UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

Commission File Number 001-40227

FINCH THERAPEUTICS GROUP, INC.

(Exact name of Registrant as specified in its Charter)

Delaware	**82-3433558**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
75 State Street, Suite 100 Boston, Massachusetts	**02109**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 229-6499

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, $0.001 par value per share	FNCH	The Nasdaq Stock Market LLC

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

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of common stock held by non-affiliates of the registrant computed by reference to the price of the registrant's common stock as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $9.1 million (based on the last reported sale price on the Nasdaq Global Select Market as of such date). For this computation, the registrant has excluded the market value of all shares of common stock reported as beneficially owned by its executive officers, directors and stockholders that the registrant has concluded are affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 20, 2024, there were 1,605,763 outstanding shares of the registrant's common stock, par value of $0.001 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2024 annual meeting of stockholders to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year ended December 31, 2023, are incorporated by reference in Part III of this Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve substantial risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. All statements other than statements of historical facts contained in this Annual Report on Form 10-K 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" or "would," or the negative of these words or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- our expectations with respect to our microbiome technology and related portfolio of intellectual property and microbiome assets, and our objectives to realize the value of our intellectual property estate through licensing our technology to collaboration partners and enforcing our patent rights against third parties using infringing technologies;
- the initiation, timing, progress and results of our efforts to prosecute, enforce and license our patent portfolio;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our intellectual property position, including the scope of protection we are able to establish, maintain and enforce for intellectual property rights covering product candidates developed using our microbiome technology;
- the initiation, timing, progress and results of any current or future preclinical studies and clinical trials and related preparatory work of product candidates developed using our microbiome technology, including through academic collaborations;
- the ability of our current or future partners or collaborators to obtain regulatory approval for product candidates developed using our microbiome technology;
- the ability of our current or future partners or collaborators to advance product candidates into, and successfully complete, preclinical studies and clinical trials;
- the ability of our current or future partners or collaborators to contract with contract research organizations, contract manufacturing organizations, third-party suppliers and manufacturers and other third parties with which they do business and their ability to perform adequately;
- our expectations regarding the potential market size and the rate and degree of market acceptance for any product candidates developed using our microbiome technology;
- our ability to fund our working capital requirements and to obtain additional funding for our operations; and
- our financial performance.

These forward-looking statements are based on our management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate, and management's beliefs and assumptions and are not guarantees of future performance or development. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described under "Risk Factors" and elsewhere in this report. Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

SPECIAL NOTE REGARDING COMPANY REFERENCES

Unless the context otherwise requires, references in this Annual Report on Form 10-K to "FTG," the "Company," "we," "us" and "our" refer to Finch Therapeutics Group, Inc. and its subsidiaries.

SPECIAL NOTE REGARDING TRADEMARKS

All trademarks, trade names and service marks appearing in this Annual Report on Form 10-K are the property of their respective owners.

RISK FACTORS SUMMARY

The following is a summary of the principal risks that could adversely affect our business, financial condition, operating results, cash flows or stock price. Discussion of the risks listed below, and other risks that we face, are discussed in the section titled "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K.

- We are currently involved in litigation and may in the future be involved in additional lawsuits to protect or enforce our patents, which could be expensive, time consuming and unsuccessful.
- We discontinued our PRISM4 Phase 3 trial of CP101 in recurrent *C. difficile* infection ("CDI") in January 2023 and have shifted our strategic focus towards realizing the value of our intellectual property estate and other assets. This process has been costly, time consuming and complex, and we may not realize any additional value. If we fail to execute successfully on this reprioritized strategic focus, our Board may decide to pursue other options, including a dissolution and liquidation of the Company.
- We have a limited operating history, have incurred net losses in every year since our inception and may continue to incur net losses in the future.
- We may require additional funding to finance our operations. If we are unable to raise capital when needed, we could be forced to consider a dissolution and liquidation of the Company.
- We have identified conditions and events that raise substantial doubt about our ability to continue as a going concern.
- We may be unable to retain the services of our only employee, Matthew P. Blischak, our Chief Executive officer ("CEO"), and our board of directors, and as a result, we may be unable to fully monetize our intellectual property estate and other assets.
- Our intellectual property portfolio is based on microbiome therapeutics, which is a newly approved approach to therapeutic intervention.
- Product candidates developed using our microbiome technology may be associated with serious adverse, undesirable or unacceptable side effects or other properties or safety risks, which may delay or halt their clinical development, or prevent marketing approval. If such side effects are identified during the development of product candidates developed using our microbiome technology, or are identified following approval of such product candidates, the development of such product candidates may be suspended or abandoned, the commercial profile of any approved label may be limited, or the developers of such product candidates may be subject to other significant negative consequences following marketing approval, which could harm the value of our intellectual property portfolio.
- Although we discontinued the PRISM4 trial and withdrew our IND for CP101, we remain subject to limited ongoing regulatory obligations, including requirements for record retention, which may result in additional expense, and we may be subject to penalties if we fail to comply with such regulatory requirements or experience unanticipated problems.
- The manufacture of product candidates developed using our microbiome technology is complex and developers of such product candidates may encounter difficulties in production, particularly with respect to process development or scaling-up of our manufacturing capabilities.
- We have relied on third-party donors of biological material to manufacture certain product candidates such as CP101, and if we did not detect all pathogens in donor material, there may be adverse reactions in persons who use or consume products that are derived from that material.
- Some of our product candidates may be studied in clinical trials sponsored by organizations or agencies other than us, or in investigator-sponsored clinical trials, which means we will have minimal or no control over the conduct of such trials.
- Our current and future collaborations will be important to our business. If we are unable to enter into new collaborations, or if these collaborations are not successful, our business could be adversely affected.

- If we are unable to obtain or protect intellectual property rights related to any of our technologies, product candidates, or additional assets that otherwise have value, we may not be able to compete effectively or leverage our intellectual property to generate value.
- Patent terms may be inadequate to protect the competitive position of the products of our future collaboration partners, if any, for an adequate amount of time, and if we do not obtain protection under the Hatch-Waxman Amendments and similar non-United States legislation for extending the term of patents covering each product candidate, our business may be materially harmed.
- If we fail to comply with our obligations in our current and future intellectual property licenses with third parties, we could lose rights that are important to our business.
- We or our collaboration partners may be unsuccessful in licensing or acquiring intellectual property from third parties that may be required to develop and commercialize our product candidates.
- Third parties may initiate legal proceedings alleging that we or a collaboration partner are infringing their intellectual property rights, or initiate challenges to the validity of our patents in administrative proceedings before various patent offices, including inter-partes review, or IPR, proceedings before the United States Patent and Trademark Office, the outcome of which would be uncertain and could have a negative impact on the success of our business.
- We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.
- Intellectual property rights do not necessarily address all potential threats to our competitive advantage.
- We have received a notification of delisting from The Nasdaq Global Select Market based on the determination of the Listings Qualification Department of The Nasdaq Stock Market LLC ("Nasdaq") that we are a "public shell" under Nasdaq's criteria. We dispute Nasdaq's determination and have taken the necessary steps to appeal the determination to delist our common stock. However, we may be unsuccessful in our appeal. In addition, our shares of common stock may also be delisted from the Nasdaq Global Select Market if we do not satisfy Nasdaq's rules requiring that we maintain a minimum market value of publicly held shares of the Company's common stock of $5.0 million. The delisting of the Company's shares of common stock from the Nasdaq Global Select Market could result in, among other things, less liquidity for holders of shares of our common stock and a decline in the price of our common stock.

PART I

Item 1. Business.

Overview

We are a microbiome technology company with a portfolio of intellectual property and microbiome assets. Our objectives are to realize the value of our intellectual property estate through licensing our technology to collaboration partners and enforcing our patent rights against infringing parties through intellectual property litigation and, in certain cases, to generate additional data on selected product candidates through academic collaborations. We have a robust intellectual property estate reflecting our pioneering role in the microbiome therapeutics field, including more than 113 issued U.S. and foreign patents with relevance for both donor-derived and donor-independent microbiome therapeutics in a range of potential indications. Our assets include CP101, an investigational, orally administered microbiome candidate designed for the prevention of recurrent *C. difficile* infection, or CDI, with positive clinical data from a Phase 2 randomized, placebo-controlled trial and a Phase 2 open-label trial, and pre-clinical assets that are designed to target ulcerative colitis, Crohn's disease, and autism spectrum disorder. Additionally, we have developed a significant biorepository of strains and samples.

We are currently engaged in litigation proceedings with Rebiotix Inc. and Ferring Pharmaceuticals Inc. (collectively, "Rebiotix"), in which Rebiotix filed a complaint against us in the U.S. District Court for the District of Delaware on December 1, 2021. The complaint seeks a declaratory judgment of non-infringement and invalidity with respect to seven United States Patents owned by us. On February 7, 2022, we filed an answer and counterclaims against Rebiotix for infringement of three of the patents. On March 7, 2022, we filed an amended answer and counterclaims, in which we, together with the Regents of UMN, alleged infringement by Rebiotix of three United States Patents owned by UMN and exclusively licensed to us. The Court set a trial date for a five-day trial beginning on May 20, 2024. On January 23, 2023, we filed a second amended answer and counterclaims, in which we alleged infringement of two additional patents owned by us. The Court issued a claim construction order on February 28, 2023. On July 6, 2023, Rebiotix filed a motion to dismiss certain counts of our second amended answer and counterclaims based on the assertion that we lack standing to sue as to the '107

Patent, ’702 Patent, ’309 Patent, ’406 Patent, ’413 Patent, ’193 Patent, and ’080 Patent. Rebiotix specifically alleges that the sole named inventor on these patents, Thomas J. Borody, did not assign his rights in those patents to Finch, and as a result, we do not own them and therefore do not have standing to assert them. Briefing on this motion is complete. The parties have mutually agreed to narrow the case to include only claims from the ’309, ’702, ’193, ’080, ’914, and ’012 Patents. On December 8, 2023, both parties filed dispositive motions asking the Court to resolve certain aspects of the case in advance of the jury trial. On February 21, 2024, the Company received a notice that the U.S. District Court for the District of Delaware issued an order resetting the trial date from May 20, 2024 to August 5, 2024. We spend a significant amount of our financial and management resources pursuing and managing this litigation matter, and the outcome of these matters is key to our strategy realize the value of our intellectual property estate.

In January 2023, we announced the decision to discontinue our PRISM4 trial, a Phase 3 clinical trial of CP101 in recurrent CDI and focus on realizing the value of our intellectual property estate and other assets. We have wound down our development efforts and significantly scaled back our expenses, including by terminating vendor contracts and reducing headcount to one full time employee.

Until January 2023, we were a clinical-stage microbiome therapeutics company using our *Human-First Discovery* platform to develop a novel class of orally administered biological drugs. The microbiome consists of trillions of microbes that live symbiotically in and on every human and are essential to our health. When key microbes are lost, the resulting microbiome disruption can increase susceptibility to immune disorders, infections, neurological conditions, cancer and other serious diseases. We developed our *Human-First Discovery* platform to use reverse translation to identify diseases of microbiome disruption and to design microbiome therapeutics that address them.

We were previously developing CP101 as an orally administered complete microbiome therapeutic designed for the prevention of recurrent CDI. On March 23, 2023, we announced that we completed all site close out visits for the PRISM4 trial and that we completed a database lock for the trial. We believe that CP101 has therapeutic potential in both CDI and other indications.

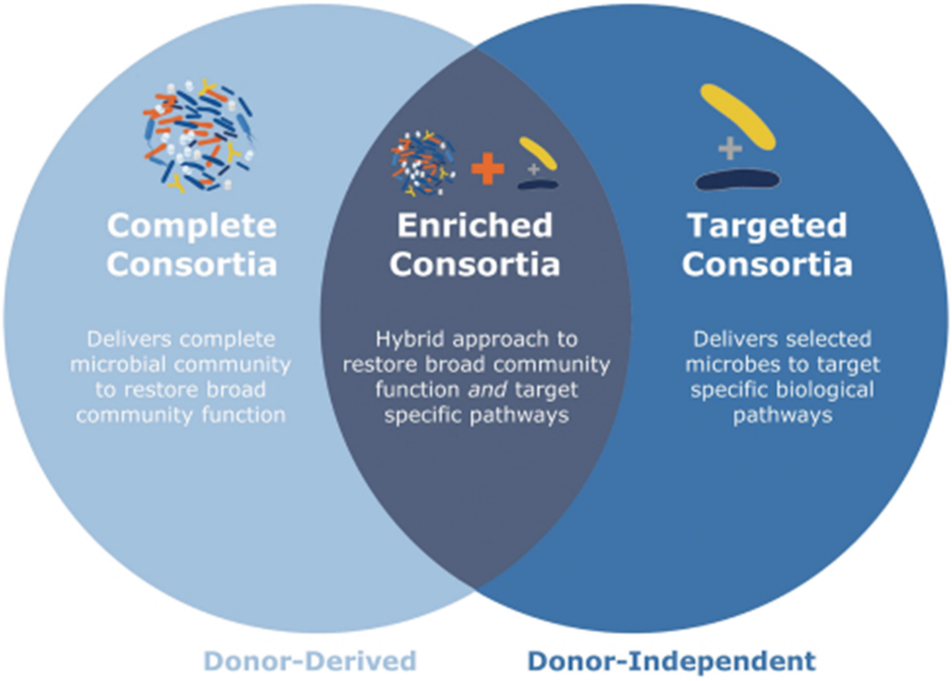
We have also used our *Human-First Discovery* platform to develop FIN-211, an investigational microbiome candidate designed to address the gastrointestinal and behavioral symptoms of autism spectrum disorder, or ASD. Following a strategic review of our pipeline, on November 10, 2022, we announced the decision to suspend efforts to initiate our planned Phase 1 clinical trial of FIN-211 in ASD, or the AUSPIRE trial.

Our other product candidates previously under development include FIN-524, for the prevention, diagnosis, theragnosis or treatment of diseases in humans, including ulcerative colitis, and FIN-525, for the treatment of Crohn’s disease.

We also intend to explore opportunities to realize the value of our intellectual property through strategic partnerships and potential licensing opportunities. We also continue to explore opportunities to develop our microbiome assets through academic collaborations. These include an ongoing investigator-sponsored trial for the evaluation of CP101 in ulcerative colitis at Brigham and Women’s Hospital and our licensing relationship with the University of Minnesota, or UMN, pursuant to which UMN is conducting multiple investigator-sponsored clinical trials using a microbiome product candidate comprised of compositions to which we hold an exclusive license. In addition to our clinical and pre-clinical assets, we have developed a biorepository of samples and strains that can be used in a variety of research applications and may form the basis for future collaborations.

Targeted and Enriched Consortia Product Candidates

In addition to CP101, a Complete Consortia product candidate designed to address community-level dysbiosis, or disruption across many functional pathways and species, we also developed certain Targeted Consortia product candidates that consist of individual bacteria grown from master cell banks to engage narrower pathway-level dysbiosis. The ability to pursue both of these product strategies enabled us to tailor our product candidates to the pathophysiology of each indication. This combination of capabilities also enabled us to pursue a third product strategy, Enriched Consortia, which is designed to address dysbiosis at both the community and pathway level. These product strategies are summarized in the schema below:


Complete Consortia
Delivers complete microbial community to restore broad community function
Enriched Consortia
Hybrid approach to restore broad community function *and* target specific pathways
Targeted Consortia
Delivers selected microbes to target specific biological pathways
Donor-Derived
Donor-Independent

The Human Microbiome and its Impact on Disease

The human microbiome describes the community of more than 30 trillion microbes that reside on and inside the human body. By evolving together over millions of years, microbes and humans have developed an intricate and mutually beneficial relationship that has only recently been uncovered. Enabled by the genomic revolution, researchers have discovered that humans carry over 1,000-fold more microbial genes than host genes and that microbiome signaling is fundamentally intertwined with many aspects of human physiology ranging from immune and metabolic functions to neurological function and reproductive health. The deep inter-relationship between microbes and their human hosts is a co-evolution that has resulted in a learned dependency, leaving humans now reliant on inputs from this previously unrecognized organ system.

Disruption of the gut microbiome is associated with a large number of diseases that have dramatically increased in prevalence among populations in developed countries over the past century. We believe these epidemiological trends are linked to changes in the microbiome, which if reversed could potentially address an underlying cause of these diseases and change the epidemiology as a result. The rise of these chronic illnesses coincides with our adoption of a number of practices that disrupt the microbiome: as of 2015, more than 42 billion doses of antibiotics are administered annually, many killing 40-60% of microbial species in the gut; a third of babies in the United States today are born by caesarean sections, and are consequently unable to inherit this organ from their mother; and a highly sanitized and artificial environment, absent the environmental inputs expected by our microbiome, applies further pressure on this ecosystem within us. The effects of these environmental inputs coalesce around the gut microbiome resulting in dysbiosis and these changes are linked to a wide variety of chronic diseases. For example, antibiotic exposure doubles the risk of developing inflammatory bowel disease, or IBD, as well as significantly increases the risk of developing over 10 types of cancer. Early microbiome disruption is also associated with ASD, autoimmune indications such as celiac diseases, and allergies and asthma, and microbiome disruption later in life has been linked to neurodegenerative diseases, including Alzheimer's disease and Parkinson's disease. Importantly, in multiple animal models, these diseases can be induced by microbiome disruption and corrected by restoration, providing evidence of causality. For several of these therapeutic areas, this has been further bolstered by clinical data with fecal microbiota
transplantation, or FMT.

The effects of gut microbiome dysbiosis reverberate throughout the body, both because immune cells are heavily concentrated in the gut, where more than 70% of the body's immune cells are located, and because microbial metabolites enter systemic circulation, acting on organs throughout the body. For example, researchers at the California Institute of Technology showed that the transfer of the microbiome from human donors with ASD into microbiome-free mice promoted hallmark autistic behaviors. In addition, a large body of research has documented the connection between over a dozen different microbiome species and molecular pathways connecting the gut's enteric nervous system to the brain. We believe the gut-brain axis is but one example of how the microbiome can provide therapeutic benefits to diseases beyond the gut.

Restoring the microbiome, or its inputs, is an opportunity to directly address the underlying causes of many diseases driven by disruption of the microbiome. Many existing drugs target only the downstream symptoms of disease, for example, anti-tumor necrosis factor, or anti-TNF, biologics are prescribed to IBD patients to suppress systemic immunity, without addressing the underlying drivers of gut inflammation and immune dysregulation. This can lead to unintended side effects as well as an incomplete resolution of disease. Treating the root cause of disease is more likely to deliver a therapeutic breakthrough and for many diseases of microbiome disruption, we believe that only through the restoration of the critical physiological role of the microbiome organ can this be achieved.

Intellectual Property

As a core source of value at the Company, we believe that our intellectual property portfolio is foundational for the field of microbiome therapeutics. We believe that this portfolio may present attractive licensing opportunities as the field continues to mature and new applications for microbiome technology emerge. We have filed or in-licensed U.S. and foreign patents and patent applications related to this foundational technology. As a result, we have developed a significant portfolio of intellectual property assets.

The patent positions of biopharmaceutical companies like us are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent may be challenged in courts after issuance. Moreover, many jurisdictions permit third parties to challenge issued patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or at all, whether the claims of any patent applications, should they issue, will cover relevant product candidates, or whether the claims of any issued patents will provide any competitive advantage or value for the enterprise.

Because patent applications in the United States and certain other jurisdictions are maintained in secrecy for 18 months following their submission, or potentially even longer, and because publication of discoveries in the scientific or patent literature often lags behind actual discoveries and patent application filings, we cannot be certain of the priority of inventions

covered by pending patent applications. Accordingly, others may contend that we may not have been the first to invent the subject matter disclosed in some of our patent applications or the first to file patent applications covering such subject matter.

We have a large and diverse patent portfolio consisting of more than 113 issued U.S. and foreign patents that we own or exclusively license from others. Our patent portfolio has broad applicability of specific inventions across the microbiome field including CP101, FIN-211, FIN-524, FIN-525. For CP101 specifically, our patent portfolio includes more than ten U.S. patents that cover CP101 and specific methods of use and manufacture. These patents have expiration dates between 2031 and 2037.

Foundational Protection for Multiple Product Candidates

Many of our patents and patent applications originate from patent families that embody pioneering work in the microbiome by Dr. Thomas Borody, a prolific inventor and founder of the Centre for Digestive Diseases in Australia, and Drs. Alexander Khoruts and Michael Sadowsky at the University of Minnesota. These patent families have priority dates that precede the entry into the microbiome field by many of our competitors. As a result, we have been successful in obtaining broad patent coverage from these patent families over the composition formulation, method of manufacture and method of using our product candidates. These patent families include:

- We own a patent family that includes 24 issued U.S. patents, one pending U.S. patent application, granted foreign patents in Australia, Brazil, Canada, China, Israel, Mexico, Republic of Korea, New Zealand and Japan, and four pending foreign patent applications. Representative issued U.S. patents in this family include U.S. 10,022,406, U.S. 9,962,413, U.S. 10,328,107, U.S. 10,278,997, and U.S. 10,617,724, that have claims directed to specific approaches to pharmaceutical compositions comprising stool bacterial material and a cryoprotectant, methods of processing stool received from healthy human donors, methods of manufacturing, and formulations. Patent applications, if issued, and patents in this family are expected to expire in 2031, assuming all required maintenance fees are paid and absent any applicable patent term extension or patent term adjustment.
- We exclusively in-license a patent family from the Regents of the University of Minnesota that includes six issued U.S. patents, one pending U.S. patent application, granted foreign patents in Australia, Europe, Canada and China, and two pending foreign patent applications. Representative issued U.S. patents within this family include U.S. 10,028,980, U.S. 10,286,011, U.S. 10,286,012, and U.S. 10,251,914, that have claims directed to specific approaches to formulations comprising fecal bacteria, methods of increasing fecal microbiota diversity, and methods of decreasing the relative abundance of a bacteria. Issued U.S. Patent No. 11,801,269 has claims related to methods of treating or preventing a recurrent *Clostridium difficile* infection using compositions comprising fecal bacteria extracted from a stool provided by a screened human donor. Patent applications, if issued, and patents in this family are expected to expire in 2032, assuming all required maintenance fees are paid and absent any applicable patent term extension or patent term adjustment.
- We own a patent family that includes three issued U.S. patents U.S. 9,901,603, U.S. 10,821,138 and U.S. 11,123,377, one pending U.S. patent application, granted patents in Australia, Brazil, Japan, China, Mexico, Korea and Hong Kong, and five pending foreign patent applications. These issued U.S. patents have claims directed to specific approaches to room temperature stable products containing human-derived bacteria. Patent applications, if issued, and patents in this family are expected to expire in 2036, assuming all required maintenance fees are paid and absent any applicable patent term extension or patent term adjustment.

