pharma's preferred stock into shares of ARS Pharma's common stock) will be converted into the right to receive the right to receive a number of shares common stock of the Company equal to an exchange ratio calculated in accordance with the Merger Agreement and the Company will assume each outstanding and unexercised option and warrant to purchase ARS Pharma capital stock, which will be converted into options and warrants to purchase shares of common stock of the Company based on the exchange ratio. Immediately after the Merger, based on the agreed upon exchange ratio of 1.1819 and our estimated net cash at the closing of the Merger of $254 million, the pre-Merger ARS Pharma equity holders are expected to hold approximately 62% of the outstanding shares of our common stock and the pre-Merger equity holders of Silverback are expected to hold approximately 38% of the outstanding shares of our common stock, in each case, on a fully diluted basis using the treasury stock method. On October 25, 2022, we and ARS Pharma entered into a Second Amendment of the Merger Agreement to adjust our allowed range of net cash at close from no less than $210 million nor greater than $255 million to no less than $210 million nor greater than $265 million.

The Merger, which has been approved by our board of directors and the board of directors and stockholders of ARS Pharma, is expected to close in the fourth quarter of 2022, subject to the satisfaction or waiver of certain closing conditions, including the approval of our stockholders. Certain officers, directors and stockholders of Silverback who in the aggregate own approximately 31% of the outstanding shares of our common stock immediately prior to the date of the Merger Agreement are parties to support agreements whereby such stockholders have agreed, among other things, to vote in favor of the Merger, subject to the terms of the support agreements. Although we have entered into the Merger Agreement and intend to consummate the proposed Merger, there is no assurance that we will be able to successfully consummate the proposed Merger on a timely basis, or at all. If, for any reason, the proposed Merger is not completed, we will reconsider our strategic alternatives and could pursue another strategic transaction similar to the proposed Merger, potential collaborative, partnering or other strategic arrangements for our programs, including a sale or divestiture of our legacy programs, or liquidate and distribute available cash.

In connection with the announcement of the Merger, we are in the process of winding down our research and development activities and are focusing on divesting our legacy programs, including SBT8230 for cHBV, next-generation linker technologies, our library of monoclonal antibodies, and our preclinical GC conjugate program. On October 18, 2022, we entered into an asset purchase agreement (APA) to sell certain patent applications and rights directed to next-generation linker technology for a one-time payment of $200,000.

In connection with the Merger Agreement and in order to preserve cash resources, we have reduced our workforce by approximately 78% as of September 30, 2022, and an additional 17% will be terminated by transaction close. We anticipate the rest of the employees will remain with the combined company post-close. All employees affected by the workforce reduction will be eligible to receive, among other things, severance payments based on the applicable employee's level and years of service with us and the continuation of group health insurance coverage for a specified time period post-termination.

On August 10, 2022, our board of directors approved the termination of employment of Laura Shawver, Ph.D., our then Chief Executive Officer, effective as of September 2, 2022 (the Transition Date), to extend our cash runway and to allow Dr. Shawver to pursue other employment opportunities. Dr. Shawver entered into a consulting agreement with us effective as of the Transition Date pursuant to which she has agreed to provide, on an as-needed basis, not to exceed 20 hours per week unless mutually agreed, transition services and to advise, consult and support our management team in connection with the closing of the Merger, winddown activities related thereto, the sale of our legacy assets and other services from the Transition Date until the earlier of (a) the closing of the Merger and (b) December 31, 2022. As consideration for her consulting services, Dr. Shawver will be paid an hourly rate of $300 and

all outstanding equity awards held by Dr. Shawver as of the Transition Date will continue to vest and will remain exercisable during the consulting period. Dr. Shawver will also continue to serve as a member of our Board of Directors.

Effective as of the Transition Date, Jeffrey C. Pepe, Ph.D., J.D., was appointed to serve as our Interim Chief Executive Officer and principal executive officer. Dr. Pepe also serves as our General Counsel and Corporate Secretary.

On September 1, 2022, our board of directors approved the termination of employment of Valerie Odegard, Ph.D., our then President and Chief Scientific Officer, and Jonathan Piazza, our then Chief Financial Officer, effective as of September 2, 2022 (the Second Transition Date), to extend our cash runway and to allow Dr. Odegard and Mr. Piazza to pursue other employment opportunities. Dr. Odegard and Mr. Piazza have each entered into a consulting agreement with us as of the Transition Date pursuant to which each has agreed to provide, on an as-needed basis, not to exceed 20 hours per week unless mutually agreed, transition services and to advise, consult and support our management team in connection with the closing of the proposed Merger, winddown activities related thereto, the sale of our legacy assets and other services from the Second Transition Date until the later of (a) the closing of the Merger and (b) November 30, 2022. As consideration for each of their consulting services, Dr. Odegard and Mr. Piazza will be paid an hourly rate of $350 and all outstanding equity awards held by Dr. Odegard and Mr. Piazza as of the Second Transition Date will continue to vest and will remain exercisable during the consulting period.

Effective as of the Second Transition Date, Russ Hawkinson was appointed to serve as Silverback's Interim Chief Financial Officer and principal financial officer. Mr. Hawkinson also serves as Silverback's Senior Vice President of Finance and principal accounting officer.

Components of Our Results of Operations

Operating Expenses

Our operating expenses consist of (i) research and development expenses and (ii) general and administrative expenses.

Research and Development

Our research and development expenses consist primarily of direct and indirect costs incurred in connection with the development, and winding down, of our ImmunoTAC technology platform, product candidates, discovery efforts and preclinical studies and clinical trial activities related to our program pipeline, including our SBT6050, SBT6290, and SBT8230 programs.

Our direct costs include:

- expenses incurred under agreements with CROs and other vendors that conduct our preclinical and clinical activities;
- expenses associated with manufacturing our product candidates including under agreements with contract development and manufacturing organizations and other vendors; and
- consulting fees.

Our indirect costs include:

- personnel-related expenses, consisting of employee salaries, bonuses, benefits, severance, stock-based compensation expense and recruiting costs for personnel engaged in research and development activities;
- facility and equipment related expenses, consisting of indirect and allocated expenses for rent, depreciation, and equipment maintenance; and
- other unallocated research and development expenses incurred in connection with our research and development programs, including laboratory materials and supplies and license fees.

We expense research and development costs as incurred. Advance payments for goods and services that will be used over time for research and development are capitalized and recognized as goods are delivered or as the related services are performed. In-licensing fees and other costs to acquire technologies used in research and development that have not yet received regulatory approval and that are not expected to have an alternative future use are expensed when incurred. We track direct costs by stage of program, clinical or preclinical. However, we do not track indirect costs on a program specific or stage of program basis because these costs are deployed across multiple programs and, as such, are not separately classified.

We expect that our research and development expenses will decrease for the remainder of 2022 due to the winding down of all preclinical development and other research and development activities in order to preserve cash resources in anticipation of the proposed Merger with ARS Pharma.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses, including employee salaries, bonuses, benefits, severance, stock-based compensation, and recruiting costs for personnel in executive, finance, and other administrative functions. Other significant general and administrative expenses include legal fees relating to intellectual property, corporate matters, and the proposed Merger, professional fees for accounting, tax and consulting services, insurance costs, travel expenses, and the proposed Merger, and facility related expenses.

We expect that our general and administrative expenses will remain flat or increase for the remainder of 2022 due to the administrative effort required to close the proposed Merger with ARS Pharma and complete the divestiture of our legacy programs.

Gain on Lease Remeasurement

Gain on lease remeasurement includes the gain recorded resulting from the remeasurement of our lease and is the remaining difference between the reduction of our lease liability and the right-of-use (ROU) asset after reducing our ROU asset to zero.

Loss on Sale of Property and Equipment

Loss on sale of property and equipment includes the loss recognized as a result of the sale of our property and equipment.

Interest Income, net

Interest income, net includes interest earned on our cash, cash equivalents, and investments carried at fair value, and interest expense on our borrowings.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the three months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Dollar Change	% Change
	2022	2021		
	(in thousands, except percentages)			
Operating expenses:				
Research and development	$ 8,363	$ 15,641	$ (7,278)	(47)%
General and administrative	10,256	7,040	3,216	46
Gain on lease remeasurement	(774)	—	(774)	*
Loss on sale of property and equipment	1,094	—	1,094	*
Total operating expenses	18,939	22,681	(3,742)	(16)
Loss from operations	(18,939)	(22,681)	3,742	(16)
Interest income (expense), net	1,075	26	1,049	*
Net loss and comprehensive loss	$ (17,864)	$ (22,655)	$ 4,791	(21)%

* *Not meaningful*

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2022 and 2021:

	Three Months Ended September 30,		Dollar Change	% Change
	2022	2021		
	(in thousands, except percentages)			
Direct costs:				
SBT6050	$ —	$ 4,741	$ (4,741)	(100)%
Preclinical programs	665	3,505	(2,840)	(81)
Total direct costs	665	8,246	(7,581)	(92)
Indirect costs:				
Personnel-related expenses, including stock-based compensation	6,785	5,921	864	15
Facility and equipment related expenses	520	714	(194)	(27)
Other unallocated research and development expenses	393	760	(367)	(48)
Total research and development expenses	$ 8,363	$ 15,641	$ (7,278)	(47)%

Research and development expenses were $8.4 million and $15.6 million for the three months ended September 30, 2022 and 2021, respectively. The decrease of $7.3 million was due primarily to a decrease in clinical programs of $4.7 million as we continued to wind down SBT6050, a decrease of $2.8 million in our preclinical programs, a decrease of $0.2 million in facility and equipment related expenses, and a decrease of $0.4 million in various research and development expenses. This decrease was partially offset by an increase in personnel related expenses of $0.9 million due primarily to an increase in severance related charges of $3.8 million, partially offset by a decrease of $2.9 million in salaries and bonuses as a result of the reductions in force.

General and Administrative Expenses

General and administrative expenses were $10.3 million and $7.0 million for the three months ended September 30, 2022 and 2021, respectively. The increase of $3.2 million was due primarily to an increase of $2.2 million in professional services fees due to the Merger with ARS Pharma and an increase in personnel related expenses of $1.0 million due primarily to an increase in severance related charges of $2.1 million, partially offset by a decrease of $1.1 million in salaries and bonuses as a result of the reductions in force.

Gain on Lease Remeasurement

Gain on lease remeasurement was $0.8 million and zero for the three months ended September 30, 2022 and 2021, respectively. The gain on lease remeasurement was due to the termination of our remaining lease as of December 31, 2022 and the resulting remeasurement of the lease liability and ROU asset. As the ROU asset was reduced to zero, the difference was recognized as a gain.

Loss on Sale of Property and Equipment

Loss on sale of property and equipment was $1.1 million and zero for the three months ended September 30, 2022 and 2021, respectively. The loss on sale of property and equipment was due to sale of our property and equipment in anticipation of the proposed Merger with ARS Pharma.

Interest Income, net

Interest income, net was $1.1 million and $26,000 for the three months ended September 30, 2022 and 2021, respectively. The change of $1.1 million was primarily due to investing our cash in intermediate-term U.S. Treasury Securities in the second half of 2021 and improving interest rates on our money market fund holdings.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,		Dollar Change	% Change
	2022	2021		
	(in thousands, except percentages)			
Operating expenses:				
Research and development	$ 37,505	$ 45,630	$ (8,125)	(18)%
General and administrative	25,610	20,447	5,163	25
Gain on lease remeasurement	(774)	—	(774)	*
Loss on sale of property and equipment	1,094	—	1,094	*
Total operating expenses	63,435	66,077	(2,642)	(4)
Loss from operations	(63,435)	(66,077)	2,642	(4)
Interest income (expense), net	1,511	59	1,452	*
Net loss and comprehensive loss	$ (61,924)	$ (66,018)	$ 4,094	(6)%

* *Not meaningful*

Research and Development Expenses

The following table summarizes our research and development expenses for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,		Dollar Change	% Change
	2022	2021		
	(in thousands, except percentages)			
Direct costs:				
SBT6050	$ 4,070	$ 11,141	$ (7,071)	(63)%
SBT6290	800	—	800	*
Preclinical programs	8,839	13,328	(4,489)	(34)
Total direct costs	13,709	24,469	(10,760)	(44)
Indirect costs:				
Personnel-related expenses, including stock-based compensation	19,609	16,383	3,226	20
Facility and equipment related expenses	1,849	2,341	(492)	(21)
Other unallocated research and development expenses	2,338	2,437	(99)	(4)
Total research and development expenses	$ 37,505	$ 45,630	$ (8,125)	(18)%

* *Not meaningful*

Research and development expenses were $37.5 million and $45.6 million for the nine months ended September 30, 2022 and 2021, respectively. The decrease of $8.1 million was due primarily to a decrease of $6.2 million in our clinical programs as we began to wind down SBT6050 and SBT6290 in March 2022, a decrease in our preclinical programs of $4.5 million, a decrease of $0.5 million in facility and equipment related expenses, and a decrease $0.1 million in various research and development expenses. The decrease was partially offset by an increase in personnel related expenses of $3.2 million due primarily to an increase in severance related charges of $4.8 million, partially offset by a decrease of $1.6 million in salaries and bonuses as a result of the reductions in force.

General and Administrative Expenses

General and administrative expenses were $25.6 million and $20.4 million for the nine months ended September 30, 2022 and 2021, respectively. The increase of $5.2 million was due primarily to an increase of $2.1 million in professional services fees due to the Merger with ARS Pharma, an increase in personnel related expenses of $2.5 million due primarily to an increase in severance related charges of $2.4 million and an increase of $0.9 million in stock-based compensation, partially offset by a decrease of $0.8 million in salaries and bonuses as a result of the reductions in force. To a lesser extent, the increase in general and administrative expenses was due to other various general administrative expenses of $0.4 million.

Gain on Lease Remeasurement

Gain on lease remeasurement was $0.8 million and zero for the nine months ended September 30, 2022 and 2021, respectively. The gain on lease remeasurement was due to the termination of our remaining lease as of December 31, 2022 and the resulting remeasurement of the lease liability and ROU asset. As the ROU asset was reduced to zero, the difference was recognized as a gain.

Loss on Sale of Property and Equipment

Loss on sale of property and equipment was $1.1 million and zero for the nine months ended September 30, 2022 and 2021, respectively. The loss on sale of property and equipment was due to sale of our property and equipment in anticipation of the Merger with ARS Pharma.

Interest Income, net

Interest income, net was $1.5 million and $59,000 for the nine months ended September 30, 2022 and 2021, respectively. The change of $1.5 million was primarily due to investing our cash in intermediate-term U.S. Treasury Securities in the second half of 2021 and improving interest rates on our money market fund holdings.

Liquidity and Capital Resources

We have incurred net losses and negative cash flows from operations since our inception and anticipate we will continue to incur net losses for the foreseeable future. Since our inception, we have funded our operations almost exclusively with proceeds from the sale and issuance of shares of our redeemable convertible preferred stock and common stock, and debt financings. We will need to raise substantial additional capital in the future.

As of September 30, 2022, we had $266.9 million in cash, cash equivalents, restricted cash, and investments. The following table sets forth a summary of the net cash flow activity for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
	2022	2021
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ (51,475)	$ (45,455)
Investing activities	(684)	(40,793)
Financing activities	1,338	339
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (50,821)	$ (85,909)

Operating Activities

During the nine months ended September 30, 2022, net cash used in operating activities was $51.5 million. This consisted primarily of a net loss of $61.9 million and an increase in our operating assets and liabilities of $6.3 million, partially offset by non-cash charges of $16.7 million. The increase in our operating assets and liabilities was primarily due to a decrease in accounts payable and accrued expenses of $10.0 million, and a decrease in lease liability of $0.8 million. These decreases were partially offset by a

decrease in our prepaid and other assets of $4.6 million. The non-cash charges primarily consisted of stock-based compensation expense of $15.1 million, loss on sale of property and equipment of $1.1 million, gain on lease remeasurement of $0.8 million, non-cash lease expense of $0.7 million, and depreciation expense of $0.5 million.

During the nine months ended September 30, 2021, net cash used in operating activities was $45.5 million. This consisted primarily of a net loss of $66.0 million, partially offset by non-cash charges of $15.5 million and a decrease in our operating assets and liabilities of $5.0 million. The non-cash charges primarily consisted of stock-based compensation expense of $14.0 million, non-cash lease expense of $0.9 million, and depreciation expense of $0.6 million. The decrease in our operating assets and liabilities was primarily due to an increase in accounts payable and accrued expenses of $6.4 million. The decrease was partially offset by a decrease in lease liability of $0.8 million and an increase in prepaid expenses and other assets of $0.6 million.