Complete Consortia Product Candidates, including CP101

Our patent portfolio provides comprehensive patent protection for our Complete Consortia product candidates, including CP101. Representative patents and patent applications from our foundational patent families that have claims that cover CP101 and other Complete Consortia product candidates include:

- One owned issued U.S. patent (U.S. 10,617,724) covering specific approaches to capsules containing lyophilized fecal microbiota from healthy donors, expected to expire in 2031.
- Three owned issued U.S. patents (U.S. 9,962,413, U.S. 10,328,107, and 10,849,937) covering specific approaches to the collection and processing of stool from healthy donors, expected to expire in 2031.
- One owned issued U.S. patent (U.S. 10,022,406) covering specific approaches to compositions comprising fecal microbiota derived from healthy donors, expected to expire in 2031.
- Four in-licensed issued U.S. patents (U.S. 10,028,980, U.S. 10,286,011, U.S. 10,286,012, and U.S. 10,251,914) covering specific approaches to formulations of fecal microbiota derived from healthy donors and their use, expected to expire in 2032.
- One in-licensed issued U.S. patent (U.S. 11,801,269) covering specific approaches to methods of treating or preventing a recurrent C. difficile infection using compositions comprising fecal bacteria extracted from a stool provided by a screened human donor, expected to expire in 2032.
- Two owned issued U.S. patents (U.S. 9,901,603 and U.S. 10,821,138) covering specific approaches to room-temperature stable products containing human-derived bacteria.
- One in-licensed issued U.S. patent (U.S. 10,849,936) covering specific approaches to a method of treating *C. difficile* infection using lyophilized fecal microbiota, expected to expire in 2037.
- One in-licensed issued U.S. patent (U.S. 11,819,523) covering specific approaches to methods of treating *C. difficile* infection using a microbial preparation derived from a stool of a healthy human donor, expected to expire in 2037.

Targeted Consortia Product Candidates

For our Targeted Consortia product candidates and their manufacture, our portfolio consists of several issued U.S. patents from our foundational patent families that provide patent coverage. We are also pursuing patent protection that we expect will cover each of our Targeted Consortia product candidates, including FIN-524. Representative patents that we own and provide protection for our Targeted Consortia product candidates include issued U.S. patents (U.S. 10,610,551 and U.S. 10,278,997) covering specific approaches to compositions having lyophilized bacteria from the genus *Bacteroides* or the phylum *Firmicutes* derived from healthy donors and their manufacture, which are expected to expire in 2031. Additionally, U.S. Patent 11,850,269 relates to methods comprising combining expanded fecal bacteria from a first and second culture media to produce a microbial composition, and to methods of manufacture comprising formulating a pharmaceutical composition to include multiple bacterial species from a cultured fecal flora, and it is expected to expire in 2031.

Enriched Consortia Product Candidates

Our Enriched Consortia product candidates, such as FIN-211, are protected by many of the same patents and patent applications that cover our Complete Consortia product candidates. We also have patent protection for these Enriched Consortia product candidates specifically as well as various pending applications that we expect will cover these product candidates. Representative patents and patent applications that have claims that cover our Enriched Consortia product candidates include:

- One owned issued U.S. patent (U.S. 11,207,356) covering specific approaches to encapsulated compositions containing donor-derived microbiota enriched with one or more cultured bacterial strains, expected to expire in 2031.
- One in-licensed issued U.S. patent (U.S. 11,202,808) covering specific approaches to methods of treating ASD or an associated gastrointestinal symptom by orally administering a donor-derived microbial community and a bacterial isolate from a genus with potential therapeutic applications in ASD, expected to expire in 2037.
- One owned issued U.S. patent (U.S. 10,022,406) covering specific approaches to compositions comprising fecal microbiota derived from healthy donors, expected to expire in 2031.
- Three owned issued U.S. patents (U.S. 9,962,413, U.S. 10,328,107, and 10,849,937) covering specific approaches to the collection and processing of stool from healthy donors, expected to expire in 2031.
- Two owned issued U.S. patents (U.S. 9,901,603 and U.S. 10,821,138) covering specific approaches to room temperature stable formulations containing human-derived bacteria, expected to expire in 2036.
- One in-licensed issued U.S. patent (U.S. 10,286,012) covering specific approaches to the use of formulations of fecal microbiota derived from healthy donors, expected to expire in 2032.

Patent Term

Generally, issued patents are granted a term of 20 years from the earliest claimed non-provisional filing date. In certain instances, patent term can be adjusted to recapture a portion of delay by the United States Patent and Trademark Office in examining the patent application (patent term adjustment) or extended to account for term effectively lost as a result of the U.S. Food and Drug Administration, or FDA regulatory review period (patent term extension), or both. In some cases, the term of a U.S. patent may be shortened by terminal disclaimer, which reduces its term to that of an earlier-expiring patent.

Patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984 is available for one U.S. patent that includes at least one claim covering the composition of matter of a first approved FDA drug product, or its methods of use or manufacture. The extended patent term cannot exceed the shorter of five years beyond the non-extended expiration of the patent or fourteen years from the date of the FDA approval of the drug product, and a patent cannot be extended more than once or for more than a single product. During the period of extension, if granted, the scope of exclusivity is limited to the approved product for approved uses. Some foreign jurisdictions, including Europe and Japan, have analogous patent term extension provisions, which allow for extension of the term of a patent that covers a drug approved by the applicable foreign regulatory agency. If and when product candidates developed using our intellectual property receive FDA approval, we expect to apply, if appropriate, for patent term extension on patents covering those product candidates, their methods of use and/or methods of manufacture.

Trade Secrets

In addition to patents, we rely on trade secrets and know-how to develop and maintain our competitive position. We typically rely on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. We protect trade secrets and know-how by establishing confidentiality agreements and invention assignment agreements with our employees, consultants, scientific advisors, contractors and collaborators. These agreements provide that all confidential information developed or made known during the course of an individual or entities' relationship with us must be kept confidential during and after the relationship. These agreements also provide that all inventions resulting from work performed for us or relating to our business and conceived or completed during the period of employment or assignment, as applicable, shall be our exclusive property. In addition, we take other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of our proprietary information by third parties.

Our License Agreements

Exclusive License Agreement with Arizona State University

In July 2017, we entered into a license agreement, or the Arizona State Agreement, with Skysong Innovations LLC (formerly Arizona Science and Technology Enterprises LLC), or Skysong, pursuant to which we obtained a worldwide, royalty-bearing, exclusive license, with the right to grant sublicenses, under certain patents and patent applications of Arizona State University to make, have made, use, have used, sell, have sold, offer to sell, have offered for sale, import, have imported, export or have exported products and services that are covered by such licensed patents. In July 2018, we subsequently amended the Arizona State Agreement to include certain additional patents and patent applications of Arizona State University. The patents and patent applications that we have exclusively licensed from Arizona State University under the Arizona State Agreement relate generally to compositions and methods to treat autism spectrum disorder and related symptoms and comorbidities. If issued, the patents within the licensed intellectual property would be expected to expire beginning in 2033.

Pursuant to the terms of the Arizona State Agreement, we, our affiliates or our sublicensees, are obligated to use commercially reasonable efforts in connection with the development and commercialization of products and services, the manufacture, use, sale, offering for sale, importation or exportation of which, but for the license granted under the Arizona State Agreement, would infringe one or more licensed patents, or licensed products. Such efforts are limited to the United States and include a specific performance milestone. We have had discussions with Skysong regarding our strategic reprioritization and the potential implications of these changes on our ongoing obligations under the Arizona State Agreement.

Under the terms of the Arizona State Agreement, we paid Skysong an upfront fee of $10,000 and reimbursed Skysong for prior patent prosecution expenses. Additionally, we have agreed to make a low-six digits milestone payment upon the first commercial sale of a product in each of the United States, England, France, Germany, Italy, Spain and Japan, and a one-time commercial milestone payment in the low-seven digits upon the achievement of cumulative, worldwide net sales of all licensed products by us, our sublicensees or respective affiliates in the low-nine digits. We are also obligated to pay Skysong a low-single digit royalty on net sales of licensed products, including a minimum annual royalty payment in the mid-four digits to low-five digits that is creditable against the royalties due in such year. The royalty obligations continue on a country-by-country basis as to each licensed product until expiry of the last to expire claim within the licensed patents that covers

such licensed product in such country. Moreover, we are obligated to pay a percentage of any non-royalty consideration received by us from a sublicensee in the high-second decile.

The Arizona State Agreement expires on the date of expiration of all royalty obligations. Upon expiration of our royalty obligations with respect to a licensed product in a country we will have a royalty-free, irrevocable, perpetual license to such licensed product in such country. We may terminate the Arizona State Agreement for any reason or upon an uncured material breach of the agreement by Skysong. Skysong may terminate the Arizona State Agreement upon our uncured material breach of the agreement, our insolvency, our initiation of any proceeding or claim challenging the validity or enforceability of any licensed patent, or our failure to meet a specific performance milestone.

Exclusive Patent License Agreement with the University of Minnesota

In March 2012, CIPAC Limited, an entity established under the laws of Malta, or CIPAC, entered into a license agreement, or, as amended, the UMN Agreement, with Regents of UMN, pursuant to which CIPAC obtained a worldwide, royalty-bearing, exclusive license, with the right to grant sublicenses, under certain patents and inventions of the University of Minnesota to make, have made, use, offer to sell or sell, offer to lease or lease, import, or otherwise offer to dispose or dispose of any product or service that is covered by such licensed patents. The UMN Agreement was subsequently amended in June 2014 and October 2014. In May 2015, CIPAC transferred its interest in the UMN Agreement to us. Subsequent to such transfer, the UMN Agreement was further amended in December 2016 and September 2017. We amended and restated the UMN Agreement in January 2022, to consolidate earlier amendments and extend the deadline for satisfying performance milestones by one year. On April 12, 2023, we amended the UMN Agreement to, among other things, allow the Company to satisfy certain performance milestones through sublicensing agreements or continued litigation.

Under the terms of the UMN Agreement, we paid UMN an aggregate upfront fee of $155,000, and are obligated to pay annual maintenance fees in the mid-four digits. We are also obligated to pay UMN a royalty on net sales of licensed products ranging in the low-single digits depending on which licensed patents cover such licensed product, subject to a minimum annual royalty payment escalating over time in the low-five digits to low-six digits payable at the end of each applicable year. Such minimum annual royalty payments began in 2021. The royalty obligations continue on a country-by-country basis as to each licensed product until expiry of the last to expire claim within the licensed patents that cover such licensed product in such country. Moreover, we are obligated to pay a percentage of any non-royalty consideration received by us from a sublicensee in the high-second decile.

The UMN Agreement expires on the date of expiration of all claims under the licensed patents. We may terminate the UMN Agreement upon an uncured material breach of the UMN Agreement by UMN. UMN may terminate the UMN Agreement upon our uncured material breach of the agreement, our insolvency, or upon the commencement by us of any proceeding asserting or alleging the invalidity or unenforceability of the licensed patents.

Agreements with OpenBiome

Asset Purchase Agreement

In November 2020, we entered into an asset purchase agreement, or the OpenBiome Agreement, with Microbiome Health Research Institute, Inc., or OpenBiome, pursuant to which we acquired certain biological samples, including aliquots of human stool that have been used in clinical trials and under enforcement discretion for the treatment of CDI not responding to standard therapy, and obtained a perpetual license to certain OpenBiome technology, and, upon closing of the transaction, we acquired certain additional assets of OpenBiome, including capital equipment (comprising lab equipment) and contracts relating to the operating maintenance of a lab facility. In connection with entering into the OpenBiome Agreement, we terminated our other existing agreements with OpenBiome, as such agreements were superseded by the OpenBiome Agreement and certain other agreements entered into concurrently with the OpenBiome Agreement.

In connection with the signing of the OpenBiome Agreement, OpenBiome granted us a worldwide, irrevocable and perpetual license, with the right to grant sublicenses (through multiple tiers) under certain of OpenBiome's technology that is necessary or useful in the manufacture of products manufactured directly from stool from a stool donor source without the use of culturing or replication, which we refer to as Natural Products, including technology pertaining to the selection of human stool donors, the collection and processing of stool from human donors and the preparation of stool-based products, and under any improvements to our intellectual property previously developed by OpenBiome or developed by OpenBiome during a specified period of time after the closing of the transaction, in each case to exploit products and services. In addition to the foregoing license, except under certain limited circumstances, OpenBiome agreed not to license or transfer to our competitors any rights to those aspects of its manufacturing technology that are not publicly available as of the date of the OpenBiome Agreement.

Pursuant to the OpenBiome Agreement, for the period prior to the closing of the transaction we granted OpenBiome a worldwide, non-exclusive license under certain of our intellectual property rights to make, use, sell, offer for sale, import and

export certain Natural Products solely for the treatment of recurrent CDI in the United States under an FDA policy of enforcement discretion and to conduct clinical research in all fields other than the diagnosis, treatment, palliation or prevention in humans of CDI not subject to an FDA policy of enforcement discretion, IBD, ASD or hepatitis B virus, or HBV. Additionally, for the period beginning on the closing of the transaction, we granted OpenBiome a worldwide, non-exclusive license under certain of our intellectual property rights to sell certain Natural Products manufactured prior to the closing of the transaction solely for the treatment of recurrent CDI in the United States under enforcement discretion, and to make, use, sell, offer for sale, import and export certain Natural Products for purposes of conducting clinical research in all fields other than the diagnosis, treatment, palliation or prevention in humans of CDI not subject to an FDA policy of enforcement discretion, IBD, ASD or HBV. Notwithstanding the foregoing license, OpenBiome has agreed to certain restrictions related to the use, sale and supply of such products in connection with clinical research of our competitors. Additionally, the license grant excludes any license to exploit a Natural Product wherein processed stool is lyophilized (such as in the case of CP101).

In connection with the signing of the OpenBiome Agreement, we paid OpenBiome $1.0 million in the form of an upfront payment and $150,000 as reimbursement for OpenBiome's attorneys' fees and expenses in connection the negotiation of the OpenBiome Agreement. On the closing of the transaction, we paid OpenBiome $2.25 million, plus an additional $1.6 million if no regulatory restrictions were in place preventing the sale and distribution of OpenBiome's products under enforcement discretion as of the date of closing. In addition to the foregoing payments, we are obligated to pay to OpenBiome a low single digit royalty on net sales of Natural Products by us and our affiliates and a high single digit royalty of certain sublicensing revenue (including royalties) received in connection with Natural Products, as well as a low single digit royalty on net sales of FIN-524, FIN-525 and any product that is not a Natural Product or a product that comprises both material manufactured directly from stool from a stool donor source without the use of culturing or replication and drug substance or drug product comprising one or more active pharmaceutical ingredients, and, in either case contains one or more isolates derived from certain stool donors that are exclusive to us, or Cultured Products, by us and our affiliates and a high single digit percentage of certain sublicensing revenue (including royalties) received in connection with Cultured Products. On a country-by-country basis, our payment obligations with respect to Natural Products expire twenty-five years after first commercial sale of such Natural Product in such country, and, with respect to Cultured Products expire fifteen years after first commercial sale of such Cultured Product in such country. We are also obligated to pay OpenBiome up to $6.0 million in the aggregate upon achievement of certain development and regulatory milestones with Natural Products and $20.0 million in the aggregate upon achievement of certain commercial milestones with Natural Products.

LMIC License Agreement

In November 2020, concurrently with entering into the OpenBiome Agreement, we entered into a license agreement, or the LMIC Agreement, with OpenBiome, pursuant to which we granted OpenBiome a non-exclusive license, with the right to grant sublicenses, under certain of our patents, patent applications and know-how that are reasonably necessary or useful for the exploitation of products manufactured directly from stool from a stool donor source without the use of culturing or replication, or Natural Products, to make, use, sell, have sold, offer for sale and import Natural Products and formulated liquid suspensions derived from the stool of a stool donor source that may be incorporated into a Natural Product, in either case for the treatment in humans of malnutrition and neglected tropical diseases in certain low- and middle-income countries, or the LMIC Territory. The license grant excludes any license to exploit a Natural Product wherein processed stool is lyophilized (such as in the case of CP101) or to otherwise use the licensed intellectual property to lyophilize a product.

Pursuant to the LMIC Agreement, we own all improvements, enhancements or modifications to the licensed intellectual property (whether or not patentable) invented by either party during the term of the LMIC Agreement. OpenBiome has agreed to assign to us its interest in and to any such improvements, enhancements or modifications.

Pursuant to the LMIC Agreement, we are entitled to receive tiered royalties on net sales of Natural Products and products that incorporate formulated liquid suspensions derived from the stool of a stool donor source that may be incorporated into a Natural Product in the LMIC Territory ranging from mid-single digit to low-second decile. Royalties are payable on a product-by-product and country-by-country basis during the period beginning on the first commercial sale of such product in such country and ending on the later of the expiration of the last to expire valid claim from a licensed patent that covers such product or ten years from the date of the LMIC Agreement.

The LMIC Agreement expires on product-by-product and country-by-country basis upon expiry of the applicable royalty obligation for such product in such country. OpenBiome has the right to terminate the LMIC Agreement upon specified prior written notice to us. Either party may terminate the LMIC Agreement in the event of an uncured material breach by the other party of either the LMIC Agreement (or uncured breach by OpenBiome of the OpenBiome Agreement), provided that if such uncured material breach is limited to a breach of the LMIC Agreement in a particular country, our right to terminate the LMIC Agreement is limited to just such country. Either party may terminate the LMIC Agreement in the event of the insolvency of the other party. We may terminate the LMIC Agreement in the event that OpenBiome brings, or assists in

bringing, a challenge to the validity, patentability, scope, construction, inventorship, ownership, enforceability or non-infringement of any licensed patent or patent application.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries and jurisdictions including the European Union, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of biological products, such as our product candidates. Although we discontinued the PRISM4 trial and withdrew our investigational new drug application, or IND, for CP101, as the sponsor of completed or terminated clinical trials and the holder of the withdrawn IND, we along with third-party contractors, remain subject to certain limited regulations. These include FDA regulatory requirements for record retention. Additionally, parties developing and/or commercializing product candidates developed using our microbiome technology, including investigator-sponsors studying our product candidates in investigator-initiated trials, are subject to extensive government regulation. Failure to comply with the applicable regulatory requirements at any time during the product development process or post-approval may subject an applicant to delays in development or approval or licensure, as well as administrative or judicial sanctions, which could harm the value of our intellectual property portfolio.

Regulatory Approval of Biological Products in the United States

In the United States, biological products are subject to regulation under the Federal Food, Drug, and Cosmetic Act, or FDCA, the Public Health Service Act, or PHSA, and their implementing regulations. Biological products are also subject to other federal, state, local and foreign statutes and regulations.

Preclinical Studies

Before testing any biological product candidates in humans, the product candidate must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluations of product biological characteristics, chemistry, toxicity, formulation and stability, as well as *in vitro* and animal studies to assess the potential for adverse events and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulations and requirements, including the Good Laboratory Practice regulations for safety/toxicology studies. An IND sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, to the FDA as part of an IND. An IND is a request for authorization from the FDA by a sponsor to administer an investigational product to humans and must become effective before human clinical trials may begin.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control. Clinical trials must be conducted: (i) in compliance with federal regulations; (ii) in compliance with Good Clinical Practice, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators and monitors; as well as (iii) under protocols detailing, among other things, the objectives of the trial, dosing procedures, subject selection and eligibility criteria, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated in the trial. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an institutional review board, or IRB, for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits.

There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries. Information about certain clinical trials, including clinical trial results, must be submitted within specific timeframes for publication on the www.clinicaltrials.gov website. Information related to the investigational product, patient population, phase of investigation, clinical trial sites and investigators and other aspects of the clinical trial is then made public as part of the registration. Disclosure of the results of these clinical trials can be delayed in certain circumstances.

During all phases of clinical development, regulatory agencies require extensive monitoring and auditing of all clinical activities, clinical data, and clinical trial investigators. Annual progress reports detailing the results of the clinical trials must be submitted to the FDA. Written IND safety reports must be promptly submitted to the FDA and the investigators for serious and unexpected adverse events, any findings from other studies, tests in laboratory animals or *in vitro* testing that suggest a significant risk for human subjects, or any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must submit an IND safety report within fifteen calendar days after the sponsor determines that the information qualifies for reporting. The sponsor also must notify the FDA

of any unexpected fatal or life-threatening suspected adverse reaction within seven calendar days after the sponsor's initial receipt of the information.

International Regulation

In addition to regulations in the United States, a variety of foreign regulations govern development, clinical trials, commercialization and distribution of biologic products such as our product candidates and products developed using our microbiome technology.

Employees

As of March 20, 2024, we had one employee, our CEO, and he is not subject to a collective bargaining agreement.

Corporate Information

We were originally incorporated in Delaware in November 2014 and until September 21, 2017, or the Merger Date, we conducted our business through Finch Therapeutics, Inc., a Delaware corporation. On the Merger Date, pursuant to the terms of the agreement and plan of merger, or the Merger Agreement, Finch Therapeutics, Inc. and Crestovo Holdings LLC, a Delaware limited liability company, completed a merger of equals. Pursuant to the terms of the Merger Agreement, each of Finch Therapeutics, Inc. and Crestovo Holdings LLC became a wholly-owned subsidiary of Finch Therapeutics Group, Inc. Crestovo Holdings LLC was renamed Finch Therapeutics Holdings LLC in November 2020.

Our principal executive office is located at 75 State Street, Suite 100, Boston, Massachusetts 02109. Our telephone number is (617) 229-6499. Our website address is www.finchtherapeutics.com. Information contained in, or accessible through, our website does not constitute a part of, and is not incorporated into, this Annual Report on Form 10-K.

Available Information

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and, accordingly, file reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. The SEC maintains a website (http://www.sec.gov) that contains material regarding issuers that file electronically, such as ourselves, with the SEC.

We make available free of charge on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Item 1A. Risk Factors

Our business is subject to numerous risks. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K as well as our other public filings with the Securities and Exchange Commission, or the SEC. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects and cause the trading price of our common stock to decline.

Risks Related to Our Shift in Strategic Focus, Financial Position and Capital Needs

We are currently involved in litigation and may in the future be involved in additional lawsuits to protect or enforce our patents, which have been and could in the future be expensive, time consuming and unsuccessful.

Competitors may infringe our intellectual property, including the patents for which we have applied. To counter infringement or unauthorized use, we have filed certain infringement claims, and may in the future choose to file additional infringement claims, directly or via a licensor or collaboration partner, which have been and could in the future be expensive and time-consuming. We spend a significant amount of our financial and management resources to pursue our current litigation matters, and the outcome of these matters is key to our strategy realize the value of our intellectual property estate. We believe that these litigation matters and others that we may in the future determine to pursue could continue for years and continue to consume significant financial and management resources. The counterparties to our litigation may be large, well-financed companies with substantially greater resources than us. We cannot assure you that any of our current or future litigation matters will result in a favorable outcome for us. In addition, in part due to the appeals process and other legal processes, even if we obtain favorable interim rulings or verdicts in particular litigation matters, they may not be predictive of the ultimate resolution of the dispute. Also, we cannot assure you that we will not be exposed to claims or sanctions against us which may be costly or impossible for us to defend. Unfavorable or adverse outcomes may result in losses, exhaustion of financial resources or other adverse effects, which would adversely impact our ability to monetize our intellectual property portfolio. If we are unable to realize the expected benefits from our intellectual property enforcement initiatives, we may pursue other strategic alternatives, including a liquidation and dissolution, wind down, sale, merger or other strategic transaction.

If we, directly or via a licensor or collaboration partner, initiate legal proceedings against a third party to enforce a patent, the defendant could counterclaim that the patent is invalid and/or unenforceable. In patent litigation in the United States, counterclaims alleging invalidity and/or unenforceability are common, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. In an infringement proceeding, a court may decide that the patent claims we are asserting are invalid and/or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patent claims do not cover the technology in question. Third parties may also initiate legal proceedings against us claiming that our patents are not infringed, invalid and/or unenforceable. For example, on December 1, 2021, Rebiotix Inc. and Ferring Pharmaceuticals Inc. (collectively, "Rebiotix") filed a complaint against us in the U.S. District Court for the District of Delaware. The complaint seeks a declaratory judgment of non-infringement and invalidity with respect to seven United States Patents owned by us. On February 7, 2022, we filed an answer and counterclaims against Rebiotix for infringement of three of the patents. On March 7, 2022, we filed an amended answer and counterclaims, in which we, together with the Regents of UMN, alleged infringement by Rebiotix of three United States Patents owned by UMN and exclusively licensed to us. The Court set a trial date for a five-day trial beginning on May 20, 2024. On January 23, 2023, we filed a second amended answer and counterclaims, in which we alleged infringement of two additional patents owned by us. The Court issued a claim construction order on February 28, 2023. On July 6, 2023, Rebiotix filed a motion to dismiss certain counts of our second amended answer and counterclaims based on the assertion that we lack standing to sue as to the ’107 Patent, ’702 Patent, ’309 Patent, ’406 Patent, ’413 Patent, ’193 Patent, and ’080 Patent. Rebiotix specifically alleges that the sole named inventor on these patents, Thomas J. Borody, did not assign his rights in those patents to Finch, and as a result, we do not own them and therefore do not have standing to assert them. Briefing on this motion is complete. The parties have mutually agreed to narrow the case to include only claims from the ’309, ’702, ’193, ’080, ’914, and ’012 Patents. On December 8, 2023, both parties filed dispositive motions asking the Court to resolve certain aspects of the case in advance of the jury trial. On February 21, 2024, the Company received a notice that the U.S. District Court for the District of Delaware issued an order resetting the trial date from May 20, 2024 to August 5, 2024. The outcome of this litigation is uncertain, and any adverse outcome would have a material adverse impact on our business prospects and financial condition.

Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, *inter partes* review and equivalent proceedings in foreign jurisdictions (for example, opposition proceedings). Such proceedings could result in revocation of or amendment to our patents, including patent claim amendments unfavorable to us, our licensors or a collaboration partner. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we, our patent counsel, and the patent

examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we may lose some, and perhaps all, of the patent protection that is valuable to our business or otherwise relates to our microbiome assets. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could have a material adverse impact on our business. Moreover, even if we are successful in any litigation, we may incur significant expense in connection with such proceedings, and the amount of any monetary damages may be inadequate to compensate us for damage as a result of the infringement and the incurred in relation to the proceedings. We are focused on monetizing our microbiome assets, including through licensing transactions to collaboration partners and other third parties. An adverse outcome in any proceedings to enforce or defend our patent rights could diminish the value of our microbiome assets, could discourage third parties from entering into collaboration or other licensing agreements with us and could have a material adverse impact on our ability to generate revenue from our intellectual property and other microbiome assets.

Interference proceedings provoked by third parties or brought by us may be necessary to determine the priority of inventions with respect to our patent applications. An unfavorable outcome could require us to cease using the related technology or force us to take a license under the patent rights of the prevailing party, if available. Furthermore, our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock.

In certain circumstances it may not be practicable or cost effective for us to enforce our intellectual property rights even if we have a basis to do so, particularly in certain developing countries or where the initiation of a claim might harm our business relationships. We may also be hindered or prevented from enforcing our rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity.

We discontinued our PRISM4 Phase 3 trial of CP101 in recurrent C. difficile infection ("CDI") in January 2023 and have shifted our strategic focus towards realizing the value of our intellectual property estate and other assets. This process has been costly, time consuming and complex, and we may not realize any additional value. If we fail to execute successfully on this reprioritized strategic focus, our Board may decide to pursue other options, including a dissolution and liquidation of the Company.

In January 2023, we discontinued our PRISM4 Phase 3 clinical trial of CP101 in recurrent CDI and shifted our focus towards realizing the value of our intellectual property estate and other assets, including through enforcing our patent rights
against infringing parties. The process of reorienting our business strategy has been costly, time consuming and complex, and we have incurred, and may in the future incur, significant costs related to this continued strategic shift. We are now focusing our efforts on the potential out-license of our technology, enforcement of our patent rights, the sale of certain of our assets, strategic partnerships, joint ventures, restructurings, divestitures, investments or other alternatives, as well as current and any potential new investigator-sponsored trials, to advance our microbiome assets and de-risk future development opportunities in the microbiome space. Further, our strategic reprioritization may result in unexpected expenses or liabilities and/or write-offs. There is no assurance that we will be successful at executing on our revised strategy or that any particular course of action, business arrangement or transaction, or series of transactions, will be pursued, successfully consummated, lead to increased stockholder value, or achieve the anticipated results.

If we are unable to execute successfully on our reprioritized strategic focus, our cash resources may not last as long as estimated and our business, results of operations and financial condition could be materially and adversely affected. Our Board may decide to pursue other options, including a dissolution and liquidation of the Company, which may result in our stockholders receiving little or no value in respect of their shares of common stock.

We have a limited operating history, have incurred net losses in every year since our inception and may continue to incur net losses in the future.

In January 2023, we reprioritized our strategic operations and are now focusing on realizing the value of our intellectual property estate and other assets. We have a limited operating history in both this capacity and as a clinical-stage microbiome therapeutics company. Since our inception, we have focused primarily on developing and progressing our product candidates

through clinical development, organizing and staffing our company, research and development activities, establishing and protecting our intellectual property portfolio, including for our *Human-First Discovery* platform, and raising capital. Consequently, and particularly due to our strategic reprioritization, we have no meaningful operations upon which to evaluate our business and predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history or a history of successfully developing and commercializing drug products. Although we may use our product candidates and microbiome technology to support third-party research, including investigator-sponsored trials, we do not currently expect to progress any product candidate through clinical trials or commercial approval and we do not currently expect to generate any revenue from product sales. We have incurred losses in each reporting period since our inception. For the years ended December 31, 2023 and 2022, we reported net losses of $74.8 million and $114.6 million, respectively. As of December 31, 2023, we had an accumulated deficit of $350.4 million. We expect to continue to incur significant losses for the foreseeable future as we attempt to realize the value of our intellectual property estate and other assets.

We may never succeed in realizing the full value of our intellectual property estate and other assets and, even if we do, we may never generate revenue that is significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. A decline in the value of our company also could cause you to lose all or part of your investment.

Even if we succeed in realizing the value of our intellectual property estate and other assets, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

We may require additional funding to finance our operations. If we are unable to raise capital when needed, we could be forced to consider a dissolution and liquidation of the Company.

To date, we have primarily funded our operations through the initial public offering (the "IPO"), private placements of equity securities and upfront and milestone payments received pursuant to our previous collaboration agreement with Takeda Pharmaceutical Company Limited. This agreement was terminated effective November 2022. We expect to spend substantial amounts in an effort to maximize the value of our intellectual property estate and other assets, including through enforcement of our patents. We may require additional capital to do so, which we may raise through equity offerings, debt financings, and other collaborations, strategic alliances and licensing arrangements or other sources. Adequate additional financing may not be available to us on acceptable terms, or at all. Our ability to raise capital is dependent on a number of factors, including the market demand for our securities, which is uncertain. Our failure to raise capital as and when needed would have a negative effect on our financial condition and our ability to pursue our business strategy. In addition, attempting to secure additional financing may divert the time and attention of our management from day-to-day activities and harm our operational efforts. If we are unable to raise capital when needed or on acceptable terms, we would be forced to consider a dissolution and liquidation of the Company.

We have identified conditions and events that raise substantial doubt about our ability to continue as a going concern.

In Note 1 to our consolidated financial statements, we disclose that there is substantial doubt about our ability to continue as a going concern. Although we currently forecast that our unrestricted cash and cash equivalents of $25.1 million as of December 31, 2023 will be sufficient to fund our operating expenses and capital expenditure requirements for at least twelve months from the issuance of our annual consolidated financial statements for the year ended December 31, 2023, we have identified certain qualitative conditions that raise substantial doubt about our ability to continue as a going concern within one year after the date that our consolidated financial statements for the year ended December 31, 2023 are issued. In particular, our anticipated cash expenditures and funding requirements are largely dependent on the outcome of our ongoing litigation against Rebiotix, which is scheduled to go to trial in August 2024. In addition, we do not currently expect to progress any product candidate through clinical trials or commercial approval, and we do not currently expect to generate any revenue from product sales. While we believe strongly in the value of our pioneering intellectual property portfolio and the merits of our current litigation activities relating to those assets, we may never succeed in realizing the value of our intellectual property estate and other assets and even if we do, we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our ability to continue as a going concern. Further, we have suffered recurring losses from operations since our inception and expect to continue to incur operating losses for the foreseeable future. These factors raise substantial doubt about our ability to continue as a going concern.

Based on our internal estimates and current operating plan, we believe that our existing unrestricted cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements into 2025; however, our anticipated cash expenditures and funding requirements are largely dependent upon the outcome of our ongoing litigation against Rebiotix, which is scheduled to go to trial in August 2024. In addition, this estimate is based on our current assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We may not be able to limit

expenses to the extent we predict, and adequate additional funding may not be available to us on acceptable terms, or at all. If we cannot continue as a viable entity, our shareholders may lose some or all of their investment in us.

We may be unable to retain the services of our only employee, Matthew P. Blischak, our board of directors, and key consultants and contractors to the Company, and as a result, we may be unable to fully monetize our intellectual property estate and other assets.

We are highly dependent on our Chief Executive Officer, Matthew P. Blischak, and are reliant on certain other consultants and contractors to the Company, including Lance Thibault, our Chief Financial Officer, as we work to realize the value of our intellectual property estate. The loss of the services of these individuals could impede our ability to fully monetize our intellectual property and other assets. Mr. Blischak may terminate his employment with us at any time. We do not currently maintain "key person" life insurance on Mr. Blischak. Mr. Thibault serves as our Chief Financial Officer pursuant to a consulting agreement between us and Danforth Advisors, LLC, which may be terminated at any time.

Additionally, in April 2023, our board of directors eliminated cash compensation for board and committee service and reduced grants of annual equity compensation to members of our board of directors. The impact of these events could make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on committees of our board of directors or as members of senior management. If we are unable to do so, we may be unable to comply with regulations implemented by the SEC and the Nasdaq Stock Market, LLC.

If we lose one or more members of our new management team or our board of directors, or if we are unable to attract and retain new executive officers and employees key to the execution of our strategic reprioritization, our ability to implement our business strategy successfully could be seriously harmed. The loss of the services of our executive officers or other key employees could impede the achievement of our business objectives and adversely affect our ability to successfully implement our reprioritized business strategy. Additionally, our limited senior management team size may hamper our ability to effectively manage a publicly traded company while operating our business.

Attracting and retaining qualified personnel to operate the Company may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully implement our business strategy. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel.

Rent expenses and other factors related to our leased facility could adversely impact our business.

On August 3, 2021, we entered into a 10-year lease agreement, or the Hood Lease, with Hood Park LLC, pursuant to which we lease approximately 61,139 square feet of office and laboratory space, or the Property, in Charlestown, Massachusetts. Our annual base rent for the Property started at approximately $4.5 million, and the lease agreement contains annual rent escalations. The Hood Lease subjects us to potential financial risk. Although we are currently subleasing the Property to two subtenants for three-year terms, there is no guarantee that the current subtenants will continue the subleases past the initial term of the agreements, or that we will be able to find alternate subtenants or negotiate sublease arrangements on attractive terms or at all. While we have the right to sublease the Property under specified conditions, we may not be able to sublease the Property if or when we would like to do so, or we may incur substantial costs to terminate the Hood Lease or sublease the Property. If we are unable to sublease, assign or otherwise terminate our obligations under the Hood Lease, we will be required to pay rent, including any rent expense in excess of sublease income, and certain expenses for the balance of the lease term, and the performance of such obligations would negatively impact our liquidity position and have a material adverse impact on our financial condition.

Our liquidity position could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation (the "FDIC") insurance limit. Failures of a depository institution to return our deposits or other adverse developments in financial or credit markets could further impair our liquidity position, including our ability to satisfy working capital needs, and create additional market and economic uncertainty.

Economic uncertainty and volatility in the U.S. and global financial markets could limit our ability to access capital or increase the cost of capital needed to fund our business operations.

As of December 31, 2023, economic uncertainty, inflationary pressures, the ongoing war in Ukraine, the Israel-Hamas war, rising interest rates and the expectations around the terminal target interest rate of the Federal Reserve continue to produce volatility in the debt and equity markets. Such volatility may affect our ability to access capital markets, which could lead to higher borrowing costs or other unattractive financing terms or, in some cases, the inability to fund ongoing operations. Adverse changes or continued volatility in the financial markets could render us either unable to access additional financing

or able to access these markets only at higher costs and with restrictive financial or other conditions, which could severely affect our business operations and hinder our fiber expansion plans.

Risks Related to the Development and Manufacture of Product Candidates Developed Using Our Microbiome Technology

Our intellectual property portfolio is based on microbiome therapeutics, which is a newly approved approach to therapeutic intervention.

Our intellectual property portfolio is based on microbiome therapy, a therapeutic approach that is designed to treat disease by restoring the function of a dysbiotic microbiome. At this time, we are aware of only two products that have received regulatory approval for a therapeutic based on this approach, and we are not yet aware of its degree of commercial success. With such limited precedent, we cannot be certain that this approach will lead to the development of additional approvable or marketable products. In addition, the efficacy potential of product candidates developed using microbiome technology may vary based on indication and use in different patient populations including geographical areas. Finally, the FDA or other regulatory agencies may have limited experience in evaluating the safety and efficacy of products based on microbiome therapeutics, which could result in a longer than expected regulatory review process or evolving FDA standards and guidance, increase expected development costs for developers of microbiome therapeutics and delay or prevent commercialization of product candidates developed using our microbiome technology. Regulatory requirements governing microbiome therapies are still developing and may change in the future. Regulatory authorities and advisory groups, and the new guidelines they promulgate, may lengthen the regulatory review process, require developers of microbiome therapeutics to perform additional preclinical studies or clinical trials, increase development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of product candidates developed using microbiome technology or lead to significant post-approval limitations or restrictions.

Microbiome therapies in general may not be successfully developed or commercialized or gain the acceptance of the public or the medical community. The success of microbiome therapeutic product candidates, if approved, will depend upon physicians who specialize in the treatment of diseases targeted by product candidates developed using microbiome technology, prescribing potential treatments that involve the use of product candidates developed using microbiome technology in lieu of, or in addition to, existing treatments with which they are more familiar and for which greater clinical data may be available. The success of microbiome therapeutic product candidates, if approved, will also depend on consumer acceptance and adoption of any such commercialized products. Adverse events in non-IND human clinical studies and clinical trials of product candidates developed using microbiome therapeutics, as well as any other adverse findings that may arise in connection with the continued research and development in the microbiome field, could result in negative publicity and a decrease in demand for any microbiome therapeutic product. In addition, responses by the federal, state or foreign governments to negative public perception or ethical concerns may result in new legislation or regulations that could limit the ability of any of our current or future partners and collaborators, and the ability of others developing therapeutic candidates using our microbiome technology, to successfully develop or commercialize any product candidates, obtain or maintain regulatory approval, identify alternate regulatory pathways to market or otherwise achieve profitability. More restrictive statutory regimes, government regulations or negative public opinion would have an adverse effect on our business, financial condition, results of operations and prospects and may delay or impair the development and commercialization of or demand for product candidates developed using microbiome technology and could harm the value and marketability of our intellectual property as a whole.

Clinical trials may fail to demonstrate substantial evidence of the safety and efficacy of product candidates developed using our microbiome technology, which would prevent or delay or limit the scope of regulatory approval and commercialization and could harm the value and marketability of our intellectual property portfolio.

To obtain the requisite regulatory approvals to market and sell any product candidates developed using our microbiome technology, any developers of such product candidates must demonstrate through extensive preclinical studies and clinical trials that the investigational drug products are safe and effective for use in each targeted indication. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical development process. For example, any developers of such product candidates may be unable to establish clinical endpoints that applicable regulatory authorities would consider clinically meaningful. Moreover, a clinical trial can fail at any stage of testing and most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization. Further, the process of obtaining regulatory approval is expensive, often takes many years following the commencement of clinical trials and can vary substantially based upon the type, complexity and novelty of the product candidates involved, as well as the target indications, patient population and regulatory agency. Prior to obtaining approval to commercialize any product candidates in the United States or abroad, the developer of such product candidate must demonstrate with substantial evidence from adequate and well-controlled clinical trials, and to the satisfaction of the FDA or comparable foreign regulatory authorities, that such product candidates are safe and effective for their intended uses.

Clinical trials conducted by developers of product candidates that utilize our microbiome technology may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market such product candidates. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants. If the results of any future clinical trials involving product candidates developed using our microbiome technology fail to demonstrate or are inconclusive with respect to safety and efficacy, if such product candidates do not meet the designated clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with such product candidates, the developers of such product candidates may be delayed in obtaining marketing approval, if at all, and the value and marketability of our intellectual property portfolio as a whole may be harmed. Any of these occurrences would have negative implications for the future development potential of product candidates developed with our microbiome technology and our intellectual property portfolio and may harm our business, financial condition and results of operations. Additionally, any safety concerns observed in any clinical trials involving product candidates developed using our microbiome technology could limit the prospects for regulatory approval of such product candidates in those and other indications and harm the value and marketability of our intellectual property portfolio as a whole.

Even if any clinical trials with respect to product candidates developed using our microbiome technology are successfully completed, clinical data are often susceptible to varying interpretations and analyses, and the FDA or comparable foreign regulatory authorities may not interpret the results in the same manner as the proponent of the product candidate. More trials could be required before such product candidates are submitted for approval, especially for indications for which clinical endpoints are not well-established. The FDA or comparable foreign regulatory authorities may not view such product candidates as being efficacious even if positive results are observed in clinical trials. Moreover, results acceptable to support approval in one jurisdiction may be deemed inadequate by another regulatory authority to support regulatory approval in that other jurisdiction. To the extent that the results of the trials are not satisfactory to the FDA or comparable foreign regulatory authorities for support of a marketing application, approval of any other current or future product candidates may be significantly delayed, or significant additional resources may be required to conduct additional trials in support of potential approval of such product candidates. Even if regulatory approval is secured for a product candidate, the terms of such approval may limit the scope and use of the specific product candidate, which may also limit its commercial potential.

Product candidates developed using our microbiome technology may be associated with serious adverse, undesirable or unacceptable side effects or other properties or safety risks, which may delay or halt their clinical development, or prevent marketing approval. If such side effects are identified during the development of product candidates developed using our microbiome technology, or are identified following approval of such product candidates, the development of such product candidates may be suspended or abandoned, the commercial profile of any approved label may be limited, or the developers of such product candidates may be subject to other significant negative consequences following marketing approval, which could harm the value of our intellectual property portfolio.

Undesirable side effects that may be caused by product candidates developed using our microbiome technology could cause the developers of such product candidates or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. The results from future preclinical studies and clinical trials of product candidates developed using our microbiome technology may identify safety concerns or other undesirable properties of such product candidates. Additionally, if the development of such product candidates is expanded into new patient populations or disease areas, side effects or adverse events not seen in preclinical and clinical research conducted to date could emerge.

The results of clinical trials of product candidates developed using our microbiome technology may show that such product candidates cause undesirable or unacceptable side effects or even death. In such an event, the relevant clinical trials could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order the developers of such product candidates to cease further development of or deny approval of such product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences would have negative implications for the future development potential of product candidates developed with our microbiome technology and our intellectual property portfolio and would significantly harm our business, financial condition and results of operations.

Moreover, if product candidates developed using our microbiome technology are associated with undesirable side effects in preclinical studies or clinical trials or have characteristics that are unexpected, the developers of such product candidates may elect to abandon their development or limit their development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective, which may limit the commercial expectations for the product candidate, if approved.

Additionally, adverse developments in clinical trials of pharmaceutical and biopharmaceutical products conducted by other companies or institutions or with commercial products offered by others may cause the FDA or other regulatory oversight bodies to suspend or terminate clinical trials of product candidates developed using our microbiome technology or change the requirements for approval of such product candidates or otherwise adversely impact the clinical and commercial development of such product candidates. Such adverse developments may cause the FDA to perceive such product candidates as unsafe and bring increased regulatory scrutiny to the clinical operations of the developers of such product candidates more broadly, may lead to decreased confidence by patients, physicians and contract research organizations, or CROs, in such product candidates, and may result in reduced demand for any product ultimately developed, if approved.

Additionally, if any product candidates developed using our microbiome technology receives marketing approval and undesirable or unacceptable side effects caused by such products are later identified, a number of potentially significant negative consequences could result, including:

- site institutional review boards or safety monitoring committees may recommend that enrollment or dosing be placed on hold or that additional safety measures be implemented for ongoing trials;
- regulatory authorities may withdraw or limit approvals of such product and require the removal of the approved product from the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- regulatory authorities may require a medication guide outlining the risks of such side effects for distribution to patients, or the implementation of a risk evaluation and mitigation strategy, or REMS, plan to ensure that the benefits of the product outweigh its risks;
- the developer of the applicable product candidate may be required to change the way the product is dosed, distributed or administered, conduct additional clinical trials or change the labeling of the product;
- the developer of the applicable product candidate may be subject to limitations on how the product may be promoted;
- sales of the product may decrease significantly;
- we or the developer of the product candidate may be subject to litigation or product liability claims; and
- our reputation and/or the reputation of the developer of the product candidate may suffer.

Any of these events could prevent the developers of any product candidate developed using our microbiome technology from achieving or maintaining market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent the generation of significant revenue from the sale of such product candidate, if approved. Any such occurrence may have negative implications for the future development potential of product candidates developed with our microbiome technology and could harm the value and marketability of our intellectual property as a whole would have a material adverse effect on our business, financial condition and results of operations.

Although we discontinued the PRISM4 trial and withdrew our IND for CP101, we remain subject to limited ongoing regulatory obligations, which may result in additional expense, and we may be subject to penalties if we failed to comply with previously applicable requirements or fail to comply with the limited continuing regulatory requirements or experience unanticipated problems.

Although we discontinued the PRISM4 trial and withdrew our IND application for CP101, as the sponsor of clinical trials and IND holder, we remain subject to regulation. Our failure or the failure of our third-party contractors to comply with the applicable regulatory requirements of the FDA or other applicable governmental authorities at any time, including continuing requirements related to records retention, among other things, may subject us to administrative or judicial sanctions, which could have a material adverse effect on our business, financial condition and results of operations and could harm the value and marketability of our intellectual property as a whole.

The manufacture of product candidates developed using our microbiome technology is complex and developers of such product candidates may encounter difficulties in production, particularly with respect to process development or scaling-up of our manufacturing capabilities.

Product candidates developed using our microbiome technology to date are biologics that consist of bacteria and may include other microorganisms. The process of manufacturing such product candidates is complex, highly regulated and subject to multiple risks. The manufacture of such product candidates involves complex processes, including obtaining biological material (human stool) from qualified third-party donors. As a result of these, and other, complexities, the cost to

manufacture such product candidates in particular is generally higher than traditional small molecule chemical compounds, and the manufacturing process is typically less reliable and may be more difficult to reproduce.

Further, as product candidates developed using our microbiome technology are developed through early- to late-stage clinical trials towards approval and commercialization, the developers of such product candidates may make alterations to these product candidates and their method of manufacture and use, including changes to the manufacturing processes, in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause such product candidates to perform differently than they did in the past and affect the results of planned clinical trials or other future clinical trials. In such circumstances, the FDA or foreign regulatory authorities may require that the developers of such product candidates conduct bridging comparability testing or other additional clinical studies to confirm the clinical relevance of prior data.

We have relied on third-party donors of biological material to manufacture certain product candidates such as CP101, and if we did not detect all pathogens in donor material, there may be adverse reactions in persons who use or consume products that are derived from that material.