Investing Activities

During the nine months ended September 30, 2022, cash used in investing activities was $0.7 million due to purchases of property and equipment.

During the nine months ended September 30, 2021, cash used in investing activities was $40.8 million. This consisted of purchases of investments of $40.0 million and purchases of property and equipment of $0.8 million.

Financing Activities

During the nine months ended September 30, 2022, cash provided by financing activities was $1.3 million. This was primarily driven by proceeds from the exercise of common stock options and purchases of common stock under our employee stock purchase program of $1.3 million.

During the nine months ended September 30, 2021, cash provided by financing activities was $0.3 million. This was primarily driven by proceeds from the exercise of common stock options and purchases of common stock under our employee stock purchase program of $1.2 million, which was partially offset by $0.8 million of principal payments on the term loan payable.

Future Funding Requirements

Our future funding requirements, both near and long-term, will depend on many factors, including:

- our ability to identify and consummate the proposed Merger with ARS Pharma or a similar strategic transaction for the Company;
- the timing and nature of any strategic transactions that we undertake;
- whether we enter into a partnership or business combination;
- the terms and timing of any future collaborations, licensing, consulting or other arrangements that we may establish; and
- the costs of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against intellectual property related claims.

If, for any reason, the proposed Merger is not completed, we will reconsider our strategic alternatives and could pursue another strategic transaction similar to the proposed Merger, potential collaborative, partnering or other strategic arrangements for our programs, including a sale or divestiture of our legacy programs, or liquidate and distribute available cash. If we liquidate, we would be required to pay all of our debts and contractual obligations, and to set aside certain reserves for potential future claims, and there can be no assurances as to the amount or timing of available cash left to distribute to our stockholders after paying our debts and other obligations and setting aside funds for reserves.

Material Cash Requirements

Other than transaction costs related to the Merger, severance payments related to our reductions in force, and the termination of our remaining operating lease as of December 31, 2022, there have been no material changes outside the ordinary course of business to our material cash requirements during the nine months ended September 30, 2022 from those disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K filed with the SEC on March 31, 2022.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our financial statements. On an ongoing basis, we evaluate our estimates and judgments, including those related to accrued expenses, stock-based compensation, and valuation allowances for deferred tax assets. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

During the nine months ended September 30, 2022, there were no material changes to our critical accounting policies. Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K filed with the SEC on March 31, 2022 and Note 2 to our unaudited condensed financial statements appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q. We believe that of our critical accounting policies, the following accounting policies involve the most judgment and complexity:

- Research and Development Costs;
- Stock-based Compensation;
- Income Taxes.

Recent Accounting Pronouncements

See Note 2 to our unaudited condensed financial statements appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q for additional information.

Emerging Growth Company Status

We are an emerging growth company, as defined in the JOBS Act. For so long as we remain an emerging growth company, we are permitted and intend to rely on certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm pursuant to

Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and any golden parachute payments not previously approved.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates.

We will remain an emerging growth company until the earliest to occur of: (i) the last day of the fiscal year in which we have at least $1.235 billion in annual revenue; (ii) the date upon which we are deemed to be a "large accelerated filer," as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the Exchange Act); (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt securities during the prior three-year period; and (iv) December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to a "smaller reporting company" as defined under Item 10(f)(1) of Regulation S-K of the Securities Act of 1933, as amended (the Securities Act).

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act, our management with the participation of our Interim Chief Executive Officer and our Interim Chief Financial Officer (who serve as our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2022. The term "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officer, 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, 2022, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

On November 5, 2021, a securities class action complaint was filed against us and certain of our officers and directors in the U.S. District for the Western District of Washington, captioned Dresner v. Silverback Therapeutics, Inc., et al., Case No. 2:21-cv-01499. The court appointed lead plaintiff and lead plaintiff's counsel, and plaintiff's counsel then filed the amended complaint on April 11, 2022. The amended complaint alleges that between December 3, 2020 and March 31, 2022, we and certain of our officers and directors violated (1) Sections 11 and 15 of the Securities Act; and (2) Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder, by making allegedly false and misleading statements in various SEC filings and press releases regarding the clinical and commercial prospects of our product candidate, SBT6050, which is now discontinued. The complaint seeks unspecified damages and interest, as well as attorneys' fees and other costs. We and the other defendants filed a motion to dismiss on May 26, 2022 and lead plaintiff filed an opposition brief on July 11, 2022. On August 10, 2022, we and the other defendants filed a reply brief. The court held a hearing on October 28, 2022 and is expected to issue a ruling before the end of 2022 or in the first half of 2023.

Item 1A. Risk Factors

We operate in a dynamic and rapidly changing environment that involves numerous risks and uncertainties. Certain factors may have a material adverse effect on our business, financial condition and results of operations, and you should carefully consider them. Accordingly, in evaluating our business, we encourage you to consider the following discussion of risk factors, in its entirety, in addition to other information contained in this Quarterly Report on Form 10-Q and our other public filings with the SEC. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our results of operations and financial condition. The risk factors set forth below that are marked with an asterisk (*) did not appear as separate risk factors in, or contain changes to the similarly titled risk factor included in Item 1A. of our Annual Report on Form 10-K, filed with the SEC on March 31, 2022.

Risks Related to the Proposed Merger

The exchange ratio is not adjustable based on the market price of our common stock so the consideration at the closing of the Merger may have a greater or lesser value than at the time the Merger Agreement was signed.*

The relative proportion of the combined company that our stockholders will own when the Merger closes will be based on the relative valuation and the relative valuation of ARS Pharma as negotiated by the parties and as specified in the Merger Agreement. Immediately following the Merger, based on our estimated net cash at the closing of the Merger of $254 million, the pre-Merger equity holders of ARS Pharma are expected to hold approximately 62% of the outstanding shares of our common stock and our pre-Merger equity holders are expected to hold approximately 38% of the outstanding shares of our common stock, in each case, on a fully diluted basis using the treasury stock method. This is based on the agreed upon exchange ratio of approximately 1.1819. Any changes in the market price of our common stock before the completion of the Merger will not affect the number of shares of our common stock issuable to ARS Pharma's stockholders pursuant to the Merger Agreement. Therefore, if before the completion of the Merger the market price of our common stock declines from the market price on the date of the Merger Agreement, then ARS Pharma's stockholders could receive merger consideration with substantially lower value than the value of such merger consideration on the date of the Merger Agreement. Similarly, if before the completion of the Merger the market price of our common stock increases from the market price of our common stock on the date of the Merger Agreement, then ARS Pharma's stockholders could receive merger consideration with substantially greater value than the value of such merger consideration on the date of the Merger Agreement. The Merger Agreement does not include a price-based termination right. Because the exchange ratio does not adjust as a result of changes in the market price of our common stock, for each one percentage point change in the market price of our common stock, there is a corresponding one percentage point rise or decline, respectively, in the value of the total merger consideration payable to ARS Pharma's stockholders pursuant to the Merger Agreement.

Failure to complete the Merger may result in us and ARS Pharma paying a termination fee to the other party and could harm the price of our common stock and future business and operations of each company.*

If the Merger is not completed, we and ARS Pharma will be subject to the following risks:

- upon termination of the Merger Agreement, ARS Pharma may be required to pay us a termination fee of $6 million, under certain circumstances, or we may be required to pay ARS Pharma a termination fee of $6 million or $10 million, under certain circumstances, and may be required to reimburse ARS Pharma for up to $1.5 million in expenses under certain circumstances;
- the parties will have incurred significant expenses related to the Merger, such as legal and accounting fees, which must be paid even if the Merger is not completed; and
- we may be forced to cease its operations, dissolve and liquidate our assets.

In addition, if the Merger Agreement is terminated and our or ARS Pharma's board of directors determine to seek another business combination, there can be no assurance that either we or ARS Pharma will be able to find a partner willing to provide equivalent or more attractive consideration than the consideration to be provided by each party in the Merger or any partner at all.

We may not be able to divest our legacy programs within the timeframe under the Merger Agreement, on favorable terms or at all, which may result in the value of such assets not being included in the calculation of the exchange ratio .*

We are currently exploring opportunities to divest our legacy programs and other preclinical assets but there can be no assurance that we will be able to divest such assets of favorable terms or at all. Under the terms of the Merger Agreement, cash proceeds that we receive from an asset sale prior to, concurrently with, or immediately following the closing of the Merger will be included in the calculation of our net cash at Closing, which may decrease the expected exchange ratio and increase the expected ownership percentage of pre-Merger Silverback stockholders in the combined company following the Merger. In addition, we will be required to seek ARS Pharma's consent to enter into any asset sale arrangements that would create any material post-disposition liabilities for the combined company following the Closing, to the extent consistent with applicable laws, and there is no guarantee we will obtain ARS Pharma's consent in such case. If the asset sales are not completed prior to, concurrently with, or immediately following the closing of the Merger, such assets will be retained by the combined company and the value of such assets will have no impact on the calculation of the exchange ratio. In addition, if any asset sale includes milestone or other deferred or contingent compensation, such compensation will have no impact on the exchange ratio. If we are unable to divest our assets within the required timeframe under the Merger Agreement, on favorable terms or at all, our stockholders may lose the benefit of the value of such assets that would otherwise be included in the calculation of the exchange ratio.

If the conditions to the closing of the Merger are not met, the Merger may not occur.*

Even if the Merger Proposal is approved by our stockholders, specified conditions must be satisfied or waived to complete the Merger. These conditions are set forth in the Merger Agreement. We and ARS Pharma cannot assure you that all of the conditions will be satisfied or waived. For example, on October 25, 2022, we and ARS Pharma entered into a Second Amendment of the Merger Agreement to adjust our allowed range of net cash at close from no less than $210 million nor greater than $255 million to no less than $210 million nor greater than $265 million. If the conditions are not satisfied or waived, the Merger may not occur or will be delayed, and we and ARS Pharma each may lose some or all the intended benefits of the Merger.

The Merger may be completed even though certain events occur prior to the closing of the Merger that materially and adversely affect us or ARS Pharma.*

In general, either party can refuse to complete the Merger if there is a material adverse change affecting the other party between July 21, 2022, the date of the Merger Agreement, and the closing of the Merger. However, certain types of changes do not permit either party to refuse to complete the Merger, even if such change could be said to have a material adverse effect on us and ARS Pharma, including:

- general business or economic conditions generally affecting the industry in which we and ARS Pharma operate;
- acts of war, the outbreak or escalation of armed hostilities, acts of terrorism, earthquakes, wildfires, hurricanes or other natural disasters, health emergencies, including pandemics (including COVID-19 and any evolutions or mutations thereof) and related or associated epidemics, disease outbreaks or quarantine restrictions;
- changes in financial, banking or securities markets;
- any change in the stock price or trading volume of our common stock;

- our failure to meet internal or analysts' expectations or projections or the results of operations;
- any change in, or any compliance with or action taken for the purpose of complying with, any law or GAAP (or interpretations of any law or GAAP);
- any change resulting from the announcement of the Merger Agreement or the pendency of the contemplated transactions; or
- resulting from the taking of any action required to be taken by the Merger Agreement.

If material adverse changes occur and we and ARS Pharma still complete the Merger, the stock price of the combined company following the closing of the Merger may suffer. This in turn may reduce the value of the Merger to our stockholders, ARS Pharma's stockholders or both.

Some of our executive officers and directors have interests in the Merger that are different from our stockholders and that may influence them to support or approve the Merger without regard to the interests of our stockholders.*

Some our officers and directors are parties to arrangements that provide them with interests in the Merger that are different from our stockholders, including, among others, service as a director of the combined company following the closing of the Merger, severance and retention benefits, the acceleration of equity award vesting, and continued indemnification.

For example, in connection with the Merger, we approved certain amendments to compensatory arrangements with our employees, including our named executive officers, pursuant to which (i) certain employees, including any named executive officer who experiences, or is deemed to experience, a Change in Control Termination (as defined in our Change in Control and Severance Benefit Plan (the "Severance Plan")), will be eligible to receive an extension of the post-termination exercise period of the applicable employee's stock options from three months to 12 months following a qualifying termination of service; and (ii) our named executive officers will be eligible to receive severance benefits under the Severance Plan as if they each experience a Change in Control Termination, regardless of whether our named executive officer's actual termination date occurs during the Change in Control Period (as defined in the Severance Plan), subject to our named executive officer's execution and delivery of an effective general release of claims in favor of us and satisfaction of all other requirements set forth in the Severance Plan.

The market price of our common stock following the Merger may decline as a result of the Merger.*

The market price of our common stock may decline as a result of the Merger for a number of reasons, including if:

- investors react negatively to the prospects of the combined company's business and prospects following the closing of the Merger;
- the effect of the Merger on the combined company's business and prospects following the closing of the Merger is not consistent with the expectations of financial or industry analysts; or
- the combined company does not achieve the perceived benefits of the Merger as rapidly or to the extent anticipated by stockholders or financial or industry analysts.

Our securityholders and ARS Pharma securityholders will have a reduced ownership and voting interest in, and will exercise less influence over the management of, the combined company following the closing of the Merger as compared to their current ownership and voting interest in the respective companies.*

After the completion of the Merger, our current securityholders and ARS Pharma's current securityholders will own a smaller percentage of the combined company than their ownership in their respective companies prior to the Merger. Immediately following the Merger, based on our estimated net cash at the closing of the Merger of $254 million, the pre-Merger equity holders of ARS Pharma are expected to hold approximately 62% of the outstanding shares of our common stock and our pre-Merger equity holders are expected to hold approximately 38% of the outstanding shares of our common stock, in each case, on a fully diluted basis using the treasury stock method. This is based on the agreed upon exchange ratio of approximately 1.1819 and are subject to adjustment as provided in the Merger Agreement.

In addition, the ten member board of directors of the combined company will initially consist of seven individuals with prior affiliations with ARS Pharma and three individuals with prior affiliation with us. Consequently, our securityholders and securityholders of ARS Pharma will be able to exercise less influence over the management and policies of the combined company following the closing of the Merger than they currently exercise over the management and policies of their respective companies.

During the pendency of the Merger Agreement, we and ARS Pharma may not be able to enter into a business combination with another party at a favorable price because of restrictions in the Merger Agreement, which could adversely affect their respective businesses.*

Covenants in the Merger Agreement impede our ability and the ability of ARS Pharma to make acquisitions, subject to specified exceptions for us relating to fiduciary duties of our board of directors, or complete other mergers, sales of assets or other business combinations that are not in the ordinary course of business pending completion of the Merger, excluding, in our case, any asset dispositions. As a result, if the Merger is not completed, the parties may be at a disadvantage to their competitors during that period. In addition, while the Merger Agreement is in effect, each party is generally prohibited from soliciting, initiating, encouraging or entering into specified extraordinary transactions, such as a merger, sale of assets or other business combination, with any third party, subject to specified exceptions in our case, even if any such transaction could be favorable to such party's stockholders.

Certain provisions of the Merger Agreement may discourage third parties from submitting competing proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement.*

The terms of the Merger Agreement prohibit us and ARS Pharma from soliciting competing proposals or cooperating with persons making unsolicited takeover proposals, except, in our case, in limited circumstances when our board of directors determines in good faith, after consultation with its independent financial advisor, if any, and outside counsel, that an unsolicited competing proposal constitutes, or would reasonably be expected to result in, a superior offer and that failure to take action could be reasonably likely to be inconsistent with the fiduciary duties of the our board of directors under applicable law. In addition, if we or ARS Pharma terminate the Merger Agreement under specified circumstances, including terminating because of a decision of a board of directors to recommend an acquisition proposal, ARS Pharma may be required to pay us a termination fee of $6 million or we may be required to pay ARS Pharma a termination fee of $6 million or $10 million. This termination fee may discourage third parties from submitting competing proposals to us or ARS Pharma or their stockholders and may cause the respective boards of directors to be less inclined to recommend a competing proposal.

Because the lack of a public market for the shares of ARS Pharma capital stock makes it difficult to evaluate the fairness of the Merger, the stockholders of ARS Pharma may receive consideration in the Merger that is less than the fair market value of the shares of ARS Pharma capital stock and/or we may pay more than the fair market value of the shares of ARS Pharma capital stock.*

The outstanding shares of ARS Pharma capital stock is privately held and is not traded in any public market. The lack of a public market makes it extremely difficult to determine the fair market value of the shares of ARS Pharma capital stock. Because the percentage of Silverback equity to be issued to ARS Pharma stockholders was determined based on negotiations between the parties, it is possible that the value of our common stock to be received by ARS Pharma stockholders will be less than the fair market value of the shares ARS Pharma capital stock, or we may pay more than the aggregate fair market value for the shares of ARS Pharma capital stock.