While the stool donor program on which we relied to manufacture certain product candidates, including CP101, involved extensive screening of potential entrants, we can make no assurances that it successfully screened for, or was able to identify, all diseases and conditions that could adversely affect the health of persons who use or consume products that contain biological material from those donors. The screening processes may have failed to identify certain existing diseases or conditions in the humans that we evaluated for entry into our donor program. In addition, while enrolled in our program, donors may have developed new diseases or conditions, or the worsening of pre-existing or underlying diseases or conditions, that we may have failed to identify. The use by a collaboration partner of stool material from a third-party donor who has a certain condition or disease may result in material adverse effects to our business, including if there are any adverse reactions in patients who use or consume products derived from that donor.

While our stool donor program was operating, we extensively tested the biological materials that we received from qualified third-party donors or suppliers for the presence of certain pathogens and other microorganisms; however, there can be no assurances that we detected all pathogens and other microorganisms in our product candidates, which could result in an adverse reaction in persons who use or consume our product candidates. Our testing processes may have failed to identify pathogens in the stool that we received from donors within our donor program, or such testing processes may be unacceptable to regulatory authorities. For example, in the clinical hold letter we received on February 24, 2022 for our CP101 IND, the FDA requested more information with respect to, among other things, our SARS-CoV-2 testing methods. The presence of pathogens in the stool material that we received from third-party donors may also result in adverse reactions in persons who use or consume products that are derived from that material.

Even if product candidates developed using our microbiome technology obtain regulatory approval, the products may not gain market acceptance among physicians, patients, hospitals and others in the medical community, and they may not have the degree of commercial success necessary for us to generate significant revenue.

The use of microbiome therapies is a recent development and may not become broadly accepted by physicians, patients, hospitals and others in the medical community. Various factors will influence whether product candidates developed using our microbiome technology are accepted in the market, including:

- the clinical indications for which such product candidates are approved;
- physicians, hospitals and patients considering such product candidates as a safe and effective treatment;
- the potential and perceived advantages of such product candidates over current or future alternative treatments;
- the ability of the developers of such product candidates to demonstrate their advantages over other microbiome therapies;
- the prevalence and severity of any side effects;
- the prevalence and severity of any side effects for other microbiome medicines and public perception of other microbiome medicines;
- product labeling or product insert requirements of the FDA or comparable foreign regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA or comparable foreign regulatory authorities;
- the timing of market introduction of such product candidates as well as competitive products;
- the cost of treatment and the availability of testing for patient selection;

- the pricing of such products, if approved, and the availability of adequate coverage and reimbursement by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of sales and marketing efforts for such product candidates.

If product candidates developed using our microbiome technology are approved for commercialization but fail to achieve market acceptance among physicians, patients, hospitals or others in the medical community, we will not be able to generate significant revenue.

In addition, serious adverse events or deaths in other clinical trials involving the microbiome, or in clinical trials involving similar therapeutic approaches, even if not ultimately attributable to products developed using our microbiome technology, could result in increased government regulation, unfavorable public perception and publicity, potential regulatory delays in the testing or licensing of such product candidates, stricter labeling requirements for those product candidates that are licensed, and a decrease in demand for any such product candidates and could harm the value and marketability of our intellectual property as a whole.

Even if products developed using our microbiome technology achieve market acceptance, the developers of such products may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received, are more cost effective or render such products obsolete.

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

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing and use of biopharmaceutical products. While we currently have no products that have been approved for commercial sale, our product candidates and product candidates developed using our microbiome technology have been used in clinical trials, and from 2017 to 2019, we manufactured fecal microbiota transplantation materials, produced to specifications defined by OpenBiome, that were distributed and sold by OpenBiome for use under its interpretation of the FDA's policy of enforcement discretion for CDI not responding to standard therapies and for use in clinical research. This past use, as well as any future use of product candidates developed using our microbiome technology by our collaborators and partners, including through investigator-sponsored trials with academic institutions, and the potential sale of any approved products in the future, may expose us to liability claims. The FDA may not agree with OpenBiome's interpretation or application of the FDA's enforcement discretion policy to its product distribution activities, including its distributions to clinical sites without an IND in place with the FDA. These claims might be made by patients who use or have used our products and product candidates, healthcare providers, pharmaceutical companies, our collaborators or others selling such products. Any claims against us, regardless of their merit, could be difficult and costly to defend. Although we discontinued the PRISM4 trial and withdrew our IND for CP101, if any of our product candidates were to have caused adverse side effects during clinical trials, we may be exposed to substantial liabilities. Regardless of the merits or eventual outcome, liability claims may result in:

- injury to our reputation;
- initiation of investigations by regulators;
- costs to defend or settle the related litigation;
- a diversion of management's time and our resources; and
- substantial monetary awards to trial participants or patients.

Although we believe we maintain adequate product liability insurance for our product candidates, it is possible that our liabilities could exceed our insurance coverage. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on our business, financial condition and results of operations and could harm the value and marketability of our intellectual property as a whole.

Risks Related to Government Regulation

Healthcare legislative or regulatory reform measures may have a negative impact on our ability to realize revenue from our intellectual property assets.

In the United States and some foreign jurisdictions, there has been significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality of life and/or expanding access. In the United States, the pharmaceutical industry continues to be a particular focus of these efforts and has been significantly affected by health care reform initiatives at the federal and state level, a number of which have been implemented. The commercial success of a drug product depends in large part on whether government authorities and health care programs, such as Medicare and Medicaid, and private health insurance cover the product and provide adequate reimbursement for the product. Health care reform efforts that adversely affect coverage and reimbursement or restrict the prices that companies can set for their products would likely adversely affect the ability of a company to commercialize successfully any new product. If challenges to the successful commercialization of drug products increase as the result of health care reform, our ability to license or sell our intellectual property assets and the value of those assets may be adversely affected.

If we or our third-party manufacturers and suppliers failed to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Our activities have historically implicated numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our research and development activities involved the use of biological and hazardous materials and produce hazardous waste products. We generally contracted with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination to the environment or other injury from these materials, which could cause environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. Although we believe that the safety procedures utilized by our third-party manufacturers for handling and disposing of these materials generally complied with the standards prescribed by these laws and regulations, we cannot guarantee that this is the case or eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and state or federal or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Although we are not aware of any current or ongoing violations, we cannot be certain that our past activities will not be subject to challenge in the future.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological waste or hazardous waste insurance coverage, workers compensation or property and casualty and general liability insurance policies that include coverage for damages and fines arising from biological or hazardous waste exposure or contamination.

Risks Related to Our Relationships with and Dependence on Third Parties

Some of our product candidates may be studied in clinical trials sponsored by organizations or agencies other than us, or in investigator-sponsored clinical trials, which means we will have minimal or no control over the conduct of such trials.

We have in the past supplied, and expect to continue to supply, and otherwise support, third-party research, including investigator-sponsored clinical trials with academic and private non-academic institutions, such as an ongoing investigator-sponsored trial for the evaluation of CP101 in ulcerative colitis at Brigham and Women's Hospital and our licensing relationship with the University of Minnesota, or UMN, pursuant to which UMN is conducting multiple investigator-sponsored clinical trials using a microbiome product candidate comprised of compositions to which we hold an exclusive license. Because we will not be the sponsor of these investigator-sponsored trials, we have less control over the protocols, administration or conduct of these trials, including any follow-up with patients and ongoing collection of data after treatment. The conduct or findings of these trials may have a negative impact on the value of our intellectual property portfolio, notwithstanding that we have little involvement or control over these trials. As a result, we are subject to additional risks associated with the way investigator-sponsored trials are conducted. In particular, we may be named in lawsuits that could lead to increased costs associated with legal defense. Additional risks include difficulties or delays in communicating with investigators or administrators, procedural delays and other timing issues and difficulties or differences in interpreting data.

Third-party investigators may design clinical trials with clinical endpoints that are more difficult to achieve, or in other ways that increase the risk of negative clinical trial results. Negative results in investigator-sponsored clinical trials could have a material adverse effect on the public perception of our product candidates. As a result, our lack of control over the conduct and timing of and communications with the FDA and other regulatory authorities regarding investigator-sponsored trials may expose us to additional risks and uncertainties, many of which are outside our control.

Our current and future collaborations will be important to our business. If we are unable to enter into new collaborations, or if these collaborations are not successful, our business could be adversely affected.

A part of our strategy is to evaluate and, as deemed appropriate, enter into partnerships in the future when strategically attractive, including potentially with major biotechnology or pharmaceutical companies. We do not currently have capabilities for product development or any capability for commercialization. Accordingly, we may enter into collaborations with other companies to advance our product candidates or the therapeutic potential of our microbiome technology intellectual property portfolio. If we fail to enter into or maintain collaborations on reasonable terms or at all, the commercial potential of our microbiome technology intellectual property portfolio could be adversely affected.

This and any future collaborations we enter into may pose a number of risks, including, but not limited to, the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply;
- collaborators may not perform their obligations as expected;
- collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs or license arrangements based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as a strategic transaction that may divert resources or create competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products and product candidates if the collaborators believe that the competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- product candidates discovered in collaboration with us may be viewed by our collaborators as competitive with their own product candidates or products, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
- collaborators may fail to comply with applicable regulatory requirements regarding the development, manufacture, distribution or marketing of a product candidate or product;
- collaborators with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
- disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or terminations of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- if a collaborator of ours is involved in a business combination, the collaborator might deemphasize or terminate the development or commercialization of any product candidate licensed to it by us; and
- collaborations may be terminated by the collaborator, and, if terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates.

If our current and future strategic collaborations or academic partnerships, if any, do not result in the successful discovery, development and commercialization of product candidates or if one of our collaborators terminates its agreement with us, the commercial potential of our microbiome technology intellectual property portfolio could be adversely affected. All of the risks relating to product development, regulatory approval and commercialization described in this Annual Report on Form 10-K also apply to the activities of our collaboration partners.

Additionally, if one of our collaborators terminates its agreement with us, we may find it more difficult to attract new collaborators and our perception in the business and financial communities could be adversely affected.

We face significant competition in seeking appropriate collaborative partners. Our ability to reach a definitive agreement for a partnership will depend, among other things, upon an assessment of the collaborator's resources and expertise, the terms and conditions of the proposed partnership and the proposed collaborator's evaluation of a number of factors. These factors may include the design or results of preclinical studies or clinical trials, the likelihood of regulatory approval, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of any uncertainty with respect to our ownership of technology (which can exist if there is a challenge to such ownership regardless of the merits of the challenge) and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a partnership could be more attractive than the one with us.

Risks Related to Our Intellectual Property

If we fail to comply with our obligations in our current and future intellectual property licenses with third parties, we could lose rights that are important to our business.

We are reliant upon licenses to certain patent rights and proprietary technology for the development of our product candidates, in particular our license agreements with UMN and Skysong Innovations LLC, or Skysong. These license agreements impose diligence, development and commercialization timelines and milestone payment, royalty, insurance and other obligations on us. If we fail to comply with our obligations, our licensors may have the right to terminate our licenses, in which event we might not be able to develop, manufacture or market any product that is covered by the intellectual property we in-license from such licensor, may lose rights to sub-license certain patents, and may face other penalties. Such an occurrence would materially adversely affect our business prospects. Further, a licensor's decision to terminate a patent license could have a material adverse impact on the likelihood of success in any litigation involving such patents, including any ongoing litigation. In 2023, we amended the UMN Agreement with respect to certain commercialization obligations.

In particular, if we fail to comply with our obligations under our license agreements, including as a result of our decision to shift our focus towards realizing the value of our intellectual property estate and other assets, we may lose our patent rights with respect to such agreement on a territory-by-territory basis, which would affect our patent rights worldwide.

In addition, licenses to additional third-party technology and materials that may be required for our development programs may not be available in the future or may not be available on commercially reasonable terms, or at all, which could have a material adverse effect on our business and financial condition. We do not control the prosecution, maintenance and enforcement of all of our licensed and sublicensed intellectual property relating to our product candidates, and we thus require the cooperation of our licensors and any upstream licensor, including Skysong and UMN, which may not be forthcoming. Therefore, we cannot be certain that the prosecution, maintenance and enforcement of these patent rights will be in a manner consistent with the best interests of our business. If we or our licensor fail to maintain such patents, or if we or our licensor lose rights to those patents or patent applications, the rights we have licensed may be reduced or eliminated and our right to develop and commercialize any of our product candidates that are the subject of such licensed rights could be adversely affected. In addition to the foregoing, the risks associated with patent rights that we license from third parties will also apply to patent rights we may own in the future.

Termination of our current or any future license agreements would reduce or eliminate our rights under these agreements and may result in our having to negotiate new or reinstated agreements with less favorable terms or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. Any of the foregoing could prevent us from commercializing our other product candidates, which could have a material adverse effect on our operating results and overall financial condition.

In addition, intellectual property rights that we in-license in the future may be sublicenses under intellectual property owned by third parties, in some cases through multiple tiers. The actions of our licensors may therefore affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. Should our licensors or any of the upstream licensors fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our ability to develop and commercialize our product candidates may be materially harmed.

If we are unable to obtain or protect intellectual property rights related to any of our technologies, product candidates, or that otherwise have value, we may not be able to compete effectively or leverage our intellectual property to generate value.

We rely upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to our product candidates and technologies. Our success depends in large part on our ability to obtain and maintain patent and other intellectual property protection in the United States and in other countries with respect to our proprietary technologies and product candidates.

We cannot offer any assurances about which of our patent applications will issue, the breadth of any resulting patent or whether any of the issued patents will be found to be infringed, invalid and unenforceable or will be threatened by third parties. We cannot offer any assurances that the breadth of our granted patents will be sufficient to stop a competitor from developing and commercializing a product, including a biosimilar product, that relates to our patented technologies or that would be competitive with one or more of our product candidates. Furthermore, any successful challenge to these patents or any other patents owned by or licensed to us after patent issuance could deprive us of rights necessary to leverage our intellectual property to generate value. Further, if a collaboration partner encounters delays in regulatory approvals, the period of time during which they could market a product candidate under patent protection could be reduced.

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

In addition to the protection provided by our patent estate, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is not amenable to or yet subject to patent protection. Although we generally require all of our employees to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, or that our trade secrets and other confidential proprietary information will not be disclosed without authorization. Moreover, our competitors may independently develop knowledge, methods and know-how equivalent to our trade secrets. Competitors could purchase our products, if approved, and replicate some or all of the competitive advantages for technologies on which we do not have patent protection. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining the security of our information technology systems. While we have confidence in these individuals, organizations and systems, our agreements or security measures may be breached, and we may not have adequate remedies for any breach. Also, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information. For example, the FDA is considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

Patent terms may be inadequate to protect the competitive position of the products of our future collaboration partners, if any, for an adequate amount of time, and if we do not obtain protection under the Hatch-Waxman Amendments and similar non-United States legislation for extending the term of patents covering each product candidate, or upon the lapse of patent terms covering products of our future collaboration partners, our business may be materially harmed.

Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates or collaboration partner product candidates, one or more of our United States patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments, and similar legislation in the European Union. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a

patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. Only one patent may be extended per approved drug product, and only those claims covering the approved drug product, a method for using it, or a method for manufacturing it may be extended. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we or our future collaboration partners are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be impacted. As a result, our revenue from applicable products could be reduced and could have a material adverse effect on our business. In addition, our ability to pursue our business strategy of enforcing our patent rights against infringing parties will be negatively impacted by the lapse of the patent term for any of our intellectual property and microbiome assets, which may negatively impact our ability to realize the value of our intellectual property estate.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our future patents.

Our ability to obtain patents is highly uncertain because, to date, some legal principles remain unresolved, and there has not been a consistent policy regarding the breadth or interpretation of claims allowed in patents in the United States. Furthermore, the specific content of patents and patent applications that are necessary to support and interpret patent claims is highly uncertain due to the complex nature of the relevant legal, scientific, and factual issues. Changes in either patent laws or interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property or narrow the scope of our patent protection.

The United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the United States Congress, the federal courts and the United States Patent and Trademark Office, or USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we have owned or licensed or that we might obtain in the future. An inability to obtain, enforce, and defend patents covering our proprietary technologies would materially and adversely affect our business prospects and financial condition.

Similarly, changes in patent laws and regulations in other countries or jurisdictions, changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we may obtain in the future. Further, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States and Europe. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. For example, if the issuance in a given country of a patent covering an invention is not followed by the issuance in other countries of patents covering the same invention, or if any judicial interpretation of the validity, enforceability or scope of the claims or the written description or enablement, in a patent issued in one country is not similar to the interpretation given to the corresponding patent issued in another country, our ability to protect our intellectual property in those countries may be limited. Changes in either patent laws or in interpretations of patent laws in the United States and other countries may materially diminish the value of our intellectual property or narrow the scope of our patent protection.

We or our collaboration partners may be unsuccessful in licensing or acquiring intellectual property from third parties that may be required to develop and commercialize our product candidates.

A third party may hold intellectual property, including patent rights that are important or necessary to the development and commercialization of our product candidates. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our product candidates, in which case we would be required to acquire or obtain a license to such intellectual property from these third parties, and we may be unable to do so on commercially reasonable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third-party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. 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 program or product candidate, which could have a material adverse effect on our business.

Third parties may initiate legal proceedings alleging that we or a collaboration partner are infringing their intellectual property rights, or initiate challenges to the validity of our patents in administrative proceedings before various patent offices, including inter-partes review, or IPR, proceedings before the United States Patent and Trademark Office, the outcome of which would be uncertain and could have a negative impact on the success of our business.

Our commercial success depends, in part, upon our ability and the ability of collaborators, if any, to develop, manufacture, market and sell product candidates and use our proprietary technologies without infringing the proprietary rights and intellectual property of third parties. The biotechnology and pharmaceutical industries are characterized by extensive and complex litigation regarding patents and other intellectual property rights. We or our collaboration partners may become party to, or be threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our product candidates and our technology, including interference proceedings, post grant review and *inter partes* review before the USPTO or equivalent foreign regulatory authority. Third parties may assert infringement claims against us or our collaboration partners based on existing patents or patents that may be granted in the future, regardless of their merit. Numerous patents and pending applications are owned by third parties in the fields in which we are developing technology, both in the United States and elsewhere. Moreover, it is difficult for industry participants, including us, to identify all third-party patent rights that may be relevant to our technologies because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. We may fail to identify relevant patents or patent applications or may identify pending patent applications of potential interest but incorrectly predict the likelihood that such patent applications may issue with claims of relevance to our technology. In addition, we may be unaware of one or more issued patents that would be infringed by the manufacture, sale or use of a current or future product candidate, or we may incorrectly conclude that a third-party patent is invalid, unenforceable or not infringed by our activities. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, our products or the use of our products.

There is a risk that third parties may choose to engage in litigation with us or our collaboration partners to enforce or to otherwise assert their patent rights against us. Even if we believe such claims are without merit, a court of competent jurisdiction could hold that third-party patents are valid, enforceable and infringed, which could have a negative impact on us, including by increasing the cost of, or otherwise burdening, the ability of a collaboration partner to commercialize product candidates. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. As this burden is a high one requiring us to present clear and convincing evidence as to the invalidity of any such U.S. patent claim, there is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent. Foreign courts will have similar burdens to overcome in order to successfully challenge a third party claim of patent infringement.

We are aware of an issued U.S. patent containing claims which, if valid and enforceable, could be construed to cover CP101. While we believe that the granted claims within this third party patent may not be valid, may not be construed to cover our products and/or that they may be reasonably challenged for validity, there can be no assurance that any such challenge would be successful. If we or a collaboration partner are found to infringe a third party's valid and enforceable intellectual property rights, we could be required to obtain a license from such third party to continue developing, manufacturing and marketing our product candidates and technology. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease developing, manufacturing and commercializing the infringing technology or product candidate. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us or a collaboration partner from manufacturing and commercializing certain product candidates, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business, financial condition, results of operations and prospects.

We may be subject to claims that our former employees, current employee, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties.

We have employed individuals who were previously employed at other biotechnology or biopharmaceutical companies. Our current employee was previously employed at other biopharmaceutical companies. In addition, we use publications that are subject to copyright, as well as proprietary information and materials from third parties in our research. Some of the information and materials we use from third parties may be subject to agreements that include restrictions on use or disclosure. Although we strive to ensure proper safeguards, we cannot guarantee strict compliance with such agreements, nor can we be sure that our employees, consultants and advisors do not use proprietary information, materials, or know-how of others in their work for us. We may be subject to claims that we or our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third

parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our future patents. In addition, we may be subject to claims that we are infringing other intellectual property rights, such as trademarks or copyrights, or misappropriating the trade secrets of others, and to the extent that our employees, consultants or contractors use intellectual property or proprietary information owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and even if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

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

We may also be subject to claims that former employees, collaborators, or other third parties have an ownership interest in our patent applications, our future patents, or other intellectual property, including as an inventor or co-inventor. We may be subject to ownership or inventorship disputes in the future arising, for example, from conflicting obligations of consultants, contractors or others who are or were involved in developing our microbiome assets or product candidates. Although it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own, and we cannot be certain that our agreements with such parties will be upheld in the face of a potential challenge, or that they will not be breached, for which we may not have an adequate remedy. The assignment of intellectual property rights may not be self-executing or the assignment agreements may be breached, and litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Reliance on third parties in the future may require 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 to others.

If we rely on third parties to manufacture or commercialize our product candidates, or if we collaborate with additional third parties for the development of such product candidates, we may need to, at times, share trade secrets with them. We may also conduct joint research and development programs that may require us to share trade secrets under the terms of our research and development partnerships or similar agreements. We seek to protect our trade secrets and other proprietary technology in part by entering into confidentiality agreements with third parties prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure could have an adverse effect on our business and results of operations.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets. Despite our efforts to protect our trade secrets, we may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements. Moreover, we cannot guarantee that we have entered into such agreements with each party that may have or have had access to our confidential information or proprietary technology and processes. Monitoring unauthorized uses and disclosures is difficult, and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. If any of the collaborators, scientific advisors, employees, contractors and consultants who are parties to these agreements breaches or violates the terms of any of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. Moreover, if confidential information that is licensed or disclosed to us by our partners, collaborators, or others is inadvertently disclosed or subject to a breach or violation, we may be exposed to liability to the owner of that confidential information. Enforcing a claim that a third party illegally obtained and is using our trade secrets, like patent litigation, is expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets.

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

Filing and prosecuting patent applications and defending patents covering our product candidates in all countries throughout the world would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we have not obtained patent protection or where enforcement rights are not as strong as those in the United States or Europe. These

products may compete with our technologies or product candidates or those of our collaboration partners, and our future patents or other intellectual property rights may not be effective or sufficient to defend our rights adequately.

In addition, we have decided, in some cases, and may in the future decide to abandon national and regional patent applications before they are granted. The examination of each national or regional patent application is an independent proceeding. As a result, patent applications in the same family may issue as patents in some jurisdictions, such as in the United States, but may issue as patents with claims of different scope or may even be refused in other jurisdictions. It is also quite common that depending on the country, the scope of patent protection may vary for the same product candidate or technology. For example, certain jurisdictions do not allow for patent protection with respect to method of treatment.

While we seek to protect our intellectual property rights in expected significant markets, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions which may be attractive and commercially valuable to us or to a collaboration partner. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have an adverse effect on our ability to successfully leverage our microbiome assets in all of the expected significant foreign markets. If we encounter difficulties in protecting, or are otherwise precluded from effectively protecting, the intellectual property rights important for our business in such jurisdictions, the value of these rights may be diminished, and we may face additional competition from others in those jurisdictions.

The laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in the United States and Europe and many companies have encountered significant difficulties in protecting and defending such rights in such jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property rights, which could make it difficult for us to stop the infringement of our future patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in other jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our future patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

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

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

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our patents and/or applications and any patent rights we may obtain in the future. Furthermore, the USPTO and various non-United States government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse of a patent or patent application can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patents or patent applications, resulting in partial or complete loss of patent rights in the relevant jurisdiction. As we operate with a significantly reduced workforce and otherwise reduce costs, the risk of inadvertent non-compliance may increase or we may decide to forego payment of necessary fees. Regardless of the circumstances, in such an event, potential competitors might be able to enter the market, which could have a material adverse effect on our business. Moreover, as we seek to monetize our patents and other microbiome technology through strategic collaborations, any such event could diminish the value of our portfolio of intellectual property and microbiome assets, expose liability to a strategic collaboration partner or otherwise have a material adverse effect on our business.

Any trademarks we have obtained or may obtain may be infringed or otherwise violated, or successfully challenged, resulting in harm to our business.

We expect to rely on trademarks as one means to distinguish our product candidates, if approved for marketing, from the drugs of our competitors. Once we select new trademarks and apply to register them, our trademark applications may not be approved. Third parties may oppose or attempt to cancel our trademark applications or trademarks, or otherwise challenge

our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our drugs, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Our competitors may infringe or otherwise violate our trademarks and we may not have adequate resources to enforce our trademarks. Any of the foregoing events may have a material adverse effect on our business.

Risks Related to Our Business Operations and Employee Matters

Our internal computer systems, or those of any of our current or future collaborators and strategic partners or other contractors or consultants, may fail or suffer security breaches, which could result in a significant disruption and our ability to operate our business effectively.

Our internal computer systems and those of any of our current or future collaborators and strategic partners and other contractors or consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, ransomware, denial-of-service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information. Cyber-attacks also could include phishing attempts or e-mail fraud to cause payments or information to be transmitted to an unintended recipient.

While we have not experienced any significant system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a disruption of our business operations, whether due to a loss of our trade secrets or other proprietary information or other similar disruptions. Any such event that leads to unauthorized access, use or disclosure of personal information, including personal information regarding our patients or employees, could harm our reputation, cause us not to comply with federal and/or state breach notification laws and foreign law equivalents and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. Furthermore, because the techniques used to obtain unauthorized access to, or to sabotage, systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. Security breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. While we have implemented security measures to protect our information technology systems and infrastructure, such measures may not prevent service interruptions or security breaches that could adversely affect our business and to the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability, our competitive position could be harmed and the further development and commercialization of our product candidates could be delayed.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our collaborators, contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

Failure to comply with health and data protection laws and regulations could lead to government enforcement actions, including civil or criminal penalties, private litigation, and adverse publicity and could negatively affect our operating results and business.

We and any current or future collaborators and strategic partners may be subject to federal, state, municipal and foreign data protection laws and regulations, such as laws and regulations that address privacy and data security. In the United States, numerous federal and state 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, including 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. In addition, we may obtain health information from third parties, including research institutions from which we obtain data, that are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act, or HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH. Depending on the facts and circumstances, we could be subject to civil, criminal, and administrative penalties if we obtain, use, or disclose individually identifiable health information maintained by a HIPAA-covered entity in a manner that is not authorized or permitted by HIPAA.

Compliance with U.S. and international data protection laws and regulations could require us to take on more onerous obligations in our contracts, restrict our ability to collect, use and disclose data, or in some cases, impact our ability to operate in certain jurisdictions. Failure to comply with these laws and regulations could result in government enforcement actions

(which could include civil, criminal and administrative penalties), private litigation, and/or adverse publicity and could negatively affect our operating results and business. Moreover, clinical trial subjects, employees and other individuals about whom we or our current or future collaborators obtain personal information, as well as the providers who share this information with us, may limit our ability to collect, use and disclose the information. Claims that we have violated individuals' privacy rights, failed to comply with data protection laws, or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

We are subject to a variety of privacy and data security laws, and our failure to comply with them could harm our business.

We maintain a large quantity of sensitive information, including confidential business and personal information gathered in connection with the conduct of our clinical trials and related to our employees, and we are subject to laws and regulations governing the privacy and security of such information. In the United States, there are numerous federal and state privacy and data security laws and regulations governing the collection, use, disclosure and protection of personal information, including federal and state health information privacy laws, federal and state security breach notification laws, and federal and state consumer protection laws. Each of these laws, the requirements of which sometimes evolve with amendments, regulations and case law, can be subject to varying interpretations. In addition, new laws regulating privacy and data security continue to be passed in jurisdictions all over the world. In May 2018, the General Data Protection Regulation, or the GDPR, took effect in the European Economic Area, or the EEA. The GDPR governs the collection, use, disclosure, transfer or other processing of personal data of European persons. Among other things, the GDPR imposes requirements regarding the security of personal data and notification of data processing obligations to the competent national data processing authorities, changes the lawful bases on which personal data can be processed, expands the definition of personal data and requires changes to informed consent practices, as well as more detailed notices for clinical trial subjects and investigators. In addition, the GDPR increases the scrutiny of transfers of personal data from clinical trial sites located in the EEA to the United States and other jurisdictions that the European Commission does not recognize as having "adequate" data protection laws, and imposes substantial fines for breaches and violations (up to the greater of €20 million or 4% of our consolidated annual worldwide gross revenue). The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of the GDPR.

In addition, within the United States, states regularly adopt new laws or amending existing laws, requiring attention to frequently changing regulatory requirements. For example, the California Consumer Privacy Act, which took effect on January 1, 2020, became enforceable by the California Attorney General on July 1, 2020, 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 by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined) and provide such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. While there is currently an exception for protected health information that is subject to HIPAA and clinical trial regulations, as currently written, the CCPA may impact certain of our business activities. In addition, other states may propose or enact laws that are similar to the CCPA as part of a trend toward more stringent privacy legislation in the United States.

Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with new data protection rules. If we fail to comply with any such laws or regulations, we may face significant fines and penalties that could adversely affect our business, financial condition and results of operations. Furthermore, the laws are not consistent, and compliance in the event of a widespread data breach is costly.

Our current employee, consultants, contractors 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 employee, consultants and commercial partners. Misconduct by these parties could include intentional failures to comply with FDA regulations or the regulations applicable in other jurisdictions, provide accurate information to the FDA and other regulatory authorities, 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 restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct also could involve the

improper use of information obtained in the course of clinical trials or interactions with the FDA or other regulatory authorities, 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 government 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 and we are not successful in defending ourselves or asserting our rights, those actions could result in significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participating in government funded healthcare programs, such as Medicare and Medicaid, 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, contractual damages, reputational harm and the curtailment or restructuring of our operations, any of which could have a negative impact on our business, financial condition, results of operations and prospects.

Risks Related to Our Common Stock

We have received a notification of delisting from The Nasdaq Global Select Market and we may be unsuccessful in our appeal of the delisting determination. In addition, our shares of common stock may also be delisted from the Nasdaq Global Select Market if we do not satisfy Nasdaq's rules requiring that we maintain a minimum market value of publicly held shares of the Company's common stock of $5.0 million. The delisting of the Company's shares of common stock from the Nasdaq Global Select Market could result in, among other things, less liquidity for holders of shares of our common stock and a decline in the price of our common stock.

On February 16, 2024, we received a determination letter from the Listing Qualifications Department of The Nasdaq Stock Market LLC ("Nasdaq") notifying us that it believes that, as a result of our decision in January 2023 to re-orient our business strategy, including by discontinuing our Phase 3 clinical trial of CP101 in recurrent CDI and focusing on realizing the value of our intellectual property estate and other assets, the Company is a "public shell" under the Nasdaq criteria. As such, the Nasdaq Listing Qualifications Department determined the continued listing of our common stock on the Nasdaq Global Select Market ("Nasdaq GSM") is no longer warranted. We dispute the Nasdaq's determination and have taken the necessary steps to appeal the Nasdaq Listing Qualifications Department's determination to delist our securities by requesting a hearing before a Nasdaq Listing Qualifications Panel (the "Listing Panel") and tendering the appropriate fee. Our common stock will continue to trade on the Nasdaq GSM until our appeal is adjudicated before the Listing Panel. A hearing before the Listing Panel is scheduled for April 23, 2024 and we expect a decision from the Listing Panel within or up to thirty (30) days of the hearing. However, there can be no assurances that our appeal will be successful.

In addition, the listing standards of the Nasdaq GSM require, among other things, that the Company maintain a minimum market value of publicly held shares of the Company's common stock of $5.0 million for continued inclusion on the Nasdaq GSM pursuant to Nasdaq Listing Rule 5450(b)(1)(C) (the "MVPHS Rule"). On November 15, 2023 we received a deficiency letter (the "Notice") from the Listing Qualifications Department of Nasdaq notifying us that, for the last 35 consecutive business days, the market value of our publicly held shares of the Company's common stock did not meet the requirement of the MVPHS Rule.

In accordance with Nasdaq Listing Rule 5810(c)(3)(D), we have until May 13, 2024 in which to regain compliance with the MVPHS Rule. To regain compliance, the market value of our publicly held shares must meet or exceed $5.0 million for a minimum of 10 consecutive business days prior to May 13, 2024, unless Nasdaq exercises its discretion to extend this period pursuant to Nasdaq Listing Rule 5810(c)(3)(H). If we do not regain compliance within the compliance period, Nasdaq will provide written notification to us that our common stock will be subject to delisting. In the event of such a notification, we may appeal the Nasdaq staff's determination to delist our securities, but there can be no assurance the Nasdaq staff would grant our request for continued listing. We intend to monitor the trading activity of our common stock and will consider the various options available to us if our common stock does not trade at a level that is likely to regain compliance, including that we may consider applying to transfer the common stock to the Nasdaq Capital Market. There can be no assurance that we will be able to regain compliance or that we will be able to maintain our Nasdaq listing.

In the event that we are unable to satisfy the continued listing standards of the Nasdaq GSM, our common stock may be delisted from that market. Any delisting of our common stock from the Nasdaq GSM could adversely affect our ability to attract new investors, decrease the liquidity of our outstanding shares of common stock, reduce our flexibility to raise additional capital, reduce the price at which our common stock trades and increase the transaction costs inherent in trading such shares with overall negative effects for our stockholders. In addition, delisting of our common stock could deter broker-dealers from making a market in or otherwise seeking or generating interest in our common stock, and might deter certain institutions and persons from investing in our securities at all. For these reasons and others, delisting could adversely affect the price of our common stock and our business, financial condition and results of operations.

If our common stock is delisted by the Nasdaq GSM, our common stock may be eligible to trade on the Nasdaq Capital Market or an over-the-counter quotation system, where an investor may find it more difficult to sell our stock or obtain

accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from the Nasdaq GSM, will be listed on another national securities exchange or quoted on an over-the counter quotation system.

An active trading market for our common stock may not be sustained and you may not be able to resell your shares of our common stock at an attractive price, if at all.

Although our common stock is currently listed on The Nasdaq GSM, we cannot assure you that an active trading market for our shares will be sustained. If an active market for our common stock does not develop or is not sustained, it may be difficult for you to sell shares you purchased at an attractive price or at all. An inactive market may also impair our ability to raise capital to continue to fund our operations by selling our common stock and may impair our ability to acquire other companies or technologies by using our common stock as consideration.

The market price of our common stock has been and is likely to continue to be volatile and fluctuate substantially, which could result in substantial losses for our common stock.

The market price of our common stock has been and is likely to continue to be volatile. The stock market in general and the market for biopharmaceutical or pharmaceutical companies, in particular, has experienced extreme volatility that has often been unrelated to the operating performance of particular companies, which has resulted in decreased stock prices for many companies notwithstanding the lack of a fundamental change in their underlying business models or prospects. The market price for our common stock may fluctuate significantly in response to updates related to our efforts to realize value from our intellectual property estate and other assets, as well as numerous other factors, many of which are beyond our control, including the factors listed below and other factors described in this "Risk Factors" section:

- outcome of current litigation;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including patent or stockholder litigation, and any adverse ruling which may arise;
- changes in financial estimates by us or by any equity research analysts who might cover our stock;
- conditions or trends in our industry;
- changes in the market valuations of similar companies;
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry;
- publication of research reports about us or our industry or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- announcement by our competitors of regulatory developments or new data;
- announcements by us or our competitors of significant acquisitions, strategic partnerships or divestitures;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- investors' general perception of our company and our business;
- recruitment or departure of key personnel;
- overall performance of the equity markets;
- trading volume of our common stock;
- changes in the structure of healthcare payment systems;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

In addition, in the past, stockholders have initiated class action lawsuits against pharmaceutical and biotechnology companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management's attention and resources from our business.

If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about us, our business or our market, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that equity research analysts publish about us and our business. To date, we have only limited research coverage by equity research analysts. Certain equity research analysts who were previously providing research coverage of our common stock have elected not to continue such coverage, and we may never again obtain such coverage. If no or few analysts commence coverage of us, the market price of our common stock may be adversely affected. If at any time we do have equity research analyst coverage, we do not have any control over the analysts or the content and opinions included in their reports. The price of our stock could decline if one or more equity research analysts downgrade our stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which in turn could cause our stock price or trading volume to decline.

Sales of our common stock in the public market could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. If our stockholders sell, or the market perceives that our stockholders intend to sell, substantial amounts of our common stock in the public market, the market price of our common stock could decline significantly. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our common stock.

In addition, we have registered the shares of common stock subject to options or other equity awards issued or reserved for future issuance under our 2017 Equity Incentive Plan, as amended, or the 2017 Plan, our 2021 Equity Incentive Plan, or the 2021 Plan, and our 2021 Employee Stock Purchase Plan, or the ESPP. Such shares will be available for sale in the public market subject to vesting arrangements and exercise of options or warrants and the restrictions of Rule 144 in the case of our affiliates.

Additionally, the holders of a significant number of shares of our common stock, or their transferees, have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register the resale of these shares, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may limit the ability of new investors to influence significant corporate decisions.

As of December 31, 2023, our executive officers, directors and beneficial owners of 5% or more of our common stock and their respective affiliates beneficially owned approximately 40% of our outstanding common stock. As a result, if some or all of these parties acted as a group, they would be able to significantly influence matters requiring approval by our stockholders, including the election and removal of directors, any merger, consolidation, or sale of all or substantially all of our assets, and other significant corporate transactions. Some of these persons or entities may have interests different than yours.

We are an "emerging growth company" and a "smaller reporting company" and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, our common stock may be less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, 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:

- 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 in our periodic reports, proxy statements and registration statements; and
- not being required to hold a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. 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 December 31, 2026 or, if earlier, (i) the last day of the fiscal year in which we have total annual gross revenue of at least $1.235 billion, (ii) the date on which we are

deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30th, or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Even after we no longer qualify as an emerging growth company, we may, under certain circumstances, still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements, including reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired.

As a public company, we operate in an increasingly demanding regulatory environment, which requires us to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the rules and regulations of Nasdaq and the rules and regulations of the Commission. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting.

We must provide a management certification of our internal control over financial reporting, as required by Section 404(a) of the Sarbanes-Oxley Act. This certification states the responsibility of our management to establish and maintain an adequate internal control structure and procedures for financial reporting and also contains an assessment of the effectiveness of our internal control over financial reporting. The process of building our accounting and financial functions and infrastructure has required and will continue to require significant professional fees, internal costs and management efforts. For example, we have outsourced our financial reporting functions, and we rely on consultants or external service providers to assist with our financial reporting, and to provide services related to our finance function, including with respect to the evaluation and documentation of our system of internal controls functions. Any disruptions or difficulties in maintaining the services provided by outside consultants or financial service providers, or in implementing or using our accounting and financial functions and infrastructure, could adversely affect our system of internal controls and harm our business. Moreover, such disruption or difficulties could result in unanticipated costs and diversion of management attention.

In addition, we may identify 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 successfully identify and remediate any material weaknesses in our internal control over financial reporting or 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 that were to happen, the market price of our stock could decline and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial statements in a timely manner, which may adversely affect our business, investor confidence in our company and the market value of our common stock.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. We are required, under Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment also needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 of the Sarbanes-Oxley Act also generally requires an attestation from our independent registered public accounting firm on the effectiveness of our internal control over financial reporting. However, for as long as we remain an emerging growth company, we intend to take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement.

We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over

financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness or significant deficiency in our internal control over financial reporting once that firm begins its Section 404 reviews, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by The Nasdaq Stock Market LLC, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Changes in U.S. tax law could adversely affect our financial condition and results of operations.

The rules dealing with U.S. federal, state, and local income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many such changes have been made and changes are likely to continue to occur in the future. Future changes in U.S. tax laws could have a material adverse effect on our business, cash flow, financial condition or results of operations. We urge investors to consult with their legal and tax advisors regarding the implications of potential changes in U.S. tax laws on an investment in our common stock.

We might not be able to utilize a significant portion of our net operating loss carryforwards.

We have generated and expect to generate significant federal and state net operating loss, or NOL, carryforwards in the future. To the extent that our federal NOL carryforwards were generated prior to 2018, these NOL carryforwards could expire unused and be unavailable to offset future income tax liabilities. To the extent that our federal NOL carryforwards were generated after 2017, these federal NOL carryforwards may be carried forward indefinitely, but such federal NOL carryforwards cannot offset more than 80% of the federal taxable income that we would have in any future taxable year beginning with our 2021 taxable year before taking into account such federal NOL carryforwards. Similar rules may apply under state tax laws. In addition, under Section 382 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% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income or taxes may be limited or eliminated, including, in our case, because we might not be considered to have continued our business enterprise. The completion of our IPO in March 2021, together with private placements and other transactions that have occurred since our inception, may have triggered such an ownership change pursuant to Section 382. We have not yet completed a Section 382 analysis. We may experience ownership changes as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If an ownership change occurs and our ability to use our NOL carryforwards is materially limited or eliminated, such limitations or elimination could result in increased future tax liability to us and our future cash flows could be adversely affected.

Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment.

You should not rely on an investment in our common stock to provide dividend income. We have not declared or paid cash dividends on our common stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. Investors seeking cash dividends should not purchase our common stock.

Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common stock may be lower as a result.

There are provisions in our certificate of incorporation and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change of control was considered favorable by you and other stockholders. For example, our board of directors will have the authority to issue up to 10,000,000 shares of preferred stock. The board of directors can fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. The issuance of shares of preferred stock may delay or prevent a change of control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions by prohibiting Delaware corporations from engaging in specified business combinations with particular stockholders of those companies. These provisions could discourage potential acquisition proposals and could delay or prevent a change of control transaction. They could also have the effect of discouraging others from making tender

offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will 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, or employees.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action asserting a breach of fiduciary duty;
- any claim or cause of action against us arising under the Delaware General Corporation Law;
- any claim or cause of action arising under or seeking to interpret our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any claim or cause of action against us that is governed by the internal affairs doctrine.

The provisions 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 will further provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. While the Delaware courts have determined that such choice of forum provisions are facially valid, 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.

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.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

In the ordinary course of our business, we and our third-party service providers collect, maintain and transmit sensitive data on our networks and systems, including with respect to our intellectual property and proprietary or confidential business information (such as research data and personal information). The secure maintenance of this information is critical to our business and reputation. In addition, we are dependent on the functioning of our information technology infrastructure to carry out our business processes. While we have adopted administrative, technical and physical safeguards to protect such systems and data, our systems and those of third-party service providers may be vulnerable to a cyber-attack.

We have adopted processes designed to identify, assess and manage material risks from cybersecurity threats. Those processes include responding to internal and external threats to the security, confidentiality, integrity and availability of our data and information systems. We may detect potential vulnerabilities and anomalies through our technical safeguards and we have adopted policies relating to the notification of and response to cybersecurity incidents.

We rely on third parties, including cloud vendors, for various business functions. Our third-party services providers have access to our information systems and data, and we rely on such third parties for the continuous operation of our business operations. We oversee third-party service providers by conducting diligence when onboarding vendors. Vendors are assessed for risk based on the nature of their service, and access to our data and systems and, based on that assessment, we may conduct additional diligence including security questionnaires and other technical evaluations.

Our Board of Directors has established oversight mechanisms to manage risks from cybersecurity threats. Our Audit Committee has primary responsibility for oversight of cybersecurity. Our Audit Committee will report from time to time, as necessary, to the Board on these matters. At the management level, our cybersecurity program is managed by our Chief Executive Officer, who reports to the Board, with the assistance of a third-party vendor.

Although we have experienced minor cybersecurity incidents in the past, as of the date of this report, we have not experienced a cybersecurity incident that resulted in a material effect on our business strategy, results of operations, or financial condition. Despite our continuing efforts, we cannot guarantee that our cybersecurity safeguards will prevent breaches or breakdowns of our or our third-party service providers' information technology systems, particularly in the face of continually evolving cybersecurity threats and increasingly sophisticated threat actors. A cybersecurity incident may materially affect our business, results of operations or financial condition, including where such an incident results in reputational, competitive or business harm, loss of intellectual property rights, significant costs or the Company being subject to government investigations, litigation, fines or damages. For more information, see "Our internal computer systems, or those of any of our current or future collaborators and strategic partners or other contractors or consultants, may fail or suffer security breaches, which could result in a significant disruption and our ability to operate our business effectively."

Item 2. Properties.

While our one employee works remotely, we lease and maintain our primary office at 75 State Street, Suite 100, Boston, Massachusetts, which is a shared/virtual office facility. In addition, we lease approximately 61,139 square feet of office and laboratory space in Charlestown, Massachusetts, which we are currently subleasing out to two subtenants for three-year terms (see Note 5). We believe that this facility will be adequate for our near-term needs.

Item 3. Legal Proceedings.

On December 1, 2021, Rebiotix Inc. and Ferring Pharmaceuticals Inc., or, collectively, Rebiotix, filed a complaint against us in the U.S. District Court for the District of Delaware, or the Court. The complaint seeks a declaratory judgment of non-infringement and invalidity with respect to seven United States Patents owned by us: U.S. Patent Nos. 10,675,309, or the '309 Patent; 10,463,702, or the '702 Patent; 10,328,107, or the '107 Patent; 10,064,899; 10,022,406, or the '406 Patent; 9,962,413, or the '413 Patent; and 9,308,226. On February 7, 2022, we filed an answer and counterclaims against Rebiotix for infringement of the '107 Patent, the '702 Patent, and the '309 Patent. In June 2022, we alleged infringement of the '406 Patent and '413 Patent by Rebiotix. On March 7, 2022, we filed an amended answer and counterclaims, in which we, together with the Regents of the University of Minnesota, or UMN, alleged infringement by Rebiotix of three U.S. Patents owned by UMN and exclusively licensed to us: U.S. Patent Nos. 10,251,914, 10,286,011, and 10,286,012, or, collectively, the UMN Patents. On April 4, 2022, Rebiotix filed counterclaims for declaratory judgment of non-infringement and invalidity of the UMN Patents. On May 2, 2022, we and UMN responded, denying such counterclaims. The Court set a trial date for a five-day trial beginning on May 20, 2024. On January 23, 2023, we filed a second amended answer and counterclaims, in which we alleged infringement by Rebiotix of two additional U.S. Patents owned by us: U.S. Patent Nos.