We and ARS Pharma may become involved in securities litigation or stockholder derivative litigation in connection with the Merger, and this could divert the attention of our and ARS Pharma management and harm the combined company's business, and insurance coverage may not be sufficient to cover all related costs and damages.*

Securities litigation or stockholder derivative litigation frequently follows the announcement of certain significant business transactions, such as the sale of a business division or announcement of a business combination transaction. We and ARS Pharma may become involved in this type of litigation in connection with the Merger, and the combined company may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect our business, ARS Pharma's business, and the combined company.

Risks Related to Our Business and Industry

We have a limited operating history, have incurred net losses since our inception, and anticipate that we will continue to incur significant losses for the foreseeable future. We may never generate any revenue or become profitable or, if we achieve profitability, may not be able to sustain it.*

We are an early-stage biopharmaceutical company with a limited operating history that may make it difficult to evaluate the success of our business to date and to assess our future viability. Our operations to date have been limited to organizing and staffing our company, business planning, business development, raising capital, developing and optimizing our technology platform, identifying potential product candidates, undertaking research and preclinical studies for our lead program and other development programs, undertaking clinical trials for our now discontinued SBT6050 and SBT6290 programs, establishing and enhancing our intellectual property portfolio, negotiating and preparing to close the proposed Merger, and providing general and administrative support for these operations. We have never generated any revenue from product sales and have incurred net losses each year since we commenced operations. For the three months ended September 30, 2022 and 2021, our net losses were $17.9 million and $22.7 million, respectively. Our prior losses, combined with expected future losses, had and will continue to have an adverse effect on our stockholders' deficit and working capital.

We are substantially dependent on our remaining employees to facilitate the consummation of the proposed Merger.*

We have substantially reduced our workforce since March 28, 2022 and in connection with the Merger Agreement with ARS Pharma and in order to preserve cash resources, we have reduced our workforce by approximately 78% as of September 30, 2022, and an additional 17% will be terminated by transaction close. We anticipate the rest of the employees will remain with the combined company post-close. Our ability to successfully complete the proposed Merger depends in large part on our ability to retain certain of our remaining personnel. Despite our efforts to retain these employees, one or more may terminate their employment with us on short notice. The loss of the services of any of these employees could potentially harm our ability to consummate the proposed Merger, to divest our legacy programs and other preclinical assets, to run our day-to-day business operations, as well as to fulfill our reporting obligations as a public company.

The pendency of the proposed Merger could have an adverse effect on the trading price of our common stock and our business, financial condition and prospects.*

While there have been no significant adverse effects to date, the pendency of the proposed Merger could disrupt our business in many ways, including:

- the attention of our remaining management and employees may be directed toward the completion of the proposed Merger and related matters and may be diverted from our day-to-day business operations; and
- third parties may seek to terminate or renegotiate their relationships with us as a result of the proposed Merger, whether pursuant to the terms of their existing agreements with us or otherwise.

Should they occur, any of these matters could adversely affect the trading price of our common stock or harm our business, financial condition and prospects.

If the Merger is not completed, we may be unsuccessful in completing an alternative transaction on terms that are as favorable as the terms of the proposed Merger, or at all, and we may be unable to reestablish a viable operating business.*

While we have entered into the Merger Agreement, the consummation of the Merger may be delayed or may not occur at all. If, for any reason, the proposed Merger is not completed, we will reconsider our strategic alternatives and could pursue another strategic transaction similar to the proposed Merger, potential collaborative, partnering or other strategic arrangements for our programs, including a sale or divestiture of our legacy programs, or liquidate and distribute available cash. Attempting to complete an alternative transaction will be costly and time consuming. If the Merger is not completed and our board of directors determines to pursue an alternative transaction, the terms of any such alternative transaction may not be as favorable to us or our stockholders as the terms of the Merger. We can make no assurances that such an alternative transaction would occur at all.

If the Merger is not completed, our board of directors may decide to pursue a dissolution and liquidation of our business. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such liquidation as well as the amount of cash that will need to be reserved for commitments and contingent liabilities.*

There can be no assurance that the Merger will be completed. If the Merger is not completed, our board of directors may decide to pursue a dissolution and liquidation of our assets. In such an event, the amount of cash available for distribution to our stockholders will depend heavily on the timing of such decision, as with the passage of time the amount of cash available for distribution will be reduced as we continue to fund our operations. In addition, if our board of directors were to approve and recommend, and our stockholders were to approve, a dissolution and liquidation, we would be required under Delaware corporate law to pay our outstanding obligations, as well as to make reasonable provision for contingent and unknown obligations, prior to making any distributions in liquidation to its stockholders. As a result of this requirement, our remaining cash may need to be reserved pending the resolution of such obligations. In addition, we may be subject to litigation or other claims related to a dissolution and liquidation of our business. If a dissolution and liquidation were pursued, our board of directors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, holders of our common stock could lose all or a significant portion of their investment in the event of a liquidation, dissolution or winding up.

The COVID-19 pandemic has had, and could continue to have, an adverse impact on our business, including on our preclinical studies and planned clinical trials, supply chain, and business development activities.*

In December 2019, COVID-19, a novel strain of coronavirus, was first reported in Wuhan, China and has since become a global pandemic. The President of the United States declared the COVID-19 pandemic a national emergency and many states and municipalities in the Unites States have taken aggressive actions to reduce the spread of the disease, including limiting non-essential gatherings of people, ceasing all non-essential travel, ordering certain businesses and government agencies to cease non-essential operations at physical locations and issuing “shelter-in-place” orders which direct individuals to shelter at their places of residence (subject to limited exceptions). The spread of COVID-19 and actions taken to reduce its spread may materially affect us economically. While the potential economic impact brought by, and the duration of, the COVID-19 pandemic may be difficult to assess or predict, there could be a significant disruption of global financial markets, reducing our ability to access capital, which could in the future negatively affect our liquidity and financial position. In addition, the trading prices for other biopharmaceutical companies have been highly volatile as a result of the COVID-19 pandemic. As a result, we may face significant delays or disruptions in our proposed Merger.

Risks Related to Our Business Operations

Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with the regulations of the FDA and non-U.S. regulators, provide accurate information to the FDA and non-U.S. regulators, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, contractual damages, reputational harm, diminished profits and future earnings, additional reporting obligations and oversight if subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations.

We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs. If the use of our product candidates harms patients or is perceived to harm patients even when such harm is unrelated to our product candidates, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims.

The use of our product candidates in clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, pharmaceutical companies or others selling or otherwise coming into contact with our products. There is a risk that our product candidates may induce adverse events. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates; and
- decreased demand for our product candidates, if approved for commercial sale.

We believe our product liability insurance coverage is sufficient in light of our current programs; however, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. If and when we obtain marketing approval for product candidates, we intend to expand our insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on drugs or medical treatments that had unanticipated adverse effects. A successful product liability claims, or series of claims brought against us could cause our stock price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business.

Patients with infectious disease, such as cHBV, and other diseases targeted by our product candidates are often already in severe and advanced stages of disease and have both known and unknown significant pre-existing and potentially life-threatening health risks. During the course of treatment, patients may suffer adverse events, including death, for reasons that may be related to our product candidates. Such events could subject us to costly litigation, require us to pay substantial amounts of money to injured patients, delay, negatively impact or end our opportunity to receive or maintain regulatory approval to market our products, or require us to suspend or abandon our commercialization efforts. Even in a circumstance in which we do not believe that an adverse event is related to our products, the investigation into the circumstance may be time-consuming or inconclusive. These investigations may interrupt our sales efforts, delay our regulatory approval process in other countries, or impact and limit the type of regulatory approvals our product candidates receive or maintain. As a result of these factors, a product liability claim, even if successfully defended, could have a material adverse effect on our business, financial condition or results of operations.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.*

We have incurred substantial losses during our history and do not expect to become profitable in the near future, and we may never achieve profitability. Unused U.S. federal net operating loss carryforwards (NOLs) for taxable years beginning before January 1, 2018, may be carried forward to offset future taxable income, if any, until such unused NOLs expire. Under current law, U.S. federal NOLs incurred in taxable years beginning after December 31, 2017, can be carried forward indefinitely, but the deductibility of such U.S. federal NOLs in taxable years beginning after December 31, 2020, is limited to 80% of taxable income.

As of December 31, 2021, we had $160.3 million of U.S. federal NOLs. If not used, $18.2 million of the U.S. federal NOLs will begin to expire in 2036 and $142.1 million can be carried forward indefinitely under current law. As of December 31, 2021, we also had aggregate U.S. federal research and development (R&D) credits of approximately $2.7 million. Our NOL carryforwards and R&D credits are subject to review and possible adjustment by the U.S. and state tax authorities.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards, R&D credits and certain other tax attributes to offset its post-change income or taxes may be limited. The Merger will result in an ownership change for us and this could limit the amount of NOLs, R&D credit carryforwards or other applicable tax attributes that we can utilize annually to offset future taxable income or tax liabilities. Subsequent ownership changes and changes to the U.S. tax rules in respect of the utilization of NOLs, R&D credits and other applicable tax attributes carried forward may further affect the limitation in future years. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Our business operations and current and future relationships with investigators, health care professionals, consultants, third-party payors, and customers are subject, directly or indirectly, to federal and state healthcare fraud and abuse laws, transparency laws, privacy laws, and other healthcare laws and regulations. If we are unable to comply, or have not fully complied, with such laws, we could face substantial penalties.*

Although we do not currently have any products on the market, our operations may be, directly or indirectly through our relationships with healthcare professionals, customers and third-party payors, subject to various U.S. federal and state healthcare laws and regulations, including, without limitation, the U.S. federal Anti-Kickback Statute, the U.S. federal civil and criminal false claims laws, the Physician Payments Sunshine Act, and the Health Insurance Portability and Accountability Act (HIPAA), and their implementing regulations. Healthcare providers and others play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. These laws may impact, among other things, our current business operations, including our clinical research activities, and proposed sales, marketing and education programs and constrain the business of financial arrangements and relationships with healthcare providers and other parties through which we may market, sell and distribute our products for which we obtain marketing approval. In addition, we may be subject to additional healthcare, statutory and regulatory requirements and enforcement by foreign regulatory authorities in jurisdictions in which we conduct our business. The laws that may affect our ability to operate include:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or paying any remuneration (including any kickback, bribe or certain rebates), directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under U.S. federal and state healthcare programs such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the U.S. federal false claims, including the False Claims Act, which can be enforced through whistleblower actions, and Civil Monetary Penalties Laws, which, among other things, impose criminal and civil penalties against individuals or entities for knowingly presenting, or causing to be presented, to the U.S. federal government, claims for payment or approval that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making a false statement to avoid, decrease or conceal an obligation to pay money to the U.S. federal government. In addition, the government may assert that a claim including items and services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;
- HIPAA, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services; similar to the U.S. federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (HITECH), and their respective implementing regulations, impose requirements on certain covered healthcare providers, health plans, and healthcare clearinghouses as well as their respective business associates that perform services for them, and their covered subcontractors, that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security, and transmission of such individually identifiable health information;
- the U.S. Federal Food, Drug and Cosmetic Act, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- the U.S. Physician Payments Sunshine Act, enacted as part of the Affordable Care Act, and its implementing regulations, which requires certain manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid or the Children's Health Insurance Program to report annually to the CMS information related to certain payments and other transfers of value to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), other healthcare professionals (such as physician assistants and nurse practitioners), and teaching hospitals, as well as ownership and investment interests held by the physicians described above and their immediate family members;

- analogous state laws and regulations, including: state anti-kickback and false claims laws, which may apply to our business practices, including, but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by any third-party payor, including private insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information, which requires tracking gifts and other remuneration and items of value provided to healthcare professionals and entities; and state and local laws requiring the registration of pharmaceutical sales representatives; and
- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

Ensuring that our internal operations and future business arrangements with third parties comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government funded healthcare programs, such as Medicare and Medicaid, or similar programs in other countries or jurisdictions, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws and the delay, reduction, termination or restructuring of our operations. Further, defending against any such actions can be costly and time-consuming, and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. If any of the physicians or other providers or entities with whom we expect to do business is found to not be in compliance with applicable laws, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs and imprisonment. If any of the above occur, it could adversely affect our ability to operate our business and our results of operations.

Additionally, in the U.S. and some foreign jurisdictions there have been, and continue to be, several legislative and regulatory changes and proposed reforms of the healthcare system in an effort to contain costs, improve quality, and expand access to care. These reform initiatives may, among other things, result in modifications to the aforementioned laws and/or the implementation of new laws affecting the healthcare industry. Similarly, a significant trend in the healthcare industry is cost containment. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for pharmaceutical products. Any such reform or cost containment efforts may result in an adverse effect on the pharmaceutical industry and our business.

We are subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. We can face serious consequences for violations.

U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, or collectively, Trade Laws, prohibit, among other things, companies and their employees, agents, CROs, legal counsel, accountants, consultants, contractors, and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We also expect our non-U.S. activities to increase over time. We expect to rely on third parties for research, preclinical studies, and clinical trials and/or to obtain necessary permits, licenses, patent registrations, and other marketing approvals. We can be held liable for the corrupt or other illegal activities of our personnel, agents, or partners, even if we do not explicitly authorize or have prior knowledge of such activities.

We are subject to stringent and changing obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation, and/or adverse publicity and could negatively affect our operating results and business.*

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (collectively, processing) personal data and other sensitive information, including proprietary and confidential business data, trade secrets, intellectual property, data we collect about trial participants in connection with clinical trials, and sensitive third-party data. For example, we may obtain clinical trial data from research institutions. Our data processing

activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of personal data by us and on our behalf.

In the United States, numerous federal, state, and local laws and regulations, including federal health information privacy laws, state data breach notification laws, state health information privacy laws and federal and state consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), that govern the collection, use, disclosure and protection of health-related and other personal information could apply to our operations or the operations of our collaborators and third-party providers. For example, HIPAA as amended by HITECH, imposes specific requirements relating to the privacy, security, and transmission of individually identifiable health information.

Additionally, the California Consumer Privacy Act (the CCPA) gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how their personal information is used. The CCPA allows for statutory fines for noncompliance (up to $7,500 per violation). Although the CCPA exempts some data processed in the context of clinical trials, the CCPA may increase compliance costs and potential liability with respect to other personal data we maintain about California residents. In addition, it is anticipated that the California Privacy Rights Act of 2020 (the CPRA), effective January 1, 2023, will expand the CCPA, including applying to personal information of business representatives and employees. Additionally, the CPRA establishes a new California Privacy Protection Agency to implement and enforce the CPRA, which could increase the risk of enforcement. At this time, we do not collect personal information relating to residents of California, but should we begin to do so, the CCPA and CPRA will impose new and burdensome privacy compliance obligations on our business and will raise new risks for potential fines and class actions.

Other states have enacted data privacy laws. For example, Virginia, Colorado, Utah and Connecticut, have also passed comprehensive privacy laws, and similar laws are being considered in several other states. Additionally, several states and localities have enacted statutes banning or restricting the collection of biometric information. In addition, data privacy and security laws have been proposed at the federal, state, and local levels in recent years, which could further complicate compliance efforts.

In addition to data privacy and security laws, we may be contractually subject to data privacy and security obligations, including industry standards adopted by industry groups and may become subject to new data privacy and security obligations in the future. For example, certain privacy laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers.

Outside the United States, an increasing number of laws, regulations, and industry standards apply to data privacy and security. For example, the European Union's General Data Protection Regulation (the EU GDPR), the United Kingdom's GDPR (the UK GDPR), Brazil's General Data Protection Law (the Lei Geral de Proteção de Dados Pessoais, or LGPD) (Law No. 13,709/2018), and China's Personal Information Protection Law (the PIPL) impose strict requirements for processing personal data. For example, under the EU GDPR, government regulators may impose temporary or definitive bans on data processing, as well as fines of up to 20 million euros or 4% of annual global revenue, whichever is greater. Further, the EU GDPR also provides for private litigation related to the processing of personal data that can be brought by classes of data subjects or consumer protection organizations authorized at law to represent the data subjects' interests.

Certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which could make it more difficult to transfer information across jurisdictions (such as transferring or receiving personal data that originates in the EU or in other foreign jurisdictions). Existing mechanisms that facilitate cross-border personal data transfers may change or be invalidated. For example, absent appropriate safeguards or other circumstances, the EU GDPR generally restricts the transfer of personal data to countries outside of the European Economic Area (the EEA) that the European Commission does not consider to provide an adequate level of data privacy and security, such as the United States. The European Commission released a set of "Standard Contractual Clauses" (the SCCs) that are designed to be a valid mechanism to facilitate personal data transfers out of the EEA to these jurisdictions. Currently, these SCCs are a valid mechanism to transfer personal data outside of the EEA. Additionally, the SCCs impose additional compliance burdens, such as conducting transfer impact assessments to determine whether additional security measures are necessary to protect the at-issue personal data. If we cannot implement a valid compliance mechanism for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing or transferring personal data from Europe or other foreign jurisdictions. The inability to import personal data to the United States could significantly and negatively impact our business operations, including by limiting our ability to conduct clinical trial activities in Europe and elsewhere; limiting our ability to collaborate with parties that are subject to such cross-border data transfer or localization laws; or requiring us to increase our personal data processing capabilities and infrastructure in foreign jurisdictions at significant expense. At this time, we do not believe we are subject to the GDPR, but should this change, the GDPR will increase our responsibility and potential liability in relation to personal data that we process, and we may be required to put in place additional mechanisms to ensure compliance with the new EU data protection rules.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion, creating some uncertainty as to the effective future legal framework. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires significant resources and may necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. Although we endeavor to comply with all applicable data privacy and security obligations, we may at times fail (or be perceived to have failed) to do so. Moreover, despite our efforts, our personnel or third parties upon whom we rely may fail to comply with such obligations, which could negatively impact our business operations and compliance posture. For example, any failure by a third-party processor to comply with applicable law, regulations, or contractual obligations could result in adverse effects, including inability to or interruption in our ability to operate our business and proceedings against us by governmental entities or others. If we or our collaborators and third-party providers fail, or are perceived to have failed, to comply with U.S. and foreign data privacy and security laws and regulations, we could face significant consequences. These consequences may include, but are not limited to, government enforcement actions (e,g., investigations, fines, penalties, audits, inspections, and similar), private litigation (including class-related claims), additional reporting requirements and/or oversight, bans on processing personal data, orders to destroy or not use personal data, and imprisonment of company officials. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to, loss of customers, interruptions or stoppages in our business operations (including, as relevant, clinical trials), inability to process personal data or to operate in certain jurisdictions, limited ability to develop or commercialize our products, expenditure of time and resources to defend any claim or inquiry, adverse publicity, or revision or restructuring of our operations. Moreover, clinical trial subjects about whom we or our potential collaborators obtain information, as well as the providers who share this information with us, may contractually limit our ability to use and disclose such information. Claims that we have violated individuals' privacy rights, failed to comply with data privacy and security laws or breached our contractual obligations, even if we are not found liable, could be expensive and time consuming to defend, could result in adverse publicity and could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to maintain effective disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are subject to requirements of the Sarbanes-Oxley Act, the rules and regulations of the Nasdaq Global Market, the rules and regulations of the Securities and Exchange Commission. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming and costly and place significant strain on our personnel, systems and resources. Company responsibilities required by the Sarbanes-Oxley Act include, among other things, that we maintain corporate oversight and adequate internal control over financial reporting and disclosure controls and procedures. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Securities Exchange Act of 1934, as amended (the Exchange Act) is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. In order to develop, maintain, and improve the effectiveness of our internal controls and procedures, and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain, or any disruptions or difficulties in implementing or using, such a system could adversely affect our controls and harm our business. Moreover, such disruption or difficulties could result in unanticipated costs and diversion of management attention. In addition, we may discover weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If we cannot provide reliable financial reports or prevent fraud, our business and results of operations could be harmed, investors could lose confidence in our reported financial information and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations, and financial condition and could cause a decline in the trading price of our common stock.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

We are subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. For example, our directors or executive officers could inadvertently fail to disclose a new relationship or arrangement causing us to fail to make any related party transaction disclosures. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.*

New income, sales, use, or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us. For example, legislation informally titled the Tax Cuts and Jobs Act, the Coronavirus Aid, Relief, and Economic Security Act, and the Inflation Reduction Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to such legislation may affect us, and certain aspects of such legislation could be repealed or modified in future legislation. The Biden administration and Congress could also enact other tax law changes that could have an adverse effect on our operations, cash flows and results of operations and contribute to overall market volatility. In addition, it is uncertain if and to what extent various states will conform to federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Risks Related to Our Intellectual Property

We are currently party to an in-license agreement under which we were granted rights to manufacture certain components of our product candidates. If we breach our obligations under these agreements, we may be required to pay damages, lose our rights to these technologies or both, which would adversely affect our business and prospects.

We rely, in part, on license and other strategic agreements, which subject us to various obligations, including payment obligations for achievement of certain milestones on product sales. For example, with respect to SBT8230, we have licensed a cell line to manufacture a component of this product under an agreement with WuXi Biologics. If we fail to comply with the obligations under our license agreements, including as a result of COVID-19 impacting our operations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and our licensors may have the right to terminate the license. If our license agreements are terminated, we may experience significant delays, difficulties, and costs in developing new cell lines and identifying an alternative source to manufacture components of our candidate products covered by our agreements and those being tested or approved in combination with such products. Such an occurrence could materially adversely affect the value of the product candidates being developed under any such agreement.

In addition, the agreements under which we license intellectual property or technology to or from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We control the prosecution of patents resulting from licensed technology. In the event we breach any of our obligations related to such prosecution, we may incur significant liability to our licensing partners. Licensing of intellectual property involves complex legal, business and scientific issues and is complicated by the rapid pace of scientific discovery in our industry. Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the creation or use of intellectual property by us alone or with our licensors and partners;
- the scope and duration of our payment obligations; and
- the priority of invention of patented technology.

If disputes over intellectual property and other rights that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates. We are generally also subject to all of the same risks with respect to protection of intellectual property that we license as we are for intellectual property that we own, which are described herein. If we or our licensor fail to adequately protect this intellectual property, our ability to develop, manufacture, or commercialize products could suffer.

In addition, while we cannot currently determine the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty obligations will depend on the technology and intellectual property we use in products that we successfully develop and commercialize, if any. Therefore, even if we successfully develop and commercialize products, we may be unable to achieve or maintain profitability.

If we are unable to successfully obtain rights to required third-party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant research programs or product candidates and our business, financial condition, results of operations and prospects could suffer.

We may be subject to claims that we have wrongfully hired an employee from a competitor or that our employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties.

As is common in the pharmaceutical industry, in addition to our employees, we engage the services of consultants to assist us in the development of our product candidates. Many of these consultants, and many of our employees, were previously employed at, or may have previously provided or may be currently providing consulting services to, other pharmaceutical companies including our competitors or potential competitors. We could in the future be subject to claims that we or our employees have inadvertently or otherwise used or disclosed alleged trade secrets or other confidential information of former employers or competitors. Although we try to ensure that our employees and consultants do not use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may become subject to claims that we caused an employee to breach the terms of his or her non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a former employer or competitor.

While we may litigate to defend ourselves against these claims, even if we are successful, litigation could result in substantial costs and could be a distraction to management. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could prohibit us from using technologies or features that are essential to our product candidates, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. Moreover, any such litigation or the threat thereof may adversely affect our reputation, our ability to form strategic alliances or sublicense our rights to collaborators, engage with scientific advisors or hire employees or consultants, each of which would have an adverse effect on our business, results of operations and financial condition. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

We may rely on trade secret and proprietary know-how, which can be difficult to trace and enforce and, if we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. *

We may rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Elements of our product candidate, including processes for their preparation and manufacture, may involve proprietary know-how, information, or technology that is not covered by patents, and thus for these aspects we may consider trade secrets and know-how to be our primary intellectual property. Any disclosure, either intentional or unintentional, by our employees, the employees of third parties with whom we share our facilities or third-party consultants and vendors that we engage to perform research, clinical trials or manufacturing activities, or misappropriation by third parties (such as through a cybersecurity incident) of our trade secrets or proprietary information could enable competitors to duplicate or surpass our technological achievements, thus eroding our competitive position in our market. Because we expect to rely on third parties in the development and manufacture of our product candidates, we must, at times, share trade secrets with them. Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Trade secrets and know-how can be difficult to protect. We require our employees to enter into written employment agreements containing provisions of confidentiality and obligations to assign to us any inventions generated in the course of their employment. We and any third parties with whom we share facilities enter into written agreements that include confidentiality and intellectual property obligations to protect each party's property, potential trade secrets, proprietary know-how, and information. We further seek to protect our potential trade secrets, proprietary know-how, and information in part, by entering into non-disclosure and confidentiality agreements with parties who are given access to them, such as our corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. With our consultants, contractors, and outside scientific collaborators, these agreements typically include invention assignment obligations. We cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. We cannot be certain that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. We may need to share our proprietary information, including trade secrets, with future business partners, collaborators, contractors and others located in countries at heightened risk of theft of trade secrets, including through direct intrusion by private parties or foreign actors, and those affiliated with or controlled by state actors. Further, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third-party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third-party, our competitive position would be harmed.

Risks Related to the Securities Markets and Ownership of Our Common Stock

The price of our common stock could be subject to volatility related or unrelated to our operations.

Our stock price may be volatile. The stock market in general and the market for biotechnology and pharmaceutical companies, in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your shares at a price that is attractive to you, or at all. The market price for our common stock may be influenced by numerous factors, many of which are beyond our control, including:

- results from future clinical trials with our current and future product candidates or of our competitors;
- adverse results or delays in preclinical studies or prior and future clinical trials;
- failure to commercialize our product candidates;
- unanticipated serious safety concerns related to the use of our product candidates;
- changes in our projected operating results that we provide to the public, our failure to meet these projections or changes in recommendations by securities analysts that elect to follow our common stock;
- any delay in our regulatory filings for our product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- regulatory or legal developments in the United States and other countries;
- the level of expenses related to future product candidates or clinical development programs;
- our failure to achieve product development goals in the timeframe we announce;

- announcements of acquisitions, strategic alliances or significant agreements by us or by our competitors;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry;
- trading activity by a limited number of stockholders who together beneficially own a majority of our outstanding common stock;
- the expiration of market standoff or contractual lock-up agreements;
- the size of our market float;
- political uncertainty and/or instability in the United States;
- the ongoing and future impact of the COVID-19 pandemic and actions taken to slow its spread; and
- any other events or factors discussed in this report.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many immune-oncology companies. Stock prices of many immune-oncology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. The trading prices for common stock of other biopharmaceutical companies have also been highly volatile as a result of the COVID-19 pandemic. In the past, stockholders have filed securities class action lawsuits following periods of market volatility. For example, following a decline in our stock price, a federal securities class action complaint was filed against us and certain of our officers and directors in the U.S. District for the Western District of Washington, captioned Dresner v. Silverback Therapeutics, Inc., et al., Case No. 2:21-cv-01499, which alleges violations of (i) Sections 11 and 15 of the Securities Act of 1933, as amended (the Securities Act); and (ii) Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder. Even if we are successful in defending against this action or any similar claims that may be brought in the future, such litigation could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Certain of our executive officers, directors and large stockholders own a significant percentage of our outstanding capital stock. As a result of their share ownership, these stockholders will have the ability to influence us through their ownership positions. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders, acting together, may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may believe are in your best interest as one of our stockholders.

If there are substantial sales of shares of our common stock, the price of our common stock could decline.*

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale and the market perceives that sales will occur. As of September 30, 2022, we had 35,895,940 outstanding shares of our common stock.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition, and stock price.

As a result of the COVID-19 pandemic and actions taken to slow its spread, as well as actual or perceived changes in interest rates and economic inflation, the global credit and financial markets have experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. In addition, government efforts to stimulate economic activity in the face of the COVID-19 pandemic have caused interest rates to fluctuate and created uncertainty as to future fluctuations. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, it may make any necessary debt or equity financing more difficult, more costly and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers,

manufacturers and other partners may not survive an economic downturn, which could directly affect our ability to attain our operating goals on schedule and on budget.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.*

We currently anticipate that we will retain future earnings for the operation of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

We are subject to securities class action litigation and may be subject to additional litigation in the future.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because pharmaceutical companies have experienced significant stock price volatility in recent years. For example, following a decline in our stock price, a federal securities class action complaint was filed against us and certain of our officers and directors in the U.S. District for the Western District of Washington, captioned Dresner v. Silverback Therapeutics, Inc., et al., Case No. 2:21-cv-01499, which alleges violations of (i) Sections 11 and 15 of the Securities Act; and (ii) Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5 promulgated thereunder. Even if we are successful in defending against this action or any similar claims that may be brought in the future, such litigation could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.*

We are an "emerging growth company" as defined in the JOBS Act, and we intend to take advantage of some of the exemptions from reporting requirements that are applicable to other public companies that are not emerging growth companies, including:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- not being required to comply with the auditor attestation requirements in the assessment of our internal control over financial reporting;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation; and
- not being required to hold a non-binding advisory vote on executive compensation or obtain stockholder approval of any golden parachute payments not previously approved.

In addition, as an "emerging growth company" the JOBS Act allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies, unless we later irrevocably elect not to avail ourselves of this exemption. We have elected to use this extended transition period under the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make comparison of our financials to those of other public companies more difficult.

We may take advantage of these reporting exemptions until we are no longer an emerging growth company. We will remain an emerging growth company until the earliest to occur of: (i) the last day of the fiscal year in which we have at least $1.235 billion in annual revenue; (ii) the date upon which we are deemed to be a "large accelerated filer," as defined in Rule 12b-2 under the Exchange Act; (iii) the date on which we have issued more than $1.0 billion in nonconvertible debt securities during the prior three-year period; and (iv) December 31, 2025.

Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder, even if a change of control would be

beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by a majority vote of our entire board of directors, the chairman of our board of directors or our chief executive officer, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66-2/3% of the voting power of all of the then-outstanding shares of the voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to affect such amendments to facilitate an unsolicited takeover attempt; and
- advance notice procedures with which stockholders must comply to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of this provision.

These and other provisions in our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law could make it more difficult for stockholders or potential acquirors to obtain control of our board of directors or initiate actions that are opposed by our then-current board of directors, including delay or impede a merger, tender offer or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

Our amended and restated certificate of incorporation designates the state courts the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, and the federal district courts of the United States of America to be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers and employees.

Our amended and restated certificate of incorporation provides that, to the fullest extent permitted by law, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall will be the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders; (iii) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees, arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; (iv) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or our amended and restated bylaws; (v) any action or proceeding as to which the Delaware General Corporation Law confers jurisdiction to the Court of Chancery of the State of Delaware; and (vi) any action asserting a claim against us or any of our directors, officers or other employees, governed by the internal affairs doctrine.

This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid and several state trial courts have enforced such provisions and required that suits asserting Securities Act claims be filed in federal court, there is no guarantee that courts of appeal will affirm the enforceability of such provisions and a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. If a court were to find either exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with litigating Securities Act claims in state court, or both state and federal court, which could seriously harm our business, financial condition, results of operations, and prospects.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

General Risk Factors

Our internal information technology systems, or those of our third-party CROs or other contractors or consultants, may fail or suffer security breaches, loss or leakage of data, and other disruptions, which could result in a material disruption of our product candidates' development programs, compromise sensitive information related to our business, or prevent us from accessing critical information, potentially exposing us to liability or otherwise adversely affecting our business.*

We are increasingly dependent upon information technology systems, infrastructure and data to operate our business. In the ordinary course of business, we collect, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, share, and transmit (collectively, processing) proprietary, confidential, and sensitive data, including personal data (such as health-related data), intellectual property, and proprietary business information (collectively, sensitive information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such sensitive information. We also have outsourced elements of our operations to third parties, including, without limitation, third-party providers of cloud-based infrastructure, encryption and authentication technology, employee email, and other functions, and as a result we manage a number of third-party contractors who have access to our sensitive information. Moreover, we may share or receive sensitive information with or from third parties. Our ability to monitor these third parties' information security practice, is limited, and these third parties may not have adequate information security measures in place.