11,541,080, or the ’080 Patent, and 11,491,193, or the ’193 Patent. On February 7, 2023 Rebiotix filed counterclaims for declaratory judgment of non-infringement and invalidity of the ’080 Patent and ’193 Patent. The Court issued a claim construction order on February 28, 2023. On July 6, 2023, Rebiotix filed a motion to dismiss certain counts of our second amended answer and counterclaims based on the assertion that we lack standing to sue as to the ’107 Patent, ’702 Patent, ’309 Patent, ’406 Patent, ’413 Patent, ’193 Patent, and ’080 Patent. Rebiotix specifically alleges that the sole named inventor on these patents, Thomas J. Borody, did not assign his rights in those patents to Finch, and as a result, we do not own them and therefore do not have standing to assert them. Briefing on this motion is complete. The parties have mutually agreed to narrow the case to include only claims from the ’309, ’702, ’193, ’080, ’914, and ’012 Patents. On December 8, 2023, both parties filed dispositive motions asking the Court to resolve certain aspects of the case in advance of the jury trial. On February 21, 2024, the Company received a notice that the U.S. District Court for the District of Delaware issued an order resetting the trial date from May 20, 2024 to August 5, 2024.

The pending lawsuit is subject to inherent uncertainties, and the actual legal fees and costs will depend upon many unknown factors. The outcome of the pending lawsuit cannot be predicted with certainty.

We may also be a party to litigation and subject to claims incident to the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of these ordinary course matters will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Our common stock trades under the symbol "FNCH" on the Nasdaq Global Select Market and has been publicly traded since March 19, 2021. Prior to this time, there was no public market for our common stock. On March 20, 2024, the closing price of our common stock on The Nasdaq Global Select Market was $2.74 per share.

Holders of Our Common Stock

As of March 20, 2024, there were approximately 66 stockholders of record of shares of our common stock, one of which is Cede & Co., a nominee for Depository Trust Company, or DTC. All of the shares of common stock held by brokerage firms, banks and other financial institutions as nominees for beneficial owners are deposited into participant accounts at DTC, and are considered to be held of record by Cede & Co. as one stockholder.

Dividends

We have never declared or paid any dividends on our capital stock. We currently intend to retain all available funds and any future earnings for the operation and expansion of our business and, therefore, we do not anticipate declaring or paying cash dividends in the foreseeable future. The payment of dividends will be at the discretion of our board of directors and will depend on our results of operations, capital requirements, financial condition, prospects, contractual arrangements, any limitations on payment of dividends present in any future debt agreements and other factors that our board of directors may deem relevant.

Recent Sales of Unregistered Securities

None.

Issuer Purchase of Equity Securities

None.

Item 6. [Reserved]

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

You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this report, including information with respect to our plans and strategy for our business, 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 Annual Report on Form 10-K, 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 section titled "Risk Factors" set forth in Part I, Item 1A of this Annual Report on Form 10-K to gain an understanding of the important factors that could cause actual results to differ materially from our forward-looking statements. Please also see the section titled "Special Note Regarding Forward-Looking Statements." You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this Annual Report on Form 10-K.

Overview

We are a microbiome technology company with a portfolio of intellectual property and microbiome assets. Our objectives are to realize the value of our intellectual property estate through licensing our technology to collaboration partners and enforcing our patent rights against infringing parties through intellectual property litigation and, in certain cases, to generate additional data on selected product candidates through academic collaborations. We have a robust intellectual property estate reflecting our pioneering role in the microbiome therapeutics field, including more than 113 issued U.S. and foreign patents with relevance for both donor-derived and donor-independent microbiome therapeutics in a range of potential indications. Our assets include CP101, an investigational, orally administered microbiome candidate designed for the prevention of recurrent *C. difficile* infection, or CDI, with positive clinical data from a Phase 2 randomized, placebo-controlled trial and a Phase 2 open-label trial, and pre-clinical assets that are designed to target ulcerative colitis, Crohn's disease, and autism spectrum disorder. Additionally, we have developed a significant biorepository of strains and samples.

In January 2023, we began focusing on realizing the value of our intellectual property estate and other assets. We have significantly scaled back our expenses by winding down our clinical development efforts, including liquidating certain of our assets, terminating vendor contracts and reducing headcount, and we now focus on realizing the value of our intellectual property and other assets, or, collectively, the 2023 Business Initiatives. This decision came after an assessment by our management team and board of directors of multiple factors, including our outlook for identifying a commercial partner, slower than anticipated enrollment in the PRISM4 trial, the harmful impact of what we believe is the ongoing unauthorized use of our intellectual property, and broader sector trends in the biotechnology industry.

We do not currently expect to be able to progress any product candidate through clinical trials or commercial approval and we do not currently expect to generate any revenue from product sales. Since our inception, we have funded our operations primarily with proceeds from the sale of common and convertible preferred stock, our previous loan agreement with Hercules Capital and from collaboration revenue.

Since our inception, we have incurred significant operating losses. Our net losses were $74.8 million and $114.6 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, we had an accumulated deficit of $350.4 million. We expect to continue to generate operating losses and negative operating cash flows for the foreseeable future as we attempt to realize the value of our intellectual property estate and other assets.

Although we believe strongly in the value of our pioneering intellectual property portfolio and the merits of our current litigation activities relating to those assets, we may never succeed in realizing the value of our intellectual property estate and other assets and, even if we do, we may never generate revenue that is significant or large enough to achieve profitability.

As a result, we may need additional funding to support our operating activities as we seek to realize value from our intellectual property estate and other assets. Until such time, if ever, that we can generate substantial revenue, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including collaborations, licenses or similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed or on favorable terms, if at all. If we are unable to obtain funding as needed, we may decide to pursue a dissolution and liquidation.

We have a robust intellectual property estate reflecting our pioneering role in the microbiome therapeutics field, including more than 70 issued U.S. and foreign patents with relevance for both donor-derived and donor-independent microbiome therapeutics in a range of potential indications. Our assets include CP101, an investigational, orally administered microbiome candidate designed for the prevention of recurrent *C. difficile* infection, or CDI, with positive clinical data from a Phase 2 randomized, placebo-controlled trial and a Phase 2 open-label trial, and pre-clinical assets that are designed to target ulcerative colitis, Crohn's disease, and autism spectrum disorder. Additionally, we have developed a significant biorepository of strains and samples.

Until January 2023, we were a clinical-stage microbiome therapeutics company using our *Human-First Discovery* platform to develop a novel class of orally administered biological drugs. The microbiome consists of trillions of microbes that live symbiotically in and on every human and are essential to our health. When key microbes are lost, the resulting microbiome disruption can increase susceptibility to immune disorders, infections, neurological conditions, cancer and other serious diseases. We developed our *Human-First Discovery* platform to use reverse translation to identify diseases of microbiome disruption and to design microbiome therapeutics that address them. We were previously developing CP101 as an orally administered complete microbiome therapeutic designed for the prevention of recurrent CDI. While we believe that CP101 has therapeutic potential in both CDI and other indications, on January 24, 2023, we announced our decision to discontinue PRISM4.

We will also continue to explore opportunities to realize the value of our intellectual property and microbiome assets through strategic partnerships and academic collaborations. These include our licensing relationship with the University of Minnesota, or UMN, pursuant to which UMN is conducting multiple investigator-sponsored clinical trials using a microbiome product candidate comprised of compositions to which we hold an exclusive license. In addition to our clinical and pre-clinical assets, we have developed a biorepository of samples and strains that can be used in a variety of research applications and may form the basis for future collaborations.

Components of Our Results of Operations

Revenue

We have no products approved for commercial sale. We have not generated any revenue from product sales and do not expect to generate any revenue from the sale of licensed products for the foreseeable future. Our revenue to date has been generated primarily through collaboration and license agreements. We recognize revenue over our expected performance period under each agreement. We expect that our revenue for the next several years, if any, will be derived from enforcement and out-licensing of our intellectual property estate. Additionally, we will continue to earn royalties under our Asset Purchase Agreement, dated as of November 19, 2020, or the OpenBiome Agreement, with Microbiome Health Research Institute, Inc., doing business as OpenBiome, or OpenBiome, based on sales of fecal microbiota transplantation ("FMT"), materials, which we receive as reimbursement for the payment of third-party license fees.

Collaboration and License Agreement with Takeda

We were party to a research collaboration and exclusive license agreement, or, as amended and restated, the Takeda Agreement, with Takeda, pursuant to which we granted Takeda a worldwide, exclusive license, with the right to grant sublicenses, under our rights in certain patents, patent applications and know-how to develop, have developed, manufacture, have manufactured, make, have made, use, have used, offer for sale, sell, have sold, commercialize, have commercialized and import our microbiome therapeutic candidate FIN-524, for the prevention, diagnosis, theragnosis or treatment of diseases in humans. In August 2022, we received written notice from Takeda that, following a review of its pipeline, Takeda had elected to exercise its right to terminate the Takeda Agreement, which became effective on November 17, 2022 and the license rights granted to Takeda terminated. In October 2022, the Takeda Agreement was amended to allow the Company to use commercially reasonable efforts to continue certain development activities for no more than $0.1 million. The Company completed the development in March 2023. Revenue earned under the Takeda Agreement was recognized as our research and development, or R&D services were provided and was recorded as collaboration revenue on our consolidated statement of operations.

Agreements with OpenBiome

We are party to a LMIC License Agreement, or the LMIC Agreement, with Microbiome Health Research Institute, Inc., or OpenBiome, pursuant to which we granted OpenBiome a non-exclusive royalty-bearing license, with the right to grant sublicenses, under certain patents, patent applications, and know-how that are reasonably necessary or useful for the exploitation of products manufactured directly from stool from a stool donor source without the use of culturing or replication, or certain natural products. The only consideration provided to us under the LMIC Agreement is in the form of potential future royalties on net sales of these products. We are entitled to receive tiered royalties on net sales of certain products, ranging from mid-single digit to low second decile digits on a product-by-product and country-by-country basis. We did not recognize any revenue related to the LMIC Agreement for the years ended December 31, 2023 and 2022, as there are currently no products available for sale.

We were also party to an asset purchase agreement, or the OpenBiome Agreement, with OpenBiome which entitles us to royalties which serve as reimbursement for third party license fees, based on sales of FMT materials. We did not recognize any revenue related to the OpenBiome Agreement for the years ended December 31, 2023 and 2022, as there were no sales of FMT materials.

Operating Expenses

R&D Expenses

Until January 2023, R&D activities were central to our business model. As a result of our 2023 Business Initiatives, we do not currently expect to be able to progress any product candidate through clinical trials or commercial approval.

R&D expenses primarily consisted of costs incurred for research activities, including discovery and development efforts. We expense R&D costs as incurred, which include:

- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in R&D functions;
- upfront, milestone and maintenance fees incurred under license, acquisition and other third-party agreements;
- costs of laboratory supplies and acquiring, developing and manufacturing study materials;
- facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs; and
- costs of outside consultants engaged in R&D functions, including their fees and related travel expenses

Costs for external development activities have been recognized based on an evaluation of the progress to completion of specific tasks using information provided to us by our vendors. Payments for these activities were based on the terms of the individual agreements and were reflected in our consolidated financial statements as prepaid or accrued R&D expenses. Nonrefundable advance payments for goods or services received for future use in R&D activities were recorded as prepaid expenses and expensed as the related goods were delivered or the services were performed. We have not allocated costs to specific R&D programs because these costs were deployed across multiple product programs and, as such, were classified as costs of our platform research.

General and Administrative Expenses

We expect that our general and administrative expenses will decrease in the foreseeable future due to reducing our headcount to one full time employee. We expect to continue to incur expenses associated with being a public company, including costs for accounting, audit, legal, regulatory and tax compliance services, director and officer insurance costs, and investor and public relations costs.

General and administrative expenses have primarily consisted of salaries and other related costs, including stock-based compensation for non R&D personnel. General and administrative expenses have also included professional fees for legal, patent, accounting, auditing, tax and consulting services, travel expenses and facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

Impairment of Goodwill and IPR&D

Goodwill and in-process R&D, or IPR&D, intangibles were evaluated for impairment annually on October 1, or more frequently if events or changes in circumstances indicated that the asset might be impaired. Factors we considered important, on an overall company basis, that could trigger an impairment review included significant underperformance relative to historical or projected future operating results, significant changes in our use of the acquired asset or the strategy for its overall business, significant negative industry or economic trends, a significant decline in the Company's stock price for a sustained period, or a reduction of its market capitalization relative to net book value.

To conduct impairment tests of goodwill, the fair value of the Company's single reporting unit was compared to its carrying value. If the reporting unit's carrying value exceeded its fair value, the Company recorded an impairment loss to the extent that the carrying value of goodwill exceeded its fair value.

To conduct impairment tests of IPR&D intangible assets, the fair value of the asset was compared to its carrying value. If the carrying value exceeded its fair value, the excess was recorded as an impairment loss. We estimated the fair value for our IPR&D asset using discounted cash flow valuation models, which required the use of significant estimates and assumptions, including, but not limited to, estimating the timing of and expected costs to complete in-process projects, projecting regulatory approvals, estimating future cash flows from product sales resulting from completed projects and in-process projects, and developing appropriate discount rates.

Impairment of Long-Lived Assets

Impairment of long-lived assets in 2023 consists of costs attributable to the cease of use of laboratory equipment, leasehold improvements, and software associated with program development, as it was determined that certain long-lived assets would no longer be used following our 2023 Business Initiatives, which discontinued the Company's Phase 3 clinical trial in CP101.

Impairment of long-lived assets in 2022 consists of an impairment of the ROU asset related to the Hood Lease as the rental income pursuant to our sublease agreements was forecasted to be less than the forecasted rent expense.

Restructuring Expense

Restructuring expense consists of costs directly incurred as a result of restructuring initiatives, and includes one-time severance payments, healthcare coverage, outplacement services and related expenses as well as contract cancellation costs.

Total Other Income, Net

Interest Income, Net

Interest income primarily consists of interest earned on our cash and cash equivalents. Interest expense consisted primarily of interest on borrowings under our Loan and Security Agreement, dated as of May 11, 2022, with Hercules Capital, Inc., or the Loan Agreement, which was paid in full on January 25, 2023.

Gain on Lease Termination

Gain on lease termination relates to the gain realized when we terminated our Inner Belt Road Lease during the year ended December 31, 2023.

Loss on Loan Extinguishment

Loss on loan extinguishment relates to the loss realized when we voluntarily paid off all outstanding amounts under our Loan Agreement during the year ended December 31, 2023.

Gain (Loss) on Sale and Disposal of Fixed Assets, Net

Gain (Loss) on sale and disposal of fixed assets relates to the gain (loss) realized when we sold, donated, or abandoned property and equipment, other than certain office furniture and fixtures, during the year ended December 31, 2023, as well as selling certain lab equipment during the year ended December 31, 2022.

Sublease and Other Income, Net

Sublease and other income, net consists primarily of sublease income.

Results of Operations

Comparison of the Year Ended December 31, 2023 and 2022

The following table summarizes our results of operations for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022
REVENUE:		
Collaboration revenue	$ 107	$ 861
Total revenue	107	861
OPERATING EXPENSES:		
Research and development	7,199	52,863
General and administrative	26,910	36,192
Impairment of goodwill	—	18,057
Impairment of in-process research and development	32,900	—
Impairment of long-lived assets	13,141	6,926
Restructuring expense	3,818	2,416
Total operating expenses	83,968	116,454
Net loss from operations	(83,861)	(115,593)
OTHER INCOME, NET:		
Interest income, net	1,570	252
Gain on lease termination	752	—
Loss on loan extinguishment	(1,366)	—
Gain (loss) on sale and disposal of fixed assets, net	637	(7)
Sublease and other income	4,053	702
Total other income, net	5,646	947
Loss before income taxes	(78,215)	(114,646)
Income tax benefit	3,461	—
Net loss	$ (74,754)	$ (114,646)

Revenue

Revenue of $0.1 million and $0.9 million for the years ended December 31, 2023 and 2022, respectively, primarily consisted of collaboration revenue earned under the Takeda Agreement. Our collaboration revenue decreased by $0.8 million due to Takeda terminating the agreement in November 2022. The 2023 revenue related to certain development activities that were allowed to continue after the termination and were completed in March 2023.

Research and Development Expenses

The following table summarizes our R&D expenses for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022	Increase (Decrease)
CDI	$ 3,972	$ 14,966	$ (10,994)
Autism Spectrum Disorder (ASD)	71	5,022	(4,951)
Platform	489	22,278	(21,789)
Other	2,667	10,597	(7,930)
	$ 7,199	$ 52,863	$ (45,664)

R&D expenses for the year ended December 31, 2023, were $7.2 million, as compared to $52.9 million for the year ended December 31, 2022. The $45.7 million decrease was driven by our decision to significantly scale back our expenses by winding down our development efforts, which included liquidating certain of our assets, terminating vendor contracts, reducing headcount and shifting our business focus to realizing the value of our intellectual property and other assets.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022	Increase
Professional fees	$ 13,662	$ 13,517	$ 145
Facilities and supplies	5,973	3,946	2,027
Personnel expenses (including stock-based compensation)	3,657	11,969	(8,312)
Other expenses	3,618	6,760	(3,142)
	$ 26,910	$ 36,192	$ (9,282)

General and administrative expenses were $26.9 million for the year ended December 31, 2023, as compared to $36.2 million for the year ended December 31, 2022. The decrease of $9.3 million was primarily due to an $8.3 million decrease in personnel expenses due to the reduction in headcount to one full time employee and a $3.1 million decrease in other expenses primarily driven by our decision to significantly scale back our operations. These decreases were partially offset by a $2.0 million increase in facilities and supplies primarily due to the increase in rent expense related to the commencement of the 10-year lease agreement with Hood Park LLC in May of 2022.

Impairment of Goodwill

No impairment charge to goodwill was recognized for the year ended December 31, 2023. For the year ended December 31, 2022, we recognized a goodwill impairment charge of $18.1 million, as the fair value of the Company's reporting unit was determined to be less than its carrying value, primarily due to our market capitalization declining below our net book value.

Impairment of IPR&D

We recognized an IPR&D impairment charge of $32.9 million for the year ended December 31, 2023 as the IPR&D asset was determined to be less than its carrying value. There was no IPR&D impairment charge for the year ended December 31, 2022.

Impairment of Long-Lived Assets

We recognized an impairment charge to long-lived assets of $13.1 million for the year ended December 31, 2023, as it was determined that certain equipment, leasehold improvements, and software associated with program development would no longer be used. We recognized an impairment charge to long-lived assets of $6.9 million for the year ended December 31, 2022 as it was determined that our ROU asset related to the Hood Lease was impaired. This resulted because the rental income pursuant to our sublease agreements was forecasted to be less than the forecasted rent expense.

Restructuring Expense

Restructuring expense for the year ended December 31, 2023 was $3.8 million, compared to $2.4 million for the year ended December 31, 2022. The increase of $1.4 million is due to the costs associated with the implementation of certain expense reduction measures in January 2023 being higher than expenses associated with expense reduction measures, which occurred in both April and September of 2022. Refer to Note 7 within the consolidated financial statements for further information.

Other Income, Net

Total other income, net was $5.6 million for the year ended December 31, 2023, compared to $0.9 million for the year ended December 31, 2022. The increase of $4.7 million was primarily driven by higher sublease income of $3.3 million, a $0.9 million decrease in interest expense primarily resulting from paying off our loan balance with Hercules Capital, Inc. in January 2023 and higher interest income of $0.4 million earned on our cash equivalents due to higher interest rates, partially offset by the decrease in interest earning assets. In addition, for the year ended December 31, 2023, there was a loss on loan extinguishment of $1.4 million, which was almost entirely offset by an $0.8 million gain on the termination of our Inner Belt Road Lease and $0.6 million gain on the sale of fixed assets.

Income Tax Benefit

The income tax benefit for the year ended December 31, 2023 reflects the full removal of the deferred tax liability associated with the IPR&D that was written off and treated as a discrete item in the tax provision. No income tax benefit was recorded for the year ended December 31, 2022.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have not recognized any product revenue and have incurred operating losses and negative cash flows from our operations. We do not currently expect to progress any product candidate through clinical trials or commercial approval and we do not currently expect to generate any revenue from product sales. We expect that our revenue for the next several years, if any, will be derived from enforcement and out-licensing of our intellectual property estate. We have funded our operations primarily through equity financings, the Loan Agreement, and from collaboration revenue. We have raised an aggregate of $118.8 million in net proceeds from the sale and issuance of common stock, approximately $177.0 million from the sale of convertible preferred stock and $14.0 million in collaboration revenue from the upfront payment and milestone payments received under our collaboration agreement with Takeda, which was terminated in 2022. In May 2022, we borrowed $15.0 million under the Loan Agreement, and subsequently, in January 2023, we voluntarily paid off all outstanding amounts.

Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2023 and 2022 (in thousands):

	2023	2022
Net cash used in operating activities	$ (31,505)	$ (74,851)
Net cash provided by (used in) investing activities	1,327	(2,182)
Net cash (used in) provided by financing activities	(16,155)	14,873
Net decrease in cash and cash equivalents, and restricted cash	$ (46,333)	$ (62,160)

Operating Activities

During the year ended December 31, 2023, cash used in operating activities was $31.5 million compared to $74.9 million in 2022. The decrease in cash used in operating activities is primarily due to significantly scaling back our expenses by winding down our development efforts, terminating vendor contracts and reducing headcount. During the year ended December 31, 2022, cash used in operating activities was primarily related to employee compensation expenses, consulting fees and legal and other professional costs. During the year ended December 31, 2023, significantly less cash was used as a result of our 2023 Business Initiatives.

Investing Activities

During the year ended December 31, 2023, net cash provided by investing activities of $1.3 million was due to selling certain property and equipment following the winding down our development efforts. During the year ended December 31, 2022 we used $2.2 million as we were purchasing property and equipment.

Financing Activities

During the year ended December 31, 2023, net cash used in financing activities of $16.2 million was primarily due to the repayment of amounts borrowed under the Loan Agreement as well as related prepayment and final payment fees. Obtaining

this financing during the year ended December 31, 2022 resulted in $14.9 million of net cash provided by financing activities in 2022.

Funding Requirements

As of December 31, 2023, our unrestricted cash and cash equivalents were $25.1 million. We believe that our existing cash on hand will enable us to fund our operating expenses and capital expenditure requirements into 2025; however, our anticipated cash expenditures and funding requirements are largely dependent upon the outcome of our ongoing litigation against Rebiotix, which is scheduled to go to trial in August 2024. We have based this estimate on assumptions that may prove to be wrong, and we could expend our capital resources sooner than we expect. We expect to continue to incur significant losses for the foreseeable future as we attempt to realize the value of our intellectual property estate and other assets.

Material Cash Requirements

The following table summarizes our short and long-term cash commitments as of December 31, 2023 (in thousands):

	Total	Due within one year	Due later than one year
Lease commitments	$ 42,401	$ 4,795	$ 37,606
License agreements	540	30	510
Total	$ 42,941	$ 4,825	$ 38,116

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts.

Lease Commitments

We have entered into operating leases for rental space in Charlestown, Massachusetts (see Note 5 to our annual consolidated financial statements appearing elsewhere in this Annual Report). The table above includes future minimum lease payments under the non-cancelable lease arrangements.

License Agreements

We have also entered into license agreements under which we are obligated to make milestone and royalty payments and incur annual maintenance fees. We owe an annual maintenance fee of $5,000 under our agreement with the University of Minnesota, as well as escalating minimum royalty amounts. Future minimum payments through 2031 have been included in the table above, but our minimum payments continue in perpetuity for University of Minnesota until the agreement is terminated.

Upon product commercialization, we will be required to pay minimum royalties of $20,000 under an agreement for patents owned by Arizona State University. We are also obligated to make regulatory milestone payments to OpenBiome aggregating up to $6.0 million upon the achievement of regulatory approvals, and sales-based milestone payments of up to $20.0 million upon the achievement of certain net sales criteria. We are obligated to pay to OpenBiome a low single digit royalty on net sales of licensed natural products by us and our affiliates and a high single digit percentage of certain sublicensing revenue (including royalties) received in connection with licensed natural products. These royalties are calculated on a product-by-product and country-by-country basis. See the sections titled “Business—Our Collaborations and License Agreements” and “Business—Agreements with OpenBiome” elsewhere in this Annual Report as well as Note 10 to our annual consolidated financial statements appearing elsewhere in this Annual Report for a description of our license agreements.