Despite the implementation of security measures, given the size and complexity and the increasing amounts of sensitive information that we maintain, our internal information technology systems and those of our third-party CROs and other contractors and consultants are potentially vulnerable to cyberattacks, malicious internet-based activity, and online and offline fraud. These threats are prevalent, continue to increase, and are becoming increasingly difficult to detect. These threats come from a variety of sources, including traditional computer "hackers," threat actors, personnel (such as through theft or misuse), sophisticated nation-states, and nation-state-supported actor. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. We and the third parties upon which we rely may be subject to a variety of evolving threats, including, but not limited to, cyberattacks by malicious third parties (including, but not limited to, malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), ransomware attacks, credential harvesting, denial-of-service attacks (such as credential stuffing), social engineering attacks (including through phishing attacks), supply-chain attacks and other means to affect service reliability and threaten the confidentiality, integrity and availability of information, personnel misconduct or error, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats which may compromise our system infrastructure or lead to data leakage. Ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Similarly, supply-chain attacks have

increased in frequency and severity and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems or the third-party information technology systems that support us and our services. The COVID-19 pandemic and our remote workforce also poses increased risks to our information technology systems and data, as more of our employees work from home, utilizing network connections outside our premises. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

Any of the previously identified or similar threats could cause a security incident or other interruption. To the extent that any disruption or security incident were to result in unauthorized, unlawful, or accidental acquisition, modification, destruction, a loss, alteration, encryption, disclosure of, or access to sensitive information, we could incur liability and reputational damage and the further development and commercialization of our product candidates could be delayed.

We may expend significant resources or modify our business activities (including our clinical trial activities) to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and sensitive information. We cannot assure you that our data privacy and security efforts and our investment in information technology will prevent significant breakdowns or security incidents that could have a material adverse effect upon our reputation, business, operations or financial condition. We may be unable in the future to detect vulnerabilities in our information technology systems because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. Despite our efforts to identify and remediate vulnerabilities, if any, in our information technology systems, our efforts may not be successful. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. For example, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs and the development of our product candidates could be delayed. In addition, the loss of clinical trial data for our product candidates could result in delays in our marketing approval efforts and significantly increase our costs to recover or reproduce the data.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause customers to stop using our products, deter new customers from using our products, and negatively impact our ability to grow and operate our business.

Additionally, our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

We or the third parties upon whom we depend may be adversely affected by earthquakes, fires or other natural disasters and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Our headquarters and main research facility are located in Seattle, Washington, which in the past has experienced severe earthquakes and fires. If these earthquakes, fires, other natural disasters, terrorism and similar unforeseen events beyond our control prevented us from using all or a significant portion of our headquarters or research facility, it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. We do not have a disaster recovery or business continuity plan in place and may incur substantial expenses as a result of the absence or limited nature of our internal or third-party service provider disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business. Furthermore, integral parties in our supply chain are operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events. If such an event were to affect our supply chain, it could have a material adverse effect on our ability to conduct our preclinical studies and future clinical trials, our development plans and business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Use of Proceeds

On December 3, 2020, we commenced our initial public offering (IPO) pursuant to a registration statement on Form S-1 (File No. 333-250009) that was declared effective by the SEC on December 3, 2020, for 11,500,000 shares of our common stock for sale to the public at a price of $21.00 per share. In addition, in December 2020, the underwriters exercised their over-allotment option to purchase 1,725,000 additional shares of our common stock in the initial public offering at the public offering price of $21.00 per share, such that the aggregate offering price of our initial public offering was $277.7 million. The net offering proceeds to us, after deducting underwriting discounts and commissions and offering costs, were $255.3 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates. The underwriters for our initial public offering were Goldman Sachs & Co. LLC, SVB Leerink LLC, Stifel, Nicolaus & Company, Incorporated, and H.C. Wainwright & Co., LLC.

The net proceeds from our IPO are held in cash and cash equivalents, primarily in treasury money market accounts, and investments, primarily in U.S. Treasury securities. Through September 30, 2022, we have used approximately $79.3 million of the net proceeds from our IPO. There have been no updates to the planned use of proceeds information from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) on December 4, 2020, updated in our Annual Report on Form 10-K, filed with the SEC on March 31, 2022, and updated in our Quarterly Report on Form 10-Q, filed with the SEC on August 11, 2022. We continue to intend to use the remaining net proceeds from the IPO, together with our existing cash and cash equivalents, to fund the completion of the proposed Merger and the related reduction in work force. Any remaining net proceeds will be used by the combined company for the development and potential commercialization of its product candidate *neffy*, for working capital requirements, and for other general corporate purposes.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Description
2.1*	Agreement and Plan of Merger and Reorganization, dated July 21, 2022, by and among the registrant., Sabre Merger Sub, Inc. and ARS Pharmaceuticals Inc, as amended on August 11, 2022 (incorporated by reference to Exhibit 2.1 to the registrant's Quarterly Report on Form 10-Q, filed with the SEC on August 11, 2022).
2.2	Second Amendment to the Agreement and Plan of Merger and Reorganization, dated October 25, 2022, by and among the registrant, Sabre Merger Sub, Inc. and ARS Pharmaceuticals, Inc. (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed with the SEC on October 27, 2022).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K, filed with the SEC on December 8, 2020).
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K, filed with the SEC on December 8, 2020).
4.1	Reference is made to Exhibit 3.1 and 3.2.
4.2	Form of Common Stock Certificate of the registrant (incorporated by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-1 (File No. 333-250009), as amended, filed with the SEC on November 30, 2020).
4.3	Amended and Restated Investors' Rights Agreement, by and between the registrant and certain of its stockholders, dated September 22, 2020 (incorporated by reference to Exhibit 4.2 to the registrant's Registration Statement on Form S-1 (File No. 333-250009), as amended, filed with the SEC on November 10, 2020).
10.1+*	Letter Agreement, by and between the registrant and Jeffrey Pepe, Ph.D., J.D., dated June 6, 2019 (incorporated by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q, filed with the SEC on August 11, 2022).
10.2+*	Letter Agreement, by and between the registrant and Russ Hawkinson, dated April 17, 2020 (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed with the SEC on September 2, 2022).
10.3	Second Amendment to Lease, by and between the registrant and BMR-500 Fairview Avenue LLC, dated September 27, 2022 (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K, filed with the SEC on September 30, 2022).
10.4+	Consulting Services Agreement and Statement of Work No. 1, by and between the registrant and Laura Shawver, Ph.D., dated September 2, 2022.
10.5+	Consulting Services Agreement and Statement of Work No. 1, by and between the registrant and Valerie Odegard, dated September 2, 2022.
10.6+	Consulting Services Agreement and Statement of Work No. 1, by and between the registrant and Jonathan Piazza, dated September 2, 2022.
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1#	Certification of Principal Executive and Financial Officers Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and included in Exhibit 101)

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.

+ Indicates management contract or compensatory plan.

The information in Exhibit 32.1 shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act (including this Quarterly Report on Form 10-Q), unless the Registrant specifically incorporates the foregoing information into those documents by reference.

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.

SILVERBACK THERAPEUTICS, INC.

Date: November 2, 2022

By: /s/ Jeffrey C. Pepe, Ph.D., J.D.

Jeffrey C. Pepe, Ph.D., J.D.

Interim Chief Executive Officer and General Counsel (*Principal Executive Officer*)

Date: November 2, 2022

By: /s/ Russ Hawkinson

Russ Hawkinson

Interim Chief Financial Officer (*Principal Financial Officer*)

SILVERBACK THERAPEUTICS, INC.

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("**Agreement**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and the undersigned Laura Shawver, Ph.D. ("**Consultant**"), and is effective as of September 2, 2022 (the "**Effective Date**").

1. **Engagement of Services**. Company and Consultant may from time to time agree on one or more Statements of Work (each a "**SOW**"). Subject to the terms of this Agreement, Consultant will provide the services (the "**Services**") set forth in each SOW (the "**Project(s)**") by the completion dates set forth therein. The manner and means that Consultant chooses to complete the Projects are in Consultant's sole discretion and control. Consultant will perform the Services necessary to complete the Projects in a safe, timely and professional manner consistent with industry standards and at a location, place and time that Company deems appropriate. In completing the Projects, Consultant agrees to provide Consultant's own equipment, tools, and other materials at Consultant's own expense, all of which will be adequate for the task and in good working order; however, Company will make its facilities and equipment available to Consultant when necessary.

2. **Compensation**.

   2.1 Fees. Company will pay Consultant the fee specified in each SOW as Consultant's sole compensation for the Project, provided such Project meets the terms of the SOW and this Agreement and is of a quality consistent with industry standards. Consultant will be responsible for all expenses incurred in performing Services under this Agreement, except as set forth in the SOW. Upon termination of this Agreement for any reason prior to completion of an SOW, or upon termination of an SOW, Company will pay Consultant fees and expenses on the basis stated in the SOW for work which is then in progress, within thirty (30) days of the later of Consultant's invoice and the effective date of such termination.

   2.2 Invoicing. Unless otherwise provided in the applicable SOW, (a) payment to Consultant of undisputed fees will be due thirty (30) days following Company's receipt of an invoice which contains accurate records of the work performed sufficient to document the invoiced fees; and (b) Consultant will submit invoices to Company upon completion of the milestones specified in the applicable SOW or, if no such milestones are specified, on a monthly basis for Services performed in the previous month.

3. **Independent Consultant Relationship**. Consultant's relationship with Company will be that of an independent contractor, and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Consultant (a) is not the agent of Company; (b) is not authorized to make any representation, contract, or commitment on behalf of Company, other than as authorized by an officer of the Company; (c) will be solely responsible for all tax returns and payments required to be filed with or made to any federal, state, or local tax authority with respect to Consultant's performance of Services and receipt of fees under this Agreement; and (d) is excluded from participating in any fringe benefit plans or programs as a result of the performance of Services hereunder, without regard to Consultant's independent contractor status, provided by Company to its employees. Consultant agrees, as an independent contractor, that Consultant is not entitled to unemployment benefits in the event this Agreement or any SOW terminates, or workers' compensation benefits in the event that Consultant is injured in any manner or becomes ill while performing Services under this Agreement. Consultant, at Consultant's sole cost, expense and discretion, will maintain appropriate insurance coverage and benefits for Consultant and any of Consultant's employees, including but not limited to workers' compensation insurance coverage to the extent such coverage is required. If applicable, Company will report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service, as required by law. Consultant agrees to accept exclusive liability for complying with all applicable state and federal laws, including laws governing self-employed individuals, if applicable, such

as laws related to payment of taxes, social security, disability, and other contributions based on fees paid to Consultant under this Agreement. Consultant hereby agrees to indemnify and defend Company against any and all such taxes or contributions, including penalties and interest. Consultant agrees to provide proof of payment of appropriate taxes on any fees paid to Consultant under this Agreement upon reasonable request of Company.

4. Intellectual Property Rights.

4.1 Confidential Information. Consultant agrees that during the term of this Agreement and thereafter, except as expressly authorized in writing by an officer of the Company, Consultant (a) will not use or permit the use of Confidential Information (defined below) in any manner or for any purpose not expressly set forth in this Agreement; (b) will not disclose, lecture upon, publish, or permit others to disclose, lecture upon, or publish any such Confidential Information to any third party without first obtaining the Company's express written consent on a case-by-case basis; (c) will limit access to Confidential Information to Consultant personnel who need to know such information in connection with their work for Company; and (d) will not remove any tangible embodiment of any Confidential Information from Company's premises without the Company's prior written consent. "**Confidential Information**" means all confidential or proprietary information of the Company and includes, but is not limited to, all information related to Company's business and its actual or anticipated research and development, including without limitation (a) intellectual property, such as, but not limited to, patents patent applications, copyrights, copyright applications, and trade secrets; and (b) the following information: (i) chemical structures, methods of synthesis, pharmaceutical formulations and methods of delivery, physical, chemical or biological materials (such as, but not limited to, reagents, gene sequences, nucleic acids, cell lines, compounds, proteins and vectors), techniques for their handling and use, and samples; (ii) information regarding ideas, technology, and processes (such as, but not limited to, assays, techniques, sketches, schematics, drawings, works of authorship, models, designs, inventions, know-how technical documentation, equipment, algorithms, software programs, formulae); (iii) information concerning or resulting from research and development projects (such as, but not limited to, pre-clinical and clinical data, design details and specifications, engineering information and works in process); (iv) business and financial information (such as, but not limited to, current, future and proposed products and services and plans therefore, financial information and models, information relating to procurement requirements, purchasing, manufacturing, customer lists, personnel information, investors, suppliers, sales information and forecasts, business and contractual relationships, business strategies, marketing techniques and materials, pricing and pricing plans); (v) any information created using the foregoing; (vi) any other information which is designated is "Confidential" or "Proprietary"; and (vii) all such information related to any third party that is disclosed to Company or to Consultant during the course of Company's business ("**Third Party Information**"). Notwithstanding the foregoing, it is understood that Consultant is free to use information which is generally known in the trade or industry.

4.2 Competitive or Conflicting Engagements. Consultant agrees, during the term of this Agreement, not to enter into a contract or accept an obligation that is inconsistent or incompatible with Consultant's obligations under this Agreement. Consultant warrants that there is no such contract or obligation in effect as of the Effective Date. Consultant further agrees not to disclose to Company, bring onto Company's premises, or induce Company to use any confidential information that belongs to anyone other than Company or Consultant. In addition, Consultant agrees that, during the term of this Agreement, Consultant will not perform, or agree to perform, any services for any third party that engages, or plans to engage, in any business or activity competitive with that of Company.

4.3 Inventions and Proprietary Rights. As used in this Agreement, the term "**Invention**" means any ideas, inventions, works of authorship, concepts, information, materials, processes, data, programs, know-how, improvements, discoveries, formulae, compounds, techniques, developments, designs, artwork, other copyrightable works, and techniques and all Proprietary Rights therein. The

term "**Proprietary Rights**" means all trade secrets, copyrights, trademarks, mask work rights, patents, moral rights and other intellectual property rights recognized by the laws of any country.

4.4 Background Technology. As used in this Agreement, the term "**Background Technology**" means (i) all Inventions developed by Consultant other than in the course of providing Services to Company hereunder and (ii) all Proprietary Rights owned by Consultant or a third party that Consultant uses in performing Services under this Agreement or incorporates into Work Product (defined below). Consultant will disclose any Background Technology in the SOW in which Consultant proposes to use or incorporate such Background Technology or otherwise in writing to the Company. If no Background Technology is disclosed in an SOW or disclosed in writing to the Company, Consultant warrants that Consultant will not use Background Technology or incorporate it into Work Product provided pursuant thereto.

4.5 License to Background Technology. Consultant hereby grants (and represents it has the right to grant) to Company a non-exclusive, perpetual, fully-paid and royalty-free, irrevocable and world-wide right, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in the Background Technology incorporated or used in Work Product for the purpose of developing and marketing Company products and services.

4.6 Disclosure of Work Product. As used in this Agreement, the term "**Work Product**" means any Invention that is solely or jointly conceived, made, reduced or practice, or learned by Consultant in the course of any Services performed for Company or with the use of materials of Company during the term of this Agreement. Consultant agrees to disclose promptly in writing to Company, or any person designated by Company, all Work Product.

4.7 Ownership of Work Product. Consultant agrees that any and all Work Product will be the sole and exclusive property of Company.

4.8 Assignment of Work Product. If Consultant has any rights to the Work Product that are not owned by Company upon creation or embodiment, Consultant agrees to and hereby does irrevocably assign to Company all right, title and interest worldwide in and to such Work Product. Except as set forth below, Consultant retains no rights to use the Work Product and agrees not to challenge the validity of Company's ownership in the Work Product.

4.9 Waiver or Assignment of Other Rights. If Consultant has any rights to the Work Product that cannot be lawfully assigned to Company, Consultant unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against Company with respect to such rights, and agrees, at Company's request and expense, to consent to and join in any action to enforce such rights. If Consultant has any right to the Work Product that cannot be lawfully assigned to Company or waived by Consultant, Consultant unconditionally and irrevocably grants to Company during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform and publicly display in any form or medium, whether now known or later developed, make, use, sell, import, offer for sale and exercise any and all such rights.

4.10 Assistance. Consultant agrees to assist Company in every way, both during and after the term of this Agreement, to obtain and enforce United States and foreign Proprietary Rights relating to Work Product in all countries. In the event Company is unable to secure Consultant's signature on any document needed in connection with such purposes, Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, which appointment is coupled with an interest, to act on Consultant's behalf to execute and file any such documents and to do all other lawfully permitted acts to further such purposes with the same legal force and effect as if executed by Consultant.

5. Consultant Representations and Warranties. In addition to the warranties in Section 1, Consultant hereby represents and warrants that (a) the Services will be provided in a professional manner and consistent with industry standards and any regulatory requirements; (b) the Services and Work Product will conform to the requirements and terms set forth in the SOW; (c) neither the Services nor the Work Product nor any element thereof will, to the best knowledge of Consultant, infringe or misappropriate the Proprietary Rights of any third party; (d) Consultant will not grant, directly or indirectly, any rights or interest whatsoever in the Work Product to third parties; (e) Consultant has full right and power to enter into and perform this Agreement without the consent of any third party; (g) Consultant has an unqualified right to grant the license to all Background Technology as set forth in the section titled "License to Background Technology" to Company; and (h) Consultant will comply with all laws and regulations applicable to Consultant's obligations under this Agreement.

6. Indemnification. Consultant will indemnify and hold harmless Company, its officers, directors, employees, sublicensees, customers and agents from any and all claims, losses, liabilities, damages, expenses and costs (including attorneys' fees and court costs) (a "**Claim**") which result from a breach or alleged breach of any representation, warranty or covenant of Consultant in this Agreement or any intentional misconduct or gross negligence by Consultant or any of its subcontractors, employees, or agents in performing Services under this Agreement. From the date of written notice from Company to Consultant of any such Claim, Company will have the right to withhold from any payments due Consultant under this Agreement the amount of any defense costs, plus additional reasonable amounts as security for Consultant's obligations under this section.

7. Term and Termination.

7.1 Term. The term of this Agreement is from the Effective Date through the earlier of (i) the closing of the merger (the "**Merger**") contemplated by that certain Agreement and Plan of Merger and Reorganization, dated as of July 21, 2022 (as it may be amended from time-to-time, the "**Merger Agreement**"), by and among the Company, Sabre Merger Sub, Inc. and ARS Pharmaceuticals, Inc. and (ii) December 31, 2022, unless earlier terminated as provided in this Agreement (the "**Term**").

7.2 Termination by Company. The Company may terminate this Agreement or any SOW, with or without cause, at any time upon ten (10) days' prior written notice to Consultant. The Company also may terminate this Agreement or any SOW immediately in its sole discretion upon Consultant's material breach of this Agreement or an SOW and/or upon any acts of gross misconduct by Consultant directly affecting this Agreement or the independent contractor relationship.

7.3 Termination by Consultant. Consultant may terminate this Agreement or any SOW, with or without cause, at any time upon fifteen (15) days' prior written notice to the Company.

7.4 Return of Company Property. Upon termination of the Agreement or an SOW, or upon Company's request at any other time, Consultant will deliver to Company all of Company's property, equipment, and documents, together with all copies thereof, and any other material containing or disclosing any Work Product, Third Party Information or Confidential Information of Company and certify to Company in writing that Consultant has fully complied with this obligation. Consultant further agrees that any property situated on Company's premises and owned by Company is subject to inspection by Company personnel at any time with or without further notice.

7.5 Noninterference with Business. Consultant agrees that information it will acquire as a result of the Services it performs hereunder about employees of and consultants to the Company, including but not limited to their particular skills, abilities and customer contacts, is the confidential and proprietary information of the Company. In order to protect the value of such confidential and proprietary information of the Company, during and for a period of twelve (12) months immediately following termination of this Agreement by either party, Consultant agrees not to interfere with the business and employment relationships of the Company in any manner. By way of example and not

of limitation, Consultant agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with the Company.

7.6 Survival. The following provisions will survive termination of this Agreement: Sections titled “Intellectual Property Rights,” “Consultant Representations and Warranties,” “Indemnification,” “Return of Company Property,” “Survival,” “Noninterference with Business” and “General Provisions.”

8. Multi-Employee Consultant. If Consultant will be using employees or agents to provide Services pursuant to this Agreement, before any Consultant employee or agent performs Services in connection with this Agreement or has access to Confidential Information, the employee or agent and Consultant must have entered into a binding written agreement that contains provisions substantially equivalent to the sections of this Agreement titled “Engagement of Services” and “Intellectual Property Rights.” At Company’s request, Consultant will provide Company with copies of such agreements. Company reserves the right to refuse or limit Consultant’s use of any employee or agent or to require Consultant to remove any employee or agent already engaged in the performance of the Services. Company’s exercise of such right will in no way limit Consultant’s obligations under this Agreement. Consultant agrees (a) to limit access to the Confidential Information to employees or agents of Consultant who have a reasonable need to have such access in order to perform the Services pursuant to this Agreement; (b) that all such employees or agents will be fully-trained, skilled, competent, and adequately experienced for the Services to be performed; and (c) to be solely responsible for all expenses incurred by any of Consultant’s employees or agents in performing the Services or otherwise performing its obligations under this Agreement, except as set forth in the SOW.

9. General Provisions.

9.1 Governing Law and Venue. This Agreement and any action related thereto will be governed, controlled, interpreted, and defined by and under the laws of the State of Washington, without giving effect to any conflicts of laws principles that require the application of the law of a different state. Each party hereto hereby expressly consents to the personal jurisdiction and venue in the state and federal courts having jurisdiction in King County.

9.2 Severability. If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

9.3 No Assignment. This Agreement, and Consultant’s rights and obligations herein, may not be assigned, subcontracted, delegated, or otherwise transferred by Consultant without Company’s prior written consent, and any attempted assignment, subcontract, delegation, or transfer in violation of the foregoing will be null and void. The terms of this Agreement will be binding upon assignees.

9.4 Notices. Each party must deliver all notices or other communications required or permitted under this Agreement in writing to the other party at the address listed on the signature page, by email, courier, by certified or registered mail (postage prepaid and return receipt requested), or by a nationally-recognized express mail service. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, any such notice will be considered to have been given five (5) business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, any such notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt. Each party may change its address for receipt of notice by giving notice of such change to the other party.

9.5 Injunctive Relief. Consultant acknowledges that, because Consultant’s Services are personal and unique and because Consultant will have access to Confidential Information of Company, any breach of this Agreement by Consultant would cause irreparable injury to Company for which monetary damages would not be an adequate remedy and, therefore, will entitle Company to injunctive relief (including specific performance). The rights and remedies provided to each party in this Agreement

are cumulative and in addition to any other rights and remedies available to such party at law or in equity.

9.6 Waiver. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

9.7 Further Assurances. Each party hereto agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

9.8 Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties hereto with respect to the subject matters hereof and supersedes and merges all prior discussions between the parties with respect to such subject matters. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by Consultant and a duly authorized officer of the Company. The terms of this Agreement will govern all SOWs and Services undertaken by Consultant for Company. In the event of any conflict between this Agreement and a SOW, the terms of the SOW will govern, but only with respect to the Services set forth therein.

[Signature page follows.]

In Witness Whereof, the parties hereto have caused this Consulting Services Agreement to be executed by their duly authorized representatives.

COMPANY:

Silverback Therapeutics, Inc.

/s/: Jonathan Piazza
(Signature)
By: Jonathan Piazza
Title: Chief Financial Officer

Address: 500 Fairview Avenue N., #600
Seattle, WA 98109
Legal@silverbacktx.com

CONSULTANT:
/s/: Laura Shawver
(Signature)
By: Laura Shawver, Ph.D.

STATEMENT OF WORK NO. 1

This Statement of Work No. 1 ("**SOW**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and the undersigned Laura Shawver, Ph.D. ("**Consultant**"), and is effective as of September 2, 2022 (the "**SOW Effective Date**"). This SOW is incorporated into the Consulting Services Agreement by and between Company and Consultant effective as of September 2, 2022 (the "**Agreement**"). This SOW anticipates Services and Work Product to be performed and provided by Consultant pursuant to the Agreement. If any item in this SOW is inconsistent with the Agreement prior to such incorporation, the terms of this SOW will control, but only with respect to the Services to be performed under this SOW. Capitalized terms used but not defined herein have the same definitions as contained in the Agreement.

1. **Scope of Services and Deliverables.** During the Term, Consultant shall provide, on an as-needed basis, not to exceed 20 hours per week unless mutually agreed, transition services and advise, consult and support the Company's management team in connection with the closing of the Merger, winddown activities related thereto and any Asset Dispositions (as defined in the Merger Agreement), and other services to and for the Company, and shall report directly to the Company's Interim Chief Executive Officer.

2. **Milestones and Delivery Dates.** N/A

3. **Specifications for Services and Deliverables.** N/A

4. **Payment of Fees**. Consultant will be paid at an hourly rate of $300 for the Services. In addition, as consideration for the Services, the Company will consider the change of status from an employee to a consultant (effective as of the Effective Date), and the Services during the Term (i) to constitute "Continuous Service" for purposes of the Company's 2020 Equity Incentive Plan (as amended, the "***2020 Equity Plan***") and (ii) to not constitute a "Termination" under the Company's 2016 Equity Incentive Plan (as amended, the "***2016 Equity Plan***", and together with the 2020 Equity Plan, the "***Equity Plans***"), and therefore Consultant's outstanding equity awards will continue to vest in accordance with their terms during the Term; *provided, however* that any stock options that are "incentive stock options" under Section 422 of the Internal Revenue Code shall cease to be "incentive stock options" upon the three (3) month anniversary of the Effective Date. All terms, conditions and limitations applicable Consultant's equity awards will continue to be subject to the Equity Plans and any applicable grant documentation.

5. **Expenses**. Consultant will be reimbursed for third party expenses (at cost) if approved in writing in advance by the Company. Consultant will invoice the Company monthly for services and expenses and will provide such reasonable receipts or other documentation of expenses as Client might request, including copies of time records.

[Signature page follows.]

In Witness Whereof, the parties hereto have caused this SOW to be executed by their duly authorized representatives.

Laura Shawver, Ph.D.

Signed: */s/: Laura Shawver*
Printed Name: Laura Shawver, Ph.D.

Silverback Therapeutics, Inc.

Signed: */s/: Jonathan Piazza*
Printed Name: Jonathan Piazza
Title: Chief Financial Officer

SILVERBACK THERAPEUTICS, INC.

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("**Agreement**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and Valerie Odegard ("**Consultant**"), and is entered into as of September 2, 2022 (the "**Effective Date**").

1. **Engagement of Services**. Company and Consultant may from time to time agree on one or more Statements of Work (each a "**SOW**") substantially in the form of the **Statement of Work** attached to this Agreement and incorporated herein. Subject to the terms of this Agreement, Consultant will provide the services (the "**Services**") set forth in each SOW (the "**Project(s)**") by the completion dates set forth therein. The manner and means that Consultant chooses to complete the Projects are in Consultant's sole discretion and control. Consultant will perform the Services necessary to complete the Projects in a safe, timely and professional manner consistent with industry standards and at a location, place and time that Company deems appropriate. In completing the Projects, Consultant agrees to provide Consultant's own equipment, tools, and other materials at Consultant's own expense, all of which will be adequate for the task and in good working order; however, Company will make its facilities and equipment available to Consultant when necessary.

2. **Compensation**.

   2.1 Fees. Company will pay Consultant the fee specified in each SOW as Consultant's sole compensation for the Project, provided such Project meets the terms of the SOW and this Agreement and is of a quality consistent with industry standards. Consultant will be responsible for all expenses incurred in performing Services under this Agreement, except as set forth in the SOW. Upon termination of this Agreement for any reason prior to completion of an SOW, or upon termination of an SOW, Company will pay Consultant fees and expenses on the basis stated in the SOW for work which is then in progress, within thirty (30) days of the later of Consultant's invoice and the effective date of such termination.

   2.2 Invoicing. Unless otherwise provided in the applicable SOW, (a) payment to Consultant of undisputed fees will be due thirty (30) days following Company's receipt of an invoice which contains accurate records of the work performed sufficient to document the invoiced fees; and (b) Consultant will submit invoices to Company upon completion of the milestones specified in the applicable SOW or, if no such milestones are specified, on a monthly basis for Services performed in the previous month.

3. **Independent Consultant Relationship**. Consultant's relationship with Company will be that of an independent contractor, and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Consultant (a) is not the agent of Company; (b) is not authorized to make any representation, contract, or commitment on behalf of Company, other than as authorized by an officer of the Company; (c) will be solely responsible for all tax returns and payments required to be filed with or made to any federal, state, or local tax authority with respect to Consultant's performance of Services and receipt of fees under this Agreement; and (d) is excluded from participating in any fringe benefit plans or programs as a result of the performance of Services hereunder, without regard to Consultant's independent contractor status, provided by Company to its employees. Consultant agrees, as an independent contractor, that Consultant is not entitled to unemployment benefits in the event this Agreement or any SOW terminates, or workers' compensation benefits in the event that Consultant is injured in any manner or becomes ill while performing Services under this Agreement. Consultant, at Consultant's sole cost, expense and discretion, will maintain appropriate insurance coverage and benefits for Consultant and any of Consultant's employees, including but not limited to workers' compensation insurance coverage to the extent such coverage is required. If applicable, Company will report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service, as required by law. Consultant agrees to accept exclusive liability for complying with all applicable state and federal laws, including laws governing self-employed individuals, if applicable, such as laws related to payment of taxes, social security, disability, and

other contributions based on fees paid to Consultant under this Agreement. Consultant hereby agrees to indemnify and defend Company against any and all such taxes or contributions, including penalties and interest. Consultant agrees to provide proof of payment of appropriate taxes on any fees paid to Consultant under this Agreement upon reasonable request of Company.

4. Intellectual Property Rights.

4.1 Confidential Information. Consultant agrees that during the term of this Agreement and thereafter, except as expressly authorized in writing by an officer of the Company, Consultant (a) will not use or permit the use of Confidential Information (defined below) in any manner or for any purpose not expressly set forth in this Agreement; (b) will not disclose, lecture upon, publish, or permit others to disclose, lecture upon, or publish any such Confidential Information to any third party without first obtaining the Company's express written consent on a case-by-case basis; (c) will limit access to Confidential Information to Consultant personnel who need to know such information in connection with their work for Company; and (d) will not remove any tangible embodiment of any Confidential Information from Company's premises without the Company's prior written consent. "**Confidential Information**" means all confidential or proprietary information of the Company and includes, but is not limited to, all information related to Company's business and its actual or anticipated research and development, including without limitation (a) intellectual property, such as, but not limited to, patents patent applications, copyrights, copyright applications, and trade secrets; and (b) the following information: (i) chemical structures, methods of synthesis, pharmaceutical formulations and methods of delivery, physical, chemical or biological materials (such as, but not limited to, reagents, gene sequences, nucleic acids, cell lines, compounds, proteins and vectors), techniques for their handling and use, and samples; (ii) information regarding ideas, technology, and processes (such as, but not limited to, assays, techniques, sketches, schematics, drawings, works of authorship, models, designs, inventions, know-how technical documentation, equipment, algorithms, software programs, formulae); (iii) information concerning or resulting from research and development projects (such as, but not limited to, pre-clinical and clinical data, design details and specifications, engineering information and works in process); (iv) business and financial information (such as, but not limited to, current, future and proposed products and services and plans therefore, financial information and models, information relating to procurement requirements, purchasing, manufacturing, customer lists, personnel information, investors, suppliers, sales information and forecasts, business and contractual relationships, business strategies, marketing techniques and materials, pricing and pricing plans); (v) any information created using the foregoing; (vi) any other information which is designated is "Confidential" or "Proprietary"; and (vii) all such information related to any third party that is disclosed to Company or to Consultant during the course of Company's business ("**Third Party Information**"). Notwithstanding the foregoing, it is understood that Consultant is free to use information which is generally known in the trade or industry.

4.2 Competitive or Conflicting Engagements. Consultant agrees, during the term of this Agreement, not to enter into a contract or accept an obligation that is inconsistent or incompatible with Consultant's obligations under this Agreement. Consultant warrants that there is no such contract or obligation in effect as of the Effective Date. Consultant further agrees not to disclose to Company, bring onto Company's premises, or induce Company to use any confidential information that belongs to anyone other than Company or Consultant. In addition, Consultant agrees that, during the term of this Agreement, Consultant will not perform, or agree to perform, any services for any third party that engages, or plans to engage, in any business or activity competitive with that of Company.

4.3 Inventions and Proprietary Rights. As used in this Agreement, the term "**Invention**" means any ideas, inventions, works of authorship, concepts, information, materials, processes, data, programs, know-how, improvements, discoveries, formulae, compounds, techniques, developments, designs, artwork, other copyrightable works, and techniques and all Proprietary Rights therein. The term "**Proprietary Rights**" means all trade secrets, copyrights, trademarks, mask work rights, patents, moral rights and other intellectual property rights recognized by the laws of any country.