Critical Accounting Estimates

Our management’s discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our consolidated financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are 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. We evaluate our

estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in greater detail in Note 2 to our consolidated financial statements appearing in this Annual Report, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Goodwill and Acquired IPR&D

Goodwill is the amount by which the purchase price of acquired net assets in a business combination exceeded the fair values of net identifiable assets on the date of acquisition. Acquired IPR&D represents the fair value assigned to R&D assets that we acquire that have not been completed at the date of acquisition or are pending regulatory approval in certain jurisdictions. The value assigned to acquired IPR&D is determined by estimating the costs to develop the acquired technology into commercially viable products, estimating the resulting revenue from the projects, and discounting the net cash flows to present value. Our IPR&D was considered an intangible asset with an indefinite life.

Goodwill and IPR&D were evaluated for impairment annually on October 1, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Factors we considered important, on an overall company basis, that could trigger an impairment review included significant underperformance relative to historical or projected future operating results, significant changes in our use of the acquired assets or the strategy for our overall business, significant negative industry or economic trends, a significant decline in our stock price for a sustained period, or a reduction of our market capitalization relative to net book value.

To conduct impairment tests of goodwill, the fair value of the reporting unit was compared to its carrying value. If the reporting unit's carrying value exceeded its fair value, we recorded an impairment loss to the extent that the carrying value of goodwill exceeded its implied fair value.

To conduct impairment tests of IPR&D, the fair value of the IPR&D asset was compared to its carrying value. If the carrying value exceeded its fair value, we recorded an impairment loss to the extent that the carrying value of the IPR&D asset exceeded its fair value. We estimated the fair value for our IPR&D asset using discounted cash flow valuation models, which required the use of significant estimates and assumptions, including, but not limited to, estimating the timing of and expected costs to complete the in-process projects, projecting regulatory approvals, estimating future cash flows from product sales resulting from completed projects and in-process projects, and developing appropriate discount rates.

In the third quarter of 2022, management identified factors that could trigger impairment including a sustained decline in the Company's stock price, resulting in a reduction of the Company's market capitalization below net book value. As a result of the triggering event identified, management performed an interim impairment test of goodwill and IPR&D as of September 30, 2022 and the fair value of the Company's reporting unit was less than its carrying value, resulting in a full goodwill impairment charge of $18.1 million. The fair value of the Company's IPR&D asset at September 30, 2022 exceeded its carrying value, resulting in no impairment.

As a result of our January 2023 decision to discontinue our Phase 3 clinical trial of CP101 in recurrent CDI, which was an impairment indicator, management performed an impairment test of IPR&D as of December 31, 2022. The fair value of the IPR&D asset as of December 31, 2022 exceeded its carrying value, resulting in no impairment. Management performed another interim impairment test of IPR&D as of March 31, 2023, which indicated that the fair value of the Company's IPR&D asset was less than its carrying value, resulting in a full impairment charge of $32.9 million.

Impairment of Long-Lived Assets

We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

As a result of our January 2023 decision to discontinue our Phase 3 clinical trial of CP101 and to significantly reduce our workforce, both of which are impairment indicators, management performed an interim impairment test of long-lived assets as of March 31, 2023. Management's assessment for the impairment of long-lived assets indicated that certain equipment,

leasehold improvements, and software associated with program development would no longer be used, resulting in a full impairment charge of $13.1 million during the first quarter of 2023.

Recently Issued Accounting Pronouncements

See Note 2 to our annual consolidated financial statements within this Annual Report for a description of recent accounting pronouncements applicable to our financial statements.

Emerging Growth Company Status and Smaller Reporting Company Status

We are an "emerging growth company," or EGC, under the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Section 107 of the JOBS Act provides that an EGC can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to avail ourselves of delayed adoption of new or revised accounting standards and, therefore, we will be subject to the same requirements to adopt new or revised accounting standards as private entities.

As an EGC, we may take advantage of certain exemptions and reduced reporting requirements under the JOBS Act. Subject to certain conditions, as an EGC:

- we may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations;
- we may avail ourselves of the exemption from providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act;
- we may avail ourselves of the exemption from complying 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, known as the auditor discussion and analysis;
- we may provide reduced disclosure about our executive compensation arrangements; and
- we may not require nonbinding advisory votes on executive compensation or stockholder approval of any golden parachute payments.

We will remain an emerging growth company until December 31, 2026 or, if earlier, (i) the last day of our first fiscal year in which we have total annual gross revenues of at least $1.235 billion, (ii) the date on which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior June 30th or (iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period.

We are also a "smaller reporting company," meaning that the market value of our stock held by non-affiliates is less than $700.0 million and our annual revenue was less than $100.0 million during the most recently completed fiscal year. We may continue to be a smaller reporting company if either (i) the market value of our common stock held by non-affiliates is less than $250.0 million or (ii) our annual revenue is less than $100.0 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700.0 million.

If we are a smaller reporting company at the time we cease to be an EGC, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, similar to EGCs, smaller reporting companies have reduced disclosure obligations regarding executive compensation.

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

We are exposed to certain market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in foreign currency exchange rates.

Interest Rate Risk

As of December 31, 2023, we had unrestricted cash and cash equivalents of $25.1 million. Our exposure to interest rate sensitivity is impacted by changes in the underlying U.S. bank interest rates. Our surplus cash has been invested in money market fund accounts as well as interest-bearing savings accounts from time to time. We have not entered into investments for trading or speculative purposes. Due to the conservative nature of our investment portfolio, which is predicated on capital

preservation of investments with short-term maturities, we do not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore, we do not expect our operating results or cash flows to be significantly affected by changes in market interest rates.

We have been affected by market risk exposure primarily through the effect of changes in interest rates on amounts payable under our Loan Agreement. As of December 31, 2022, borrowings under our Loan Agreement totaled $15.0 million with an average interest rate of 8.71%. On January 25, 2023, we voluntarily prepaid all outstanding principal, accrued and unpaid interest, fees, costs and expenses under our Loan Agreement. As of December 31, 2023, we had no debt outstanding subject to interest rate variability. See Note 6 in the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding our borrowings.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Finch Therapeutics Group, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Finch Therapeutics Group, Inc (the "Company") as of December 31, 2023, the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company for the year ended December 31, 2022, before the effects of the retrospective adjustments to apply the change in presentation related to the reverse stock split discussed in Note 1 to the consolidated financial statements, were audited by other auditors, whose report, dated March 23, 2023, expressed an unqualified opinion on those statements. We have also audited the adjustments to the 2022 financial statements to retrospectively apply the change in presentation for the reverse stock split as discussed in Note 2 to the consolidated financial statements. In our opinion, such retrospective adjustments are appropriate and have been properly applied. However, we were not engaged to audit, review, or apply any procedures to the 2022 consolidated financial statements of the Company other than with respect to the retrospective adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2022 consolidated financial statements as a whole.

Emphasis of a Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred net losses since its inception, and has negative cash flows from operations and will need additional funding to continue operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters also are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

/s/ Wolf & Company, P.C.

We have served as the Company's auditor since 2023.

Boston, Massachusetts
March 25, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and Board of Directors of Finch Therapeutics Group, Inc.

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments related to the reverse stock split discussed in Note 1 to the consolidated financial statements, the accompanying consolidated balance sheets of Finch Therapeutics Group, Inc. and its subsidiaries (the "Company") as of December 31, 2022, the related consolidated statements of operations, stockholders' equity, and cash flows, for the year ended December 31, 2022, and the related notes (collectively referred to as the "financial statements") (the 2022 financial statements before the effects of the retrospective adjustments related to the reverse stock split discussed in Note 1 to the financial statements are not presented herein). In our opinion, before the effects of the retrospective adjustments related to the reverse stock split discussed in Note 1 to the financial statements, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments related to the reverse stock split discussed in Note 1 to the financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Going Concern

The 2022 financial statements were prepared assuming that the Company will continue as a going concern. As of December 31, 2022, the Company's recurring losses from operations incurred since inception, the expectation of continuing operating losses for the foreseeable future, and uncertainty around the shift in business strategy, raised substantial doubt about its ability to continue as a going concern. The financial statements did not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 23, 2023

We began serving as the Company's auditor in 2020. In 2023, we became the predecessor auditor.

FINCH THERAPEUTICS GROUP, INC.

Consolidated Balance Sheets
(In thousands, except share and per share data)

	DECEMBER 31, 2023	DECEMBER 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,124	$ 71,038
Accounts receivable	—	144
Prepaid expenses and other current assets	723	3,369
Total current assets	25,847	74,551
Property and equipment, net	594	15,936
Operating right-of-use assets	26,584	32,752
In-process research and development	—	32,900
Restricted cash, non-current	2,348	2,767
Other assets	—	4,033
TOTAL ASSETS	$ 55,373	$ 162,939
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 141	$ 1,097
Accrued expenses and other current liabilities	2,220	10,161
Operating lease liabilities, current	1,723	3,431
Total current liabilities	4,084	14,689
Deferred tax liability	—	3,461
Loan payable, non-current	—	14,653
Operating lease liabilities, non-current	28,403	34,255
Other liabilities	—	170
Total liabilities	32,487	67,228
COMMITMENTS AND CONTINGENCIES (Note 10)		
Preferred stock (undesignated), $0.001 par value; 10,000,000 shares authorized and no shares issued and outstanding as of December 31, 2023 and 2022	—	—
STOCKHOLDERS' EQUITY:		
Common stock, $0.001 par value; 200,000,000 shares authorized as of December 31, 2023 and 2022; 1,605,763 and 1,601,717* shares issued and outstanding as of December 31, 2023 and 2022, respectively	2	2
Additional paid-in capital	373,279	371,350
Accumulated deficit	(350,395)	(275,641)
Total stockholders' equity	22,886	95,711
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 55,373	$ 162,939

* Adjusted for the 1-for-30 reverse stock split

See notes to consolidated financial statements.

FINCH THERAPEUTICS GROUP, INC.

Consolidated Statements of Operations
(In thousands, except share and per share data)

	YEAR ENDED DECEMBER 31,	
	2023	2022
REVENUE:		
Collaboration revenue	$ 107	$ 861
Total revenue	107	861
OPERATING EXPENSES:		
Research and development	7,199	52,863
General and administrative	26,910	36,192
Impairment of goodwill	—	18,057
Impairment of in-process research and development	32,900	—
Impairment of long-lived assets	13,141	6,926
Restructuring	3,818	2,416
Total operating expenses	83,968	116,454
Net loss from operations	(83,861)	(115,593)
OTHER INCOME, NET:		
Interest income, net	1,570	252
Gain on lease termination	752	—
Loss on loan extinguishment	(1,366)	—
Gain (loss) on sale and disposal of fixed assets, net	637	(7)
Sublease and other income	4,053	702
Total other income, net	5,646	947
Loss before income taxes	(78,215)	(114,646)
Income tax benefit	3,461	—
Net loss	$ (74,754)	$ (114,646)
Net loss per share attributable to common stockholders—basic and diluted (Note 14)	$ (46.59)	$ (72.12)
Weighted-average common stock outstanding—basic and diluted *	1,604,549	1,589,584

* The year ended December 31, 2022 is adjusted for the 1-for-30 reverse stock split

See notes to consolidated financial statements.

FINCH THERAPEUTICS GROUP, INC.

Consolidated Statements of Stockholders' Equity
(In thousands, except share and per share data)

	COMMON STOCK $0.001 PAR VALUE		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDERS' EQUITY
	SHARES*	AMOUNT			
BALANCE, December 31, 2021	1,583,669	$ 2	$ 363,217	$ (160,995)	$ 202,224
Exercise of common stock options	6,278	—	141	—	141
Issuance of common stock under employee stock purchase plan	3,355	—	148	—	148
Vesting of restricted stock units	8,415	—	—	—	—
Stock-based compensation	—	—	7,844	—	7,844
Net loss	—	—	—	(114,646)	(114,646)
BALANCE December 31, 2022	1,601,717	2	371,350	(275,641)	95,711
Vesting of restricted stock units	4,046	—	—	—	—
Stock-based compensation	—	—	1,929	—	1,929
Net loss	—	—	—	(74,754)	(74,754)
BALANCE December 31, 2023	1,605,763	$ 2	$ 373,279	$ (350,395)	$ 22,886

* Shares prior to 2023 are adjusted for the 1-for-30 reverse stock split.

See notes to consolidated financial statements.

FINCH THERAPEUTICS GROUP, INC.
Consolidated Statements of Cash Flows
(In thousands)

	YEAR ENDED DECEMBER 31,	
	2023	**2022**
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss	$ (74,754)	$ (114,646)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization expense	1,520	5,507
Stock-based compensation expense	1,929	7,844
Impairment of in-process research and development	32,900	—
Impairment of goodwill	—	18,057
Loss on loan extinguishment	1,366	—
Impairment of long-lived assets	13,141	6,926
Gain on lease termination	(752)	—
(Gain) loss on sale and disposal of property and equipment	(637)	7
Non-cash operating lease and interest cost	2,663	3,018
Benefit for deferred income taxes	(3,461)	—
Changes in operating assets and liabilities:		
Accounts receivable	143	350
Prepaid expenses and other current assets	2,121	(2,529)
Other non-current assets	4,033	656
Accounts payable	(956)	(2,259)
Accrued expenses and other current liabilities	(7,829)	237
Other non-current liabilities	(170)	50
Operating lease liabilities	(2,762)	1,931
Net cash used in operating activities	(31,505)	(74,851)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Proceeds on sale of property and equipment	1,327	—
Purchases of property and equipment	—	(2,182)
Net cash provided by (used in) investing activities	1,327	(2,182)
CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES:		
Proceeds from exercise of stock options and issuances under employee stock purchase plan, net	—	289
Proceeds from borrowings under loan agreement, net	—	14,738
Repayment of loan	(15,000)	—
Payment of loan prepayment and termination fee	(1,155)	—
Principal payments on finance lease obligation	—	(22)
Payment of deferred offering costs	—	(132)
Net cash (used in) provided by financing activities	(16,155)	14,873
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(46,333)	(62,160)
Cash, cash equivalents and restricted cash at beginning of year	73,805	135,965
Cash, cash equivalents and restricted cash at end of year	$ 27,472	$ 73,805
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 202	$ 741
Cash paid in connection with operating lease liabilities	$ —	$ (268)
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment in accounts payable and accrued liabilities	$ —	$ 14
Remeasurement of right-of-use assets	$ 40	$ 382
Right-of-use assets obtained in exchange for new operating lease liability	$ —	$ 37,094
Prepaid rent reclassified to right-of-use assets	$ —	$ 7,736
Prepaid rent reclassified to operating lease liability	$ 525	$ —
Right-of-use assets and operating lease liability reduced for lease termination	$ 3,561	$ —

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS

Business

Finch Therapeutics Group, Inc. (the "Company" or "FTG") was incorporated in 2017 as a Delaware corporation. The Company was formed as a result of a merger and recapitalization of Finch Therapeutics, Inc. ("Finch") and Crestovo Holdings LLC ("Crestovo") in September 2017 (the "Merger"), in which the former owners of Finch and Crestovo were issued equivalent stakes in the newly formed company, FTG. Crestovo was renamed Finch Therapeutics Holdings LLC in November 2020 ("Finch Holdings"). Finch and Finch Holdings are both wholly-owned subsidiaries of FTG.

The Company is a microbiome technology company with a portfolio of intellectual property and microbiome assets. Presently, the Company's objectives are to realize the value of its intellectual property estate through licensing its technology to collaboration partners and enforcing its patents rights against infringing parties and, in certain cases, to generate additional data on selected product candidates through academic collaborations. The Company has an intellectual property estate including more than 113 issued U.S. and foreign patents with relevance for both donor-derived and donor-independent microbiome therapeutics in a range of potential indications. Until January 2023, the Company was using its *Human-First Discovery* platform to develop a novel class of orally administered biological drugs.

Risks and Uncertainties

The Company is subject to a number of risks, including risks related to litigation outcomes, government regulation, intellectual property and dependence on key personnel.

Liquidity

The Company has incurred recurring losses since its inception, including net losses of $74.8 million and $114.6 million for the years ended December 31, 2023 and 2022, respectively. In addition, as of December 31, 2023, the Company had an accumulated deficit of $350.4 million. The Company expects to continue to generate operating losses for the foreseeable future as it attempts to realize the value of its intellectual property estate and other assets.

On January 24, 2023, the Company announced its decision to discontinue its Phase 3 clinical trial of CP101 in recurrent CDI. As a result of this decision, the Company approved and implemented a restructuring plan (the "January 2023 Restructuring") (see Note 7). Also on January 24, 2023, the Company announced its decision to shift the Company's business strategy to focus on realizing the value of the Company's intellectual property estate and other assets.

The Company currently forecasts that its unrestricted cash and cash equivalents of $25.1 million as of December 31, 2023, will be sufficient to fund its operating expenses and capital expenditure requirements for at least twelve months beyond the date of issuance of the annual consolidated financial statements. However, due to the consideration of certain qualitative factors, including the Company's recurring losses from operations incurred since inception, the expectation of continuing operating losses for the foreseeable future, and uncertainty around its ability to successfully realize the full value of its intellectual property estate and other assets, the Company has concluded that there is substantial doubt regarding the Company's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company does not currently expect to progress any product candidate through clinical trials or commercial approval and it does not currently expect to generate any revenue from product sales. The Company may never succeed in realizing the value of its intellectual property estate and other assets and, even if it does, it may never generate revenue that is significant or large enough to achieve profitability.

As a result, the Company may need additional funding to support its operating activities as it seeks to realize value from its intellectual property estate and other assets. Until such time, if ever, that the Company can generate substantial revenue, the Company expects to finance its cash needs through equity offerings, debt financings or other capital sources, including collaborations, licenses or similar arrangements. However, the Company may be unable to raise additional funds or enter into such other arrangements when needed or on favorable terms, if at all. If the Company is unable to obtain funding as needed, it may decide to pursue a dissolution and liquidation.

Reverse Stock Split

On June 9, 2023, the Company filed a Certificate of Amendment to its Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to effect a reverse stock split of the Company's issued and outstanding common stock, par value $0.001, at a ratio of 1-for-30 (the "Reverse Stock Split"). The Reverse Stock Split was reflected on

the Nasdaq Global Select Market beginning with the opening of trading on June 12, 2023. Pursuant to the Reverse Stock Split, every 30 shares of the Company's issued and outstanding shares of common stock were automatically combined into one issued and outstanding share of common stock, without any change in the par value per share of the common stock. The Reverse Stock Split did not change the total number of shares the Company is authorized to issue. The Reverse Stock Split affected all issued and outstanding shares of the Company's common stock, and the respective numbers of shares of common stock underlying the Company's outstanding stock options, outstanding restricted stock units ("RSU") and the Company's equity incentive plans were proportionately adjusted. All share and per share amounts of the common stock included in the accompanying financial statements have been retrospectively adjusted to give effect to the Reverse Stock Split for all periods presented.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the operations of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Reclassification

Certain items in prior financial statements have been reclassified to conform to the current presentation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, and the disclosure of contingent assets and liabilities as of and during the reporting period. The Company bases its estimates and assumptions on historical experience when available and on various factors that it believes to be reasonable under the circumstances. This process may result in actual results differing materially from those estimated amounts used in the preparation of the financial statements if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to, the pattern and method of recognizing revenue, the accrual of research and development costs, and the annual assessment of impairment of goodwill and in-process research and development assets as well as the assessment of impairment of long-lived assets. The Company assesses estimates on an ongoing basis; however, actual results could materially differ from those estimates.

Fair Value Measurements

Certain assets and liabilities are reported on a recurring basis at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an 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. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

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

Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed the federal insurance limit. Restricted cash is not available for immediate business use and is cash the Company holds for specific reasons.

The Company's cash equivalents, which are funds held in a money market account, are measured at fair value on a recurring basis. The carrying amount of unrestricted cash and cash equivalents was $25.1 million and $71.0 million as of December 31, 2023 and 2022, respectively, which approximates fair value and was determined based upon Level 1 inputs. The money market account is valued using quoted market prices with no valuation adjustments applied and is categorized as Level 1.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents. The Company may maintain deposits in financial institutions in excess of government insured limits. The Company believes that it is not exposed to significant credit risk as its deposits are held at financial institutions that management believes to be creditworthy and the Company has not experienced any losses on these deposits. As of December 31, 2023 and 2022, the Company's cash and cash equivalents were held with two financial institutions. The Company believes that the market risk arising from its holdings of these financial instruments is mitigated based on the fact that many of these securities are either government-backed or of high credit rating.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for repairs and maintenance are expensed as incurred, while any additions or improvements are capitalized. When assets are retired or disposed of, the assets and related accumulated depreciation are derecognized from the accounts, and any resulting gain or loss is included in the determination of net loss. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

	ESTIMATED USEFUL LIFE
Computer equipment and software	3 years
Laboratory equipment	5 years
Office furniture	5 years
Leasehold improvements	Shorter of useful life or lease term

Goodwill and In-Process Research and Development

Goodwill is the amount by which the cost of the acquired net assets in a business combination exceeds the fair value of the identifiable net assets on the date of purchase or valuation. The Company accounted for goodwill in accordance with Accounting Standards Codification ("ASC") Topic 350, *Intangibles—Goodwill and Other* ("ASC 350"). In connection with its preparation of the financial statements for the year ended December 31, 2022, management identified factors that could trigger impairment, including management's decision to discontinue the Company's Phase 3 clinical trial of CP101 in recurrent CDI, which was announced in January 2023. The Company performed an impairment test, which resulted in all the Company's goodwill being fully impaired as of December 31, 2022. The discounted cash flow ("DCF") method was leveraged to calculate the fair value of the Company on an equity level basis for management's use in goodwill impairment testing procedures. The full impairment charge of $18.1 million is included as a separate charge within operating expenses on the Company's consolidated statements of operations for the year ended December 31, 2022.

Acquired in-process research and development ("IPR&D") represents the fair value assigned to research and development assets that the Company acquired that had not been completed at the date of acquisition and was accounted for as an indefinite lived intangible asset in accordance with ASC 350. The value assigned to the acquired IPR&D was determined by estimating the costs to develop the acquired technology into commercially viable products, estimating the resulting revenue from the projects, and discounting the net cash flows to present value. The Company's IPR&D was comprised of Crestovo's research and development asset related to CP101.

IPR&D was evaluated for impairment annually on October 1, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Factors the Company considered important, on an overall company basis, that could trigger an impairment review included significant underperformance relative to historical or projected future operating results, significant changes in the Company's use of the acquired asset or the strategy for its overall business, significant negative industry or economic trends, a significant decline in the Company's stock price for a sustained period, or a reduction of its market capitalization relative to net book value.

Management utilized the multi-period excess earnings method ("MPEEM") to derive the fair value of the CP101 IPR&D asset, which is a variation of the income approach. The MPEEM approach calculates the fair value of an asset or entity by estimating the after-tax cash-flows attributable to an asset or entity, applying contributory asset charges to reflect other tangible and intangible assets being in place to help achieve the subject item's future cash flows, and then discounting the net cash flows to a present value using a risk-adjusted discount rate.