4.4 Background Technology. As used in this Agreement, the term "**Background Technology**" means (i) all Inventions developed by Consultant other than in the course of providing Services to Company hereunder and (ii) all Proprietary Rights owned by Consultant or a third party that Consultant uses in performing Services under this Agreement or incorporates into Work Product (defined below). Consultant will disclose any Background Technology in the SOW in which Consultant proposes to use or incorporate such Background Technology or otherwise in writing to the Company. If no Background Technology is disclosed in an SOW or disclosed in writing to the Company, Consultant warrants that Consultant will not use Background Technology or incorporate it into Work Product provided pursuant thereto.

4.5 License to Background Technology. Consultant hereby grants (and represents it has the right to grant) to Company a non-exclusive, perpetual, fully-paid and royalty-free, irrevocable and world-wide right, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in the Background Technology incorporated or used in Work Product for the purpose of developing and marketing Company products and services.

4.6 Disclosure of Work Product. As used in this Agreement, the term "**Work Product**" means any Invention that is solely or jointly conceived, made, reduced or practice, or learned by Consultant in the course of any Services performed for Company or with the use of materials of Company during the term of this Agreement. Consultant agrees to disclose promptly in writing to Company, or any person designated by Company, all Work Product.

4.7 Ownership of Work Product. Consultant agrees that any and all Work Product will be the sole and exclusive property of Company.

4.8 Assignment of Work Product. If Consultant has any rights to the Work Product that are not owned by Company upon creation or embodiment, Consultant agrees to and hereby does irrevocably assign to Company all right, title and interest worldwide in and to such Work Product. Except as set forth below, Consultant retains no rights to use the Work Product and agrees not to challenge the validity of Company's ownership in the Work Product.

4.9 Waiver or Assignment of Other Rights. If Consultant has any rights to the Work Product that cannot be lawfully assigned to Company, Consultant unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against Company with respect to such rights, and agrees, at Company's request and expense, to consent to and join in any action to enforce such rights. If Consultant has any right to the Work Product that cannot be lawfully assigned to Company or waived by Consultant, Consultant unconditionally and irrevocably grants to Company during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform and publicly display in any form or medium, whether now known or later developed, make, use, sell, import, offer for sale and exercise any and all such rights.

4.10 Assistance. Consultant agrees to assist Company in every way, both during and after the term of this Agreement, to obtain and enforce United States and foreign Proprietary Rights relating to Work Product in all countries. In the event Company is unable to secure Consultant's signature on any document needed in connection with such purposes, Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, which appointment is coupled with an interest, to act on Consultant's behalf to execute and file any such documents and to do all other lawfully permitted acts to further such purposes with the same legal force and effect as if executed by Consultant.

5. Consultant Representations and Warranties. In addition to the warranties in Section 1, Consultant hereby represents and warrants that (a) the Services will be provided in a professional manner and consistent with

industry standards and any regulatory requirements; (b) the Services and Work Product will conform to the requirements and terms set forth in the SOW; (c) neither the Services nor the Work Product nor any element thereof will, to the best knowledge of Consultant, infringe or misappropriate the Proprietary Rights of any third party; (d) Consultant will not grant, directly or indirectly, any rights or interest whatsoever in the Work Product to third parties; (e) Consultant has full right and power to enter into and perform this Agreement without the consent of any third party; (g) Consultant has an unqualified right to grant the license to all Background Technology as set forth in the section titled "License to Background Technology" to Company; and (h) Consultant will comply with all laws and regulations applicable to Consultant's obligations under this Agreement.

6. **Indemnification**. Consultant will indemnify and hold harmless Company, its officers, directors, employees, sublicensees, customers and agents from any and all claims, losses, liabilities, damages, expenses and costs (including attorneys' fees and court costs) (a "**Claim**") which result from a breach or alleged breach of any representation, warranty or covenant of Consultant in this Agreement or any intentional misconduct or gross negligence by Consultant or any of its subcontractors, employees, or agents in performing Services under this Agreement. From the date of written notice from Company to Consultant of any such Claim, Company will have the right to withhold from any payments due Consultant under this Agreement the amount of any defense costs, plus additional reasonable amounts as security for Consultant's obligations under this section.

7. **Term and Termination**.

   7.1 Termination by Company. The Company may terminate this Agreement or any SOW, with or without cause, at any time upon ten (10) days' prior written notice to Consultant. The Company also may terminate this Agreement or any SOW immediately in its sole discretion upon Consultant's material breach of this Agreement or an SOW and/or upon any acts of gross misconduct by Consultant directly affecting this Agreement or the independent contractor relationship.

   7.2 Termination by Consultant. Consultant may terminate this Agreement or any SOW, with or without cause, at any time upon fifteen (15) days' prior written notice to the Company.

   7.3 Return of Company Property. Upon termination of the Agreement or an SOW, or upon Company's request at any other time, Consultant will deliver to Company all of Company's property, equipment, and documents, together with all copies thereof, and any other material containing or disclosing any Work Product, Third Party Information or Confidential Information of Company and certify to Company in writing that Consultant has fully complied with this obligation. Consultant further agrees that any property situated on Company's premises and owned by Company is subject to inspection by Company personnel at any time with or without further notice.

   7.4 Noninterference with Business. Consultant agrees that information it will acquire as a result of the Services it performs hereunder about employees of and consultants to the Company, including but not limited to their particular skills, abilities and customer contacts, is the confidential and proprietary information of the Company. In order to protect the value of such confidential and proprietary information of the Company, during and for a period of twelve (12) months immediately following termination of this Agreement by either party, Consultant agrees not to interfere with the business and employment relationships of the Company in any manner. By way of example and not of limitation, Consultant agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with the Company.

   7.5 Survival. The following provisions will survive termination of this Agreement: Sections titled "Intellectual Property Rights," "Consultant Representations and Warranties," "Indemnification," "Return of Company Property," "Survival," "Noninterference with Business" and "General Provisions."

8. **Multi-Employee Consultant.** If Consultant will be using employees or agents to provide Services pursuant to this Agreement, before any Consultant employee or agent performs Services in connection with this

Agreement or has access to Confidential Information, the employee or agent and Consultant must have entered into a binding written agreement that contains provisions substantially equivalent to the sections of this Agreement titled "Engagement of Services" and "Intellectual Property Rights." At Company's request, Consultant will provide Company with copies of such agreements. Company reserves the right to refuse or limit Consultant's use of any employee or agent or to require Consultant to remove any employee or agent already engaged in the performance of the Services. Company's exercise of such right will in no way limit Consultant's obligations under this Agreement. Consultant agrees (a) to limit access to the Confidential Information to employees or agents of Consultant who have a reasonable need to have such access in order to perform the Services pursuant to this Agreement; (b) that all such employees or agents will be fully-trained, skilled, competent, and adequately experienced for the Services to be performed; and (c) to be solely responsible for all expenses incurred by any of Consultant's employees or agents in performing the Services or otherwise performing its obligations under this Agreement, except as set forth in the SOW.

9. General Provisions.

9.1 Governing Law and Venue. This Agreement and any action related thereto will be governed, controlled, interpreted, and defined by and under the laws of the State of Washington, without giving effect to any conflicts of laws principles that require the application of the law of a different state. Each party hereto hereby expressly consents to the personal jurisdiction and venue in the state and federal courts having jurisdiction in King County.

9.2 Severability. If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

9.3 No Assignment. This Agreement, and Consultant's rights and obligations herein, may not be assigned, subcontracted, delegated, or otherwise transferred by Consultant without Company's prior written consent, and any attempted assignment, subcontract, delegation, or transfer in violation of the foregoing will be null and void. The terms of this Agreement will be binding upon assignees.

9.4 Notices. Each party must deliver all notices or other communications required or permitted under this Agreement in writing to the other party at the address listed on the signature page, by email, courier, by certified or registered mail (postage prepaid and return receipt requested), or by a nationally-recognized express mail service. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, any such notice will be considered to have been given five (5) business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, any such notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt. Each party may change its address for receipt of notice by giving notice of such change to the other party.

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9.6 Waiver. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

9.7 Further Assurances. Each party hereto agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written

assurances as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

9.8 Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties hereto with respect to the subject matters hereof and supersedes and merges all prior discussions between the parties with respect to such subject matters. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by Consultant and a duly authorized officer of the Company. The terms of this Agreement will govern all SOWs and Services undertaken by Consultant for Company. In the event of any conflict between this Agreement and a SOW, the terms of the SOW will govern, but only with respect to the Services set forth therein.

[Signature page follows]

In Witness Whereof, the parties hereto have caused this Consulting Services Agreement to be executed by their duly authorized representatives.

COMPANY:

Silverback Therapeutics, Inc.

/s/: Jeffrey C. Pepe
(Signature)
By: Jeffrey C. Pepe
Title: Interim CEO, General Counsel, and Corporate Secretary

Address: 500 Fairview Avenue N., #600
Seattle, WA 98109
Legal@silverbacktx.com

CONSULTANT:
/s/: Valerie Odegard
(Signature)
By: Valerie Odegard

STATEMENT OF WORK NO. 1

This Statement of Work No. 1 ("**SOW**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and Valerie Odegard ("**Consultant**"), and is effective as of September 2, 2022 (the "**SOW Effective Date**"). This SOW is incorporated into the Consulting Services Agreement by and between Company and Consultant effective as of September 2, 2022 (the "**Agreement**"). This SOW anticipates Services and Work Product to be performed and provided by Consultant pursuant to the Agreement. If any item in this SOW is inconsistent with the Agreement prior to such incorporation, the terms of this SOW will control, but only with respect to the Services to be performed under this SOW. Capitalized terms used but not defined herein have the same definitions as contained in the Agreement.

1. **Scope of Services and Deliverables.** Company has entered into that certain Agreement and Plan of Merger and Reorganization dated July 21, 2022 between ARS Pharmaceuticals, Inc., Company, and Sabre Merger Sub, Inc., amended effective August 11, 2022 (collectively, the "Merger Agreement"). During the Term, Consultant shall provide, on an as-needed basis, not to exceed 20 hours per week unless mutually agreed, transition services and advise, consult and support the Company's management team in connection with the closing of the Merger (defined in the Merger Agreement), winddown activities related thereto, and any Asset Dispositions (as defined in the Merger Agreement), and other services to and for the Company, and shall report directly to the Company's Interim Chief Executive Officer.

2. **Specifications for Services and Deliverables.** N/A

3. **Period of Performance**: September 2, 2022 through November 30, 2022 or close of Merger, whichever is later.

4. **Payment of Fees**. Consultant will be paid at an hourly rate of $350.00 for the Services. In addition, as consideration for the Services, the Company will consider the change of status from an employee to a consultant (effective as of the Effective Date), and the Services during the Term (i) to constitute "Continuous Service" for purposes of the Company's 2020 Equity Incentive Plan (as amended, the "***2020 Equity Plan***") and (ii) to not constitute a "Termination" under the Company's 2016 Equity Incentive Plan (as amended, the "***2016 Equity Plan***", and together with the 2020 Equity Plan, the "***Equity Plans***"), and, therefore, Consultant's outstanding equity awards will continue to vest in accordance with their terms during the Term; *provided*, *however* that any stock options that are "incentive stock options" under Section 422 of the Internal Revenue Code shall cease to be "incentive stock options" upon the three (3) month anniversary of the Effective Date. All terms, conditions and limitations applicable to Consultant's equity awards will continue to be subject to the Equity Plans and any applicable grant documentation.

5. **Expenses**. Consultant will be reimbursed for third party expenses (at cost) if approved in writing in advance by the Company. Consultant will invoice the Company monthly for services and expenses and will provide such reasonable receipts or other documentation of expenses as Client might request, including copies of time records.

[Signature page follows]

In Witness Whereof, the parties hereto have caused this SOW to be executed by their duly authorized representatives.

Valerie Odegard

Signed: */s/: Valerie Odegard*
Printed Name: Valerie Odegard

Silverback Therapeutics, Inc.

Signed: */s/: Jeffrey C. Pepe*
Printed Name: Jeffrey C. Pepe
Title: Interim CEO, General Counsel, and Corporate Secretary

SILVERBACK THERAPEUTICS, INC.

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement ("**Agreement**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and Jonathan Piazza ("**Consultant**"), and is entered into as of September 2, 2022 (the "**Effective Date**").

1. **Engagement of Services**. Company and Consultant may from time to time agree on one or more Statements of Work (each a "**SOW**") substantially in the form of the **Statement of Work** attached to this Agreement and incorporated herein. Subject to the terms of this Agreement, Consultant will provide the services (the "**Services**") set forth in each SOW (the "**Project(s)**") by the completion dates set forth therein. The manner and means that Consultant chooses to complete the Projects are in Consultant's sole discretion and control. Consultant will perform the Services necessary to complete the Projects in a safe, timely and professional manner consistent with industry standards and at a location, place and time that Company deems appropriate. In completing the Projects, Consultant agrees to provide Consultant's own equipment, tools, and other materials at Consultant's own expense, all of which will be adequate for the task and in good working order; however, Company will make its facilities and equipment available to Consultant when necessary.

2. **Compensation**.

   2.1 Fees. Company will pay Consultant the fee specified in each SOW as Consultant's sole compensation for the Project, provided such Project meets the terms of the SOW and this Agreement and is of a quality consistent with industry standards. Consultant will be responsible for all expenses incurred in performing Services under this Agreement, except as set forth in the SOW. Upon termination of this Agreement for any reason prior to completion of an SOW, or upon termination of an SOW, Company will pay Consultant fees and expenses on the basis stated in the SOW for work which is then in progress, within thirty (30) days of the later of Consultant's invoice and the effective date of such termination.

   2.2 Invoicing. Unless otherwise provided in the applicable SOW, (a) payment to Consultant of undisputed fees will be due thirty (30) days following Company's receipt of an invoice which contains accurate records of the work performed sufficient to document the invoiced fees; and (b) Consultant will submit invoices to Company upon completion of the milestones specified in the applicable SOW or, if no such milestones are specified, on a monthly basis for Services performed in the previous month.

3. **Independent Consultant Relationship**. Consultant's relationship with Company will be that of an independent contractor, and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Consultant (a) is not the agent of Company; (b) is not authorized to make any representation, contract, or commitment on behalf of Company, other than as authorized by an officer of the Company; (c) will be solely responsible for all tax returns and payments required to be filed with or made to any federal, state, or local tax authority with respect to Consultant's performance of Services and receipt of fees under this Agreement; and (d) is excluded from participating in any fringe benefit plans or programs as a result of the performance of Services hereunder, without regard to Consultant's independent contractor status, provided by Company to its employees. Consultant agrees, as an independent contractor, that Consultant is not entitled to unemployment benefits in the event this Agreement or any SOW terminates, or workers' compensation benefits in the event that Consultant is injured in any manner or becomes ill while performing Services under this Agreement. Consultant, at Consultant's sole cost, expense and discretion, will maintain appropriate insurance coverage and benefits for Consultant and any of Consultant's employees, including but not limited to workers' compensation insurance coverage to the extent such coverage is required. If applicable, Company will report amounts paid to Consultant by filing Form 1099-MISC with the Internal Revenue Service, as required by law. Consultant agrees to accept

exclusive liability for complying with all applicable state and federal laws, including laws governing self-employed individuals, if applicable, such as laws related to payment of taxes, social security, disability, and other contributions based on fees paid to Consultant under this Agreement. Consultant hereby agrees to indemnify and defend Company against any and all such taxes or contributions, including penalties and interest. Consultant agrees to provide proof of payment of appropriate taxes on any fees paid to Consultant under this Agreement upon reasonable request of Company.