To conduct impairment tests of IPR&D, the fair value of the IPR&D asset was compared to its carrying value. If the carrying value exceeded its fair value, the Company recorded an impairment to the extent that the carrying value of the IPR&D project

exceeds its fair value. The cash flow projections in these fair value analyses for the Company and the CP101 IPR&D consisted of management's estimates of revenue growth rates and operating margins, taking into consideration historical results in addition to applicable industry and market conditions. The discount rate used in the fair value analysis for the Company was based on a weighted average cost of capital, which represented the weighted average rate a business must pay its providers of debt and equity. The discount rate used in the fair value analysis for the CP101 IPR&D was based on the weighted average cost of capital in addition to consideration of various industry resources for venture capital rates of return.

As a result of the decision to discontinue the Company's Phase 3 clinical trial of CP101, the Company performed an impairment test of IPR&D as of December 31, 2022, which indicated that the fair value of its IPR&D asset exceeded the respective carrying value. However, as of March 31, 2023, the assessment indicated that the fair value of its IPR&D asset was less than the respective carrying value, resulting in a full impairment charge of $32.9 million, which is included as a separate charge within operating expenses on the Company's consolidated statements of operations.

Leases

The Company accounts for leases in accordance with ASC Topic 842, *Leases* for all contracts and agreements that are within its scope. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement including the use of an identified asset(s) and the Company's control over the use of that identified asset. The Company classifies leases with a term greater than one year as either operating or finance leases at the lease commencement date and records a right-of-use ("ROU") asset and current and non-current lease liabilities, as applicable on the balance sheet. The Company elected to not recognize leases with a lease term of one year or less on its balance sheet. When an option to extend the lease exists, a determination is made whether that option is reasonably certain of exercise based on economic factors present at the measurement date and as circumstances may change.

The Company measures and records its lease liabilities based on the present value of lease payments over the expected remaining lease term. The present value of future lease payments is discounted using the interest rate implicit in the lease contracts if that rate is readily available. As the implicit rate has not historically been readily determinable, the Company utilizes its incremental borrowing rate ("IBR"), which reflects the fixed rate at which the Company could borrow on a collateralized basis over a similar term to fund the amount of lease payments to be made in a similar economic environment. Management determines the appropriate IBR to use based on the Company's credit standing and market environment at lease commencement. The Company measures its ROU assets as the lease liability plus initial direct costs and prepaid lease payments, less lease incentives granted by the lessor.

Components of a lease should be split into three categories: lease components (e.g. land, building, etc.), non-lease components (e.g. common area maintenance, consumables, etc.), and non-components (e.g. property taxes, insurance, etc.). The fixed and in-substance fixed contract consideration (including any consideration related to non-components) must be allocated, based on the respective relative fair values, to the lease components and non-lease components. However, the Company has elected to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all of the contract consideration to the lease component only.

After lease commencement and the establishment of a ROU asset and operating lease liability, lease expense is recorded on a straight-line basis over the lease term. Variable costs associated with a lease, such as maintenance and utilities, are not included in the measurement of the lease liabilities and ROU assets but rather are expensed when the events determining the amount of variable consideration to be paid have occurred.

When a lease is modified and the modification is not accounted for as a separate contract, the Company remeasures its ROU assets and lease liabilities. A modification is accounted for as a separate contract if the modification grants the Company an additional ROU not included in the original lease arrangement and the increase in lease payments is commensurate with the additional ROU. The Company assesses its ROU assets for impairment in a manner consistent with its assessment for long-lived assets held and used in operations.

Sublease income is recognized on a straight-line basis over the term of the sublease agreement and is recorded within other income, net, on the consolidated statements of operations.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During the quarter ended March 31, 2023, the Company recorded an impairment

charge of $13.1 million to its long-lived assets, as it was determined that certain equipment, leasehold improvements, and software associated with program development would no longer be used following the discontinuation of the Company's Phase 3 clinical trial in CP101 and significant reduction in the Company's workforce, as announced in January 2023. During the quarter ended December 31, 2022, the Company recorded an impairment charge of $6.9 million to its ROU assets (see Note 5).

Debt Issuance Costs

Costs associated with the issuance of debt instruments are capitalized and amortized over the term of the respective financing arrangement using the effective interest method through the maturity date of the related debt instrument. These costs represent legal fees and other costs related to the Company's term loan.

Research and Development Expenses

Research and development ("R&D") costs were charged to expenses as incurred. R&D costs consisted of expenses incurred in performing R&D activities, including salaries and benefits, materials and supplies, preclinical expenses, stock-based compensation expense, depreciation of equipment, contract services, facilities, and other outside expenses. Costs for external development activities were recognized based on an evaluation of the progress to completion of specific tasks using information provided to the Company by its vendors. Payments for these activities were based on the terms of the individual arrangements, which may have differed from the pattern of costs incurred and were reflected in the consolidated financial statements as prepaid expense or accrued research and development expense.

Nonrefundable advance payments for goods or services to be received in the future for use in R&D activities were recorded as prepaid expenses and expensed as the related goods were delivered or the services performed.

Segment Information

Operating segments are identified as components of an enterprise about which separate discrete financial information is made available for evaluation by the chief operating decision maker ("CODM") in making decisions regarding resource allocation. The CODM is the Company's Chief Executive Officer. The Company manages its operations as a single segment for the purposes of making operating decisions.

Stock-based Compensation

The Company accounts for all stock-based payment awards granted to employees and non-employees as stock-based compensation expense at fair value. The Company's stock-based payments are comprised of stock options and restricted stock units. The measurement date for employee awards is the date of grant, and stock-based compensation costs are recognized as expense over the employees' requisite service period, which is the vesting period, on a straight-line basis. Stock-based compensation costs for non-employees are recognized as expense over the vesting period on a straight-line basis. Stock-based compensation expense is classified in the accompanying consolidated statements of operations based on the function to which the related services are provided. The Company recognizes stock-based compensation expense for the portion of awards that have vested. Forfeitures are recorded as they occur.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company was a private company until March 2021 and lacks company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the historical volatility of a publicly traded set of peer companies and expects to continue to do so until such time as it has adequate historical data regarding the volatility of its own traded stock price. The expected term of the Company's stock options has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends on common stock and does not expect to pay any cash dividends in the foreseeable future.

Income Taxes

The Company is primarily subject to U.S. federal and Massachusetts state income tax. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the Company's consolidated financial statements and tax returns. Deferred tax assets and liabilities are determined based upon the differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities and for loss and credit carryforwards, using enacted tax rates expected to be in effect in the year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that these assets may not be realized.

The Company determines whether it is more likely than not that a tax position will be sustained upon examination. If it is not more likely than not that a position will be sustained, none of the benefit attributable to the position is recognized. The tax benefit to be recognized for any tax position that meets the more-likely-than-not recognition threshold is calculated as the

largest amount that is more than 50% likely of being realized upon resolution of the contingency. The Company accounts for interest and penalties related to uncertain tax positions as part of its provision for income taxes.

As of December 31, 2023 and 2022, the Company maintains a reserve against certain federal and state R&D credits that are recorded net in deferred taxes. The Company has no accruals for interest or penalties related to income tax matters.

Revenue Recognition

In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, service revenues were recognized over time as customers received and consumed the benefits of such services. For revenues recognized over time, the Company generally used costs accumulated relative to total estimated costs to measure progress as this method approximates satisfaction of the performance obligation. For contracts that contained multiple performance obligations, the Company allocated the consideration to which it expected to be entitled (i.e., the transaction price) to each performance obligation based on relative standalone selling prices and recognized the related revenues when or as control of each individual performance obligation was transferred to customers. The Company exercised judgment in determining the timing of revenue by analyzing the point in time or the period over which the customer had the ability to direct the use of and obtain substantially all of the remaining benefits of the asset. The Company immediately expensed contract costs that would otherwise be capitalized and amortized over a period of less than one year. Changes to the scope of services contracts generally included changes in the transaction price. Typically, these contract modifications were not distinct from existing services provided under the contract, and resulted in cumulative adjustments to revenue on the modification date. However, some modifications were distinct from existing services provided under the contract and were recognized prospectively.

Costs Associated with Exit Activities

The Company records employee termination costs in accordance with ASC Topic 712, *Compensation - Nonretirement and Postemployment Benefits*, if the Company pays the benefits as part of an ongoing benefit arrangement, which includes benefits provided as part of established severance policies. The Company accrues employee termination costs associated with an ongoing benefit arrangement if the obligation is attributable to prior services rendered, the rights to the benefits have vested, the payment is probable and the liability can be reasonably estimated. The Company accounts for involuntary employee termination benefits that represent a one-time benefit in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations* ("ASC 420"). The Company records such costs into expense over the employee's future service period, if any.

Other costs associated with exit activities may include contract termination costs and consulting fees, which are expensed in accordance with ASC 420 and are included in restructuring in the consolidated statements of operations.

Loss Contingencies

Loss contingencies are existing conditions, situations or circumstances involving uncertainty as to possible loss that will ultimately be resolved when future events occur or fail to occur. When a loss is considered probable and reasonably estimable, the Company records a liability in the amount of the best estimate for the ultimate loss. When there appears to be a range of possible costs with equal likelihood, liabilities are based on the low-end of such range. However, the likelihood of a loss with respect to a particular contingency is often difficult to predict and determining a meaningful estimate of the loss or a range of loss may not be practicable based on the information available and the potential effect of future events and negotiations with or decisions by third parties that will determine the ultimate resolution of the contingency. Moreover, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must be continuously evaluated to determine both the likelihood of potential loss and whether it is possible to reasonably estimate a range of possible loss. Disclosure is provided for material loss contingencies when a loss is probable but a reasonable estimate cannot be made, and when it is reasonably possible that a loss will be incurred or the amount of a loss will exceed the recorded provision. The Company regularly reviews contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made. Legal fees are recognized as incurred when the legal services are provided.

Net Loss Per Share

The Company has one class of shares outstanding and basic net loss per common share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding for the period. Diluted net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding for the period, including potential dilutive common shares assuming the dilutive effect of outstanding stock awards. The weighted-average number of common shares included in the computation of diluted net loss gives effect to all potentially dilutive common equivalent shares, including stock options, RSU awards and shares issuable under the employee stock purchase plan. Common stock equivalent shares are excluded from the computation of diluted net loss per share if their effect is antidilutive.

In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is generally the same as basic net loss per share attributable to common stockholders

since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The Company reported a net loss attributable to common stockholders for the years ended December 31, 2023 and 2022.

Recently Issued and Adopted Accounting Pronouncements

On January 1, 2023, the Company adopted Accounting Standards Update No. 2016-13, *Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets. In April 2019, the FASB issued clarification to ASU 2016-13 within ASU 2019-04, Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, *Derivatives and Hedging, and Topic 825, Financial Instruments*, or ASU 2016-13. The adoption of the standard was immaterial to the accompanying consolidated financial statements.

There have been no other new accounting pronouncements or changes to accounting pronouncements that, if adopted, would have or may have a material impact on the Company's consolidated statements or disclosures.

3. BALANCE SHEET INFORMATION

Cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash consisted of the following as of December 31 (in thousands):

	2023	2022
Cash and cash equivalents	$ 25,124	$ 71,038
Restricted cash, non-current	2,348	2,767
Total cash, cash equivalents and restricted cash	$ 27,472	$ 73,805

As of December 31, 2023 and 2022, non-current restricted cash primarily consisted of security deposits on the Company's operating leases.

Property and equipment

Property and equipment, net consisted of the following as of December 31 (in thousands):

	2023	2022
Leasehold improvements	$ —	$ 13,972
Software	—	4,883
Lab equipment	—	4,146
Office furniture and fixtures	869	1,406
Computer equipment	—	499
Construction work-in-progress	—	316
Total	869	25,222
Less: Accumulated depreciation	(275)	(9,286)
Property and equipment, net	$ 594	$ 15,936

Depreciation and amortization expenses were $1.5 million and $5.5 million for the years ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, as a result of focusing solely on objectives to realize the value of the Company's intellectual property estate, all of the Company's property and equipment, other than certain office furniture and fixtures, was sold, donated or abandoned. The property and equipment was sold for $1.3 million, resulting in a gain of $0.6 million, which was included as a separate charge within other income, net on the Company's consolidated statements of operations for the year ended December 31, 2023.

Accrued expenses

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

	2023	2022
Legal and professional fees	$ 1,301	$ 5,852
Research and development costs	—	1,967
Refundable tax credit	418	868
Restructuring costs	260	201
Accrued compensation and benefits	125	680
Accrued other	116	593
Total accrued expenses and other current liabilities	$ 2,220	$ 10,161

4. FAIR VALUE MEASUREMENTS

The Company has no assets or liabilities classified as Level 2 or 3 on its consolidated balance sheets as of December 31, 2023 and 2022. The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis classified as Level 1 of the fair value hierarchy as of December 31 (in thousands):

	2023	2022
Money market funds	$ 24,919	$ 69,991

There have been no transfers between fair value levels during the years ended December 31, 2023 and 2022. The carrying values of other current assets, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

5. LEASES

200 Inner Belt Road Lease

The Company was party to a 10-year lease agreement (the "Inner Belt Road Lease") for approximately 36,285 square feet of space for its primary office and laboratory space in Somerville, Massachusetts. The monthly rental payments under the Inner Belt Road Lease, which included base rent charges of approximately $0.1 million, were subject to periodic rent increases through September 2026. The Inner Belt Road Lease was terminated and the Company's rent obligations ended on June 30, 2023. During 2023, the landlord refunded the Company for the full amount of the Company's security deposit, which was included in prepaid expenses and other current assets on the consolidated balance sheet as of December 31, 2022. The Company's lease expense under the Inner Belt Road Lease was $0.6 million and $1.3 million for the years ended December 31, 2023 and 2022, respectively. As a result of the early termination of the Inner Belt Road Lease, the Company recognized a gain of $0.8 million.

Other Nominal Leases

The Company was party to two other nominal leases, one of which ended in May 2022 and the other of which ended in February 2023.

100 Hood Park Drive

On August 3, 2021, Finch entered into a 10-year lease agreement (the "Hood Lease") with Hood Park LLC, pursuant to which Finch leases approximately 61,139 square feet of office and laboratory space in Charlestown, Massachusetts (the "Premises"). The Hood Lease provides Finch with an option to extend the lease for one additional five-year term. Finch's annual base rent for the Premises started at approximately $4.5 million, and the lease contains annual rent escalations. Finch became responsible for paying rent under the Hood Lease on January 1, 2022 and commenced business operations in the Premises in the second quarter of 2022, which triggered recognition of the lease for accounting purposes. The Company recognized an ROU asset totaling $37.1 million and lease liability of $29.4 million upon the commencement of the lease. The Hood Lease provided for a tenant improvement allowance of approximately $14.8 million for the cost of Finch's work on the Premises, which were completed and fully paid by the lessor to the Company as of December 31, 2022. Lease expense related to the Hood Lease of $4.9 million and $3.7 million was recorded for the years ended December 31, 2023 and 2022, respectively.

Finch posted a customary letter of credit in the amount of approximately $2.3 million as of December 31, 2023, subject to decrease on a set schedule, as a security deposit pursuant to the Hood Lease. This is included in restricted cash, non-current on the consolidated balance sheet as of December 31, 2023 and 2022.

In the third quarter of 2022, Finch entered into a sublease agreement to sublet approximately one third of its leased space under the Hood Lease, which commenced on August 10, 2022, for an initial term of two years, with an option to extend the sublease for up to one additional year, which was exercised in the fourth quarter of 2022. Additionally, in the fourth quarter of 2022, Finch entered into a second sublease agreement to sublet the remainder of its leased space under the Hood Lease for a three-year term, which commenced on December 15, 2022. For the years ended December 31, 2023 and 2022, Finch recognized sublease income of $4.0 million and $0.7 million, respectively, which is presented as sublease and other income in the consolidated statements of operations.

In connection with the preparation of the financial statements for the year ended December 31, 2022, due to the execution of the subleases of the leased space under the Hood Lease, Finch identified a triggering event with regards to the fair value of the Hood ROU asset. Therefore, Finch performed a discounted cash flow analysis that considered market-based rent

assumptions, which resulted in an impairment of the ROU asset totaling $6.9 million and is included as a separate charge within operating expenses on the consolidated statement of operations for the year ended December 31, 2022.

The following table presents the classification of ROU assets and operating lease liabilities as of December 31 (in thousands):

	BALANCE SHEET CLASSIFICATION	2023	2022
ASSETS:			
Operating lease assets	Operating right-of-use assets	$ 26,584	$ 32,752
LIABILITIES:			
Operating lease liabilities			
Current	Operating lease liabilities, current	$ 1,723	$ 3,431
Noncurrent	Operating lease liabilities, non-current	28,403	34,255
Total lease liabilities		$ 30,126	$ 37,686

The following table represents the components of operating lease cost, which are included in general and administrative and R&D expense on the consolidated statement of operations, for the years ended December 31 (in thousands):

	2023	2022
Operating lease cost	$ 5,527	$ 5,230
Short-term lease cost	17	173
Variable lease cost	304	1,949
Sublease income	(3,956)	(702)
Total lease cost, net	$ 1,892	$ 6,650

The weighted-average remaining operating lease term and discount rate were as follows as of December 31:

	2023	2022
Weighted-average remaining lease term (years)	8.0	8.5
Weighted-average discount rate	8.5%	8.3%

Supplemental disclosure of cash flow information related to operating leases for the years ended December 31 were as follows (in thousands):

	2023	2022
Changes in operating lease liabilities	$ (2,762)	$ 1,931

The following table represents a summary of the Company's future operating lease payments required as of December 31, 2023 (in thousands):

2024	$	4,795
2025		4,931
2026		5,071
2027		5,215
2028		5,364
Thereafter		17,025
Total future minimum lease payments		42,401
Less: amount representing interest		(12,275)
Present value of future minimum lease payments	$	30,126

The undiscounted cash flows to be received under the operating subleases were as follows (in thousands):

2024	$	4,222
2025		3,135
	$	7,357

6. LOAN PAYABLE

Hercules Loan and Security Agreement

On May 11, 2022 (the "Closing Date") the Company entered into a loan and security agreement (the "Loan Agreement") with Hercules Capital, Inc., providing for a term loan with aggregate maximum borrowings of up to $55.0 million (the "Term Loan"). The Company paid a $0.3 million facility charge upon closing. On January 25, 2023 (the "Payoff Date"), the Company voluntarily paid off all outstanding principal, accrued and unpaid interest, fees, costs and expenses under the Loan Agreement, equal to $16.2 million in the aggregate. Following the Payoff Date, all obligations, covenants, debts and liabilities of the Company under the Loan Agreement were satisfied and discharged in full, and the Loan Agreement and all other documents entered into in connection with the Loan Agreement were terminated.

Under the Loan Agreement, the Company borrowed $15.0 million, which bore interest at a variable annual rate equal to the greater of (i)(a) 4.05% plus (b) the Prime Rate (as reported in the Wall Street Journal) and (ii) 7.55%. Borrowings under the Loan Agreement were repayable in monthly interest-only payments. At the Company's option, the Company could prepay all or a portion of the outstanding borrowings, subject to a prepayment fee of 3.0% of the principal amount if prepayment occurred during the 12 months following the Closing Date. Borrowings under the Loan Agreement were collateralized by substantially all of the Company's personal property and other assets, other than its intellectual property. In addition, the Loan Agreement included certain customary affirmative and restrictive covenants, representations and warranties, and required the Company to maintain its cash in controlled deposit accounts.

As a result of the loan extinguishment, the Company incurred a loss totaling $1.4 million, which included a final payment fee of $0.8 million, of which $0.1 million was accrued in other liabilities as of December 31, 2022. The loan extinguishment loss also included a prepayment fee of $0.3 million and $0.3 million in debt discount and deferred financing fees that were written off.

7. RESTRUCTURING

During the years ended December 31, 2023 and 2022, the Company recognized restructuring charges of $3.8 million and $2.4 million, respectively, consisting of one-time severance payments, healthcare coverage, outplacement services and related expenses. During 2022, the Company had an April 2022 restructuring action, which was substantially completed by the end of the second quarter of 2022 and the remaining charges were incurred in the third quarter of 2022. During 2022, the Company also had a September 2022 restructuring action, which was substantially completed in the fourth quarter of 2022. During 2023, the Company had a January 2023 restructuring action, which was substantially completed in the fourth quarter of 2023. The Company expects to incur a total of $3.8 million related to the January 2023 restructuring action. All restructuring payments are expected to be completed by the second quarter of 2024. The accrued restructuring liability is included in accrued expenses and other current liabilities on the consolidated balance sheets as of December 31, 2023 and 2022.

The following table summarizes the restructuring accrual activity for the years ended December 31 (in thousands):

	2023	2022
Accrued restructuring liability, beginning of the year	$ 201	$ —
Restructuring charges	3,818	2,416
Cash payments	(3,759)	(2,215)
Accrued restructuring liability, end of the year	$ 260	$ 201

8. REVENUE

Takeda Pharmaceutical Company Limited

The Company was party to an agreement (the "Takeda Agreement") with Takeda Pharmaceutical Company Limited ("Takeda"). In accordance with the Takeda Agreement, the Company was obligated to perform certain research activities related to a feasibility program, which were substantially completed in the second quarter of 2022. In August 2022, the Company received written notice from Takeda that Takeda had elected to exercise its right to terminate the Takeda Agreement and the termination became effective on November 17, 2022, upon which certain license rights granted to Takeda terminated. In October 2022, the Takeda Agreement was amended to allow the Company to use commercially reasonable efforts to continue certain development activities for no more than $0.1 million. The Company completed the development in March 2023. The Company recognized revenue related to the Takeda Agreement of $0.1 million and $0.9 million for the years ended December 31, 2023 and 2022, respectively, which is included in collaboration revenue in the consolidated statements of operations. All revenue for the years ended December 31, 2023 and 2022 was transferred over time.

9. INCOME TAXES

For the year ended December 31, 2023, the Company recorded a deferred income tax benefit of $3.5 million, of which $1.4 million was federal and $2.1 million was state. The benefit was a result of the full removal of the deferred tax liability on the IPR&D that was written off during the first quarter of 2023 and treated as a discrete item in the tax provision. The Company did not record a deferred income tax expense or benefit for the year ended December 31, 2022. The Company did not record a current income tax expense or benefit for the years ended December 31, 2023 and 2022 due to current and historical losses incurred by the Company.

The effective income tax rate differed from the statutory federal income tax rate for the years ended December 31 due to the following:

	2023	2022
Federal income taxes at 21%	21.00%	21.00%
State income taxes, net of federal benefit and tax credits	3.39	5.00
Permanent differences	(9.12)	(3.88)
Change in valuation allowance	(10.83)	(22.12)
	4.44%	0.00%

Significant components of the Company's net deferred tax assets and liabilities as of December 31 are as follows (in thousands):

	2023	2022
Deferred Tax Assets:		
Net operating losses	$ 73,677	$ 61,782
Tax credits	8,722	6,033
Accrued expenses	—	17
Right of Use Liabilities	8,230	10,225
Section 174 R&D Expenditures	10,010	9,898
Other	1,423	1,310
Total deferred tax assets	102,062	89,265
Valuation allowance	(86,438)	(75,627)
Total net deferred tax assets	15,624	13,638
Deferred Tax Liabilities:		
Intangibles assets	8,224	8,057
Fixed assets	20	121
Right of Use Assets	7,263	8,639
Other	117	282
Total deferred tax liabilities	15,624	17,099
Total net deferred tax liabilities	$ -	$ (3,461)

The Company regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more-likely-than-not that some or all of the deferred tax assets will not be realized. In assessing the realizability of deferred tax assets, the Company considers taxable