4. Intellectual Property Rights.

4.1 Confidential Information. Consultant agrees that during the term of this Agreement and thereafter, except as expressly authorized in writing by an officer of the Company, Consultant (a) will not use or permit the use of Confidential Information (defined below) in any manner or for any purpose not expressly set forth in this Agreement; (b) will not disclose, lecture upon, publish, or permit others to disclose, lecture upon, or publish any such Confidential Information to any third party without first obtaining the Company's express written consent on a case-by-case basis; (c) will limit access to Confidential Information to Consultant personnel who need to know such information in connection with their work for Company; and (d) will not remove any tangible embodiment of any Confidential Information from Company's premises without the Company's prior written consent. "**Confidential Information**" means all confidential or proprietary information of the Company and includes, but is not limited to, all information related to Company's business and its actual or anticipated research and development, including without limitation (a) intellectual property, such as, but not limited to, patents patent applications, copyrights, copyright applications, and trade secrets; and (b) the following information: (i) chemical structures, methods of synthesis, pharmaceutical formulations and methods of delivery, physical, chemical or biological materials (such as, but not limited to, reagents, gene sequences, nucleic acids, cell lines, compounds, proteins and vectors), techniques for their handling and use, and samples; (ii) information regarding ideas, technology, and processes (such as, but not limited to, assays, techniques, sketches, schematics, drawings, works of authorship, models, designs, inventions, know-how technical documentation, equipment, algorithms, software programs, formulae); (iii) information concerning or resulting from research and development projects (such as, but not limited to, pre-clinical and clinical data, design details and specifications, engineering information and works in process); (iv) business and financial information (such as, but not limited to, current, future and proposed products and services and plans therefore, financial information and models, information relating to procurement requirements, purchasing, manufacturing, customer lists, personnel information, investors, suppliers, sales information and forecasts, business and contractual relationships, business strategies, marketing techniques and materials, pricing and pricing plans); (v) any information created using the foregoing; (vi) any other information which is designated is "Confidential" or "Proprietary"; and (vii) all such information related to any third party that is disclosed to Company or to Consultant during the course of Company's business ("**Third Party Information**"). Notwithstanding the foregoing, it is understood that Consultant is free to use information which is generally known in the trade or industry.

4.2 Competitive or Conflicting Engagements. Consultant agrees, during the term of this Agreement, not to enter into a contract or accept an obligation that is inconsistent or incompatible with Consultant's obligations under this Agreement. Consultant warrants that there is no such contract or obligation in effect as of the Effective Date. Consultant further agrees not to disclose to Company, bring onto Company's premises, or induce Company to use any confidential information that belongs to anyone other than Company or Consultant. In addition, Consultant agrees that, during the term of this Agreement, Consultant will not perform, or agree to perform, any services for any third party that engages, or plans to engage, in any business or activity competitive with that of Company.

4.3 Inventions and Proprietary Rights. As used in this Agreement, the term "**Invention**" means any ideas, inventions, works of authorship, concepts, information, materials, processes, data, programs, know-how, improvements, discoveries, formulae, compounds, techniques, developments, designs, artwork, other copyrightable works, and techniques and all Proprietary Rights therein. The term

"**Proprietary Rights**" means all trade secrets, copyrights, trademarks, mask work rights, patents, moral rights and other intellectual property rights recognized by the laws of any country.

4.4 Background Technology. As used in this Agreement, the term "**Background Technology**" means (i) all Inventions developed by Consultant other than in the course of providing Services to Company hereunder and (ii) all Proprietary Rights owned by Consultant or a third party that Consultant uses in performing Services under this Agreement or incorporates into Work Product (defined below). Consultant will disclose any Background Technology in the SOW in which Consultant proposes to use or incorporate such Background Technology or otherwise in writing to the Company. If no Background Technology is disclosed in an SOW or disclosed in writing to the Company, Consultant warrants that Consultant will not use Background Technology or incorporate it into Work Product provided pursuant thereto.

4.5 License to Background Technology. Consultant hereby grants (and represents it has the right to grant) to Company a non-exclusive, perpetual, fully-paid and royalty-free, irrevocable and world-wide right, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform, and publicly display in any form or medium, whether now known or later developed, make, have made, use, sell, import, offer for sale, and exercise any and all present or future rights in the Background Technology incorporated or used in Work Product for the purpose of developing and marketing Company products and services.

4.6 Disclosure of Work Product. As used in this Agreement, the term "**Work Product**" means any Invention that is solely or jointly conceived, made, reduced or practice, or learned by Consultant in the course of any Services performed for Company or with the use of materials of Company during the term of this Agreement. Consultant agrees to disclose promptly in writing to Company, or any person designated by Company, all Work Product.

4.7 Ownership of Work Product. Consultant agrees that any and all Work Product will be the sole and exclusive property of Company.

4.8 Assignment of Work Product. If Consultant has any rights to the Work Product that are not owned by Company upon creation or embodiment, Consultant agrees to and hereby does irrevocably assign to Company all right, title and interest worldwide in and to such Work Product. Except as set forth below, Consultant retains no rights to use the Work Product and agrees not to challenge the validity of Company's ownership in the Work Product.

4.9 Waiver or Assignment of Other Rights. If Consultant has any rights to the Work Product that cannot be lawfully assigned to Company, Consultant unconditionally and irrevocably waives the enforcement of such rights, and all claims and causes of action of any kind against Company with respect to such rights, and agrees, at Company's request and expense, to consent to and join in any action to enforce such rights. If Consultant has any right to the Work Product that cannot be lawfully assigned to Company or waived by Consultant, Consultant unconditionally and irrevocably grants to Company during the term of such rights, an exclusive, irrevocable, perpetual, worldwide, fully paid and royalty-free license, with rights to sublicense through multiple levels of sublicensees, to reproduce, make derivative works of, distribute, publicly perform and publicly display in any form or medium, whether now known or later developed, make, use, sell, import, offer for sale and exercise any and all such rights.

4.10 Assistance. Consultant agrees to assist Company in every way, both during and after the term of this Agreement, to obtain and enforce United States and foreign Proprietary Rights relating to Work Product in all countries. In the event Company is unable to secure Consultant's signature on any document needed in connection with such purposes, Consultant hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Consultant's agent and attorney in fact, which appointment is coupled with an interest, to act on Consultant's behalf to execute and file

any such documents and to do all other lawfully permitted acts to further such purposes with the same legal force and effect as if executed by Consultant.

5. **Consultant Representations and Warranties**. In addition to the warranties in Section 1, Consultant hereby represents and warrants that (a) the Services will be provided in a professional manner and consistent with industry standards and any regulatory requirements; (b) the Services and Work Product will conform to the requirements and terms set forth in the SOW; (c) neither the Services nor the Work Product nor any element thereof will, to the best knowledge of Consultant, infringe or misappropriate the Proprietary Rights of any third party; (d) Consultant will not grant, directly or indirectly, any rights or interest whatsoever in the Work Product to third parties; (e) Consultant has full right and power to enter into and perform this Agreement without the consent of any third party; (g) Consultant has an unqualified right to grant the license to all Background Technology as set forth in the section titled "License to Background Technology" to Company; and (h) Consultant will comply with all laws and regulations applicable to Consultant's obligations under this Agreement.

6. **Indemnification**. Consultant will indemnify and hold harmless Company, its officers, directors, employees, sublicensees, customers and agents from any and all claims, losses, liabilities, damages, expenses and costs (including attorneys' fees and court costs) (a "**Claim**") which result from a breach or alleged breach of any representation, warranty or covenant of Consultant in this Agreement or any intentional misconduct or gross negligence by Consultant or any of its subcontractors, employees, or agents in performing Services under this Agreement. From the date of written notice from Company to Consultant of any such Claim, Company will have the right to withhold from any payments due Consultant under this Agreement the amount of any defense costs, plus additional reasonable amounts as security for Consultant's obligations under this section.

7. **Term and Termination**.

7.1 Termination by Company. The Company may terminate this Agreement or any SOW, with or without cause, at any time upon ten (10) days' prior written notice to Consultant. The Company also may terminate this Agreement or any SOW immediately in its sole discretion upon Consultant's material breach of this Agreement or an SOW and/or upon any acts of gross misconduct by Consultant directly affecting this Agreement or the independent contractor relationship.

7.2 Termination by Consultant. Consultant may terminate this Agreement or any SOW, with or without cause, at any time upon fifteen (15) days' prior written notice to the Company.

7.3 Return of Company Property. Upon termination of the Agreement or an SOW, or upon Company's request at any other time, Consultant will deliver to Company all of Company's property, equipment, and documents, together with all copies thereof, and any other material containing or disclosing any Work Product, Third Party Information or Confidential Information of Company and certify to Company in writing that Consultant has fully complied with this obligation. Consultant further agrees that any property situated on Company's premises and owned by Company is subject to inspection by Company personnel at any time with or without further notice.

7.4 Noninterference with Business. Consultant agrees that information it will acquire as a result of the Services it performs hereunder about employees of and consultants to the Company, including but not limited to their particular skills, abilities and customer contacts, is the confidential and proprietary information of the Company. In order to protect the value of such confidential and proprietary information of the Company, during and for a period of twelve (12) months immediately following termination of this Agreement by either party, Consultant agrees not to interfere with the business and employment relationships of the Company in any manner. By way of example and not of limitation, Consultant agrees not to solicit or induce any employee or independent contractor to terminate or breach an employment, contractual or other relationship with the Company.

7.5 Survival. The following provisions will survive termination of this Agreement: Sections titled “Intellectual Property Rights,” “Consultant Representations and Warranties,” “Indemnification,” “Return of Company Property,” “Survival,” “Noninterference with Business” and “General Provisions.”

8. Multi-Employee Consultant. If Consultant will be using employees or agents to provide Services pursuant to this Agreement, before any Consultant employee or agent performs Services in connection with this Agreement or has access to Confidential Information, the employee or agent and Consultant must have entered into a binding written agreement that contains provisions substantially equivalent to the sections of this Agreement titled “Engagement of Services” and “Intellectual Property Rights.” At Company’s request, Consultant will provide Company with copies of such agreements. Company reserves the right to refuse or limit Consultant’s use of any employee or agent or to require Consultant to remove any employee or agent already engaged in the performance of the Services. Company’s exercise of such right will in no way limit Consultant’s obligations under this Agreement. Consultant agrees (a) to limit access to the Confidential Information to employees or agents of Consultant who have a reasonable need to have such access in order to perform the Services pursuant to this Agreement; (b) that all such employees or agents will be fully-trained, skilled, competent, and adequately experienced for the Services to be performed; and (c) to be solely responsible for all expenses incurred by any of Consultant’s employees or agents in performing the Services or otherwise performing its obligations under this Agreement, except as set forth in the SOW.

9. General Provisions.

9.1 Governing Law and Venue. This Agreement and any action related thereto will be governed, controlled, interpreted, and defined by and under the laws of the State of Washington, without giving effect to any conflicts of laws principles that require the application of the law of a different state. Each party hereto hereby expressly consents to the personal jurisdiction and venue in the state and federal courts having jurisdiction in King County.

9.2 Severability. If any provision of this Agreement is, for any reason, held to be invalid or unenforceable, the other provisions of this Agreement will be unimpaired and the invalid or unenforceable provision will be deemed modified so that it is valid and enforceable to the maximum extent permitted by law.

9.3 No Assignment. This Agreement, and Consultant’s rights and obligations herein, may not be assigned, subcontracted, delegated, or otherwise transferred by Consultant without Company’s prior written consent, and any attempted assignment, subcontract, delegation, or transfer in violation of the foregoing will be null and void. The terms of this Agreement will be binding upon assignees.

9.4 Notices. Each party must deliver all notices or other communications required or permitted under this Agreement in writing to the other party at the address listed on the signature page, by email, courier, by certified or registered mail (postage prepaid and return receipt requested), or by a nationally-recognized express mail service. Notice will be effective upon receipt or refusal of delivery. If delivered by certified or registered mail, any such notice will be considered to have been given five (5) business days after it was mailed, as evidenced by the postmark. If delivered by courier or express mail service, any such notice will be considered to have been given on the delivery date reflected by the courier or express mail service receipt. Each party may change its address for receipt of notice by giving notice of such change to the other party.

9.5 Injunctive Relief. Consultant acknowledges that, because Consultant’s Services are personal and unique and because Consultant will have access to Confidential Information of Company, any breach of this Agreement by Consultant would cause irreparable injury to Company for which monetary damages would not be an adequate remedy and, therefore, will entitle Company to injunctive relief (including specific performance). The rights and remedies provided to each party in this Agreement

are cumulative and in addition to any other rights and remedies available to such party at law or in equity.

9.6 Waiver. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

9.7 Further Assurances. Each party hereto agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

9.8 Entire Agreement. This Agreement is the final, complete and exclusive agreement of the parties hereto with respect to the subject matters hereof and supersedes and merges all prior discussions between the parties with respect to such subject matters. No modification of or amendment to this Agreement, or any waiver of any rights under this Agreement, will be effective unless in writing and signed by Consultant and a duly authorized officer of the Company. The terms of this Agreement will govern all SOWs and Services undertaken by Consultant for Company. In the event of any conflict between this Agreement and a SOW, the terms of the SOW will govern, but only with respect to the Services set forth therein.

[Signature page follows]

In Witness Whereof, the parties hereto have caused this Consulting Services Agreement to be executed by their duly authorized representatives.

COMPANY:

Silverback Therapeutics, Inc.

/s/: Jeffrey C. Pepe
(Signature)
By: Jeffrey C. Pepe
Title: Interim CEO, General Counsel, and Corporate Secretary

Address: 500 Fairview Avenue N., #600
Seattle, WA 98109
Legal@silverbacktx.com

CONSULTANT:
/s/: Jonathan Piazza
(Signature)
By: Jonathan Piazza

STATEMENT OF WORK NO. 1

This Statement of Work No. 1 ("**SOW**") is made by and between Silverback Therapeutics, Inc., a Delaware corporation, and its successors or assignees (collectively, "**Company**"), and Jonathan Piazza ("**Consultant**"), and is effective as of September 2, 2022 (the "**SOW Effective Date**"). This SOW is incorporated into the Consulting Services Agreement by and between Company and Consultant effective as of September 2, 2022 (the "**Agreement**"). This SOW anticipates Services and Work Product to be performed and provided by Consultant pursuant to the Agreement. If any item in this SOW is inconsistent with the Agreement prior to such incorporation, the terms of this SOW will control, but only with respect to the Services to be performed under this SOW. Capitalized terms used but not defined herein have the same definitions as contained in the Agreement.

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2. **Specifications for Services and Deliverables.** N/A

3. **Period of Performance**: September 2, 2022 through November 30, 2022 or close of Merger, whichever is later.

4. **Payment of Fees**. Consultant will be paid at an hourly rate of $350.00 for the Services. In addition, as consideration for the Services, the Company will consider the change of status from an employee to a consultant (effective as of the Effective Date), and the Services during the Term (i) to constitute "Continuous Service" for purposes of the Company's 2020 Equity Incentive Plan (as amended, the "***2020 Equity Plan***") and (ii) to not constitute a "Termination" under the Company's 2016 Equity Incentive Plan (as amended, the "***2016 Equity Plan***", and together with the 2020 Equity Plan, the "***Equity Plans***"), and, therefore, Consultant's outstanding equity awards will continue to vest in accordance with their terms during the Term; *provided, however* that any stock options that are "incentive stock options" under Section 422 of the Internal Revenue Code shall cease to be "incentive stock options" upon the three (3) month anniversary of the Effective Date. All terms, conditions and limitations applicable to Consultant's equity awards will continue to be subject to the Equity Plans and any applicable grant documentation.

5. **Expenses**. Consultant will be reimbursed for third party expenses (at cost) if approved in writing in advance by the Company. Consultant will invoice the Company monthly for services and expenses and will provide such reasonable receipts or other documentation of expenses as Client might request, including copies of time records.

[Signature page follows]

In Witness Whereof, the parties hereto have caused this SOW to be executed by their duly authorized representatives.

Jonathan Piazza

Signed: */s/: Jonathan Piazza*
Printed Name: Jonathan Piazza

Silverback Therapeutics, Inc.

Signed: */s/: Jeffrey C. Pepe*
Printed Name: Jeffrey C. Pepe
Title: Interim CEO, General Counsel, and Corporate Secretary

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey Pepe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Silverback Therapeutics, Inc.;

2. To 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. To 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)) 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 is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) 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

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

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

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

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

Date: November 2, 2022

By: /s/ Jeffrey C. Pepe, Ph.D., J.D.

Jeffrey C. Pepe, Ph.D., J.D.
Interim Chief Executive Officer and General Counsel
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Russ Hawkinson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 of Silverback Therapeutics, Inc.;

2. To 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. To 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)) 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 is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) 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

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

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

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

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

Date: November 2, 2022

By: /s/ Russ Hawkinson

Russ Hawkinson
Interim 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 Silverback Therapeutics, Inc. (the "Company") for the period ended September 30, 2022, to which this Certification is attached, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company herby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

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

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

Date: November 2, 2022 By: /s/ Jeffrey C. Pepe, Ph.D., J.D.

Jeffrey C. Pepe, Ph.D., J.D.
Interim Chief Executive Officer and General Counsel
(Principal Executive Officer)

Date: November 2, 2022 By: /s/ Russ Hawkinson

Russ Hawkinson
Interim Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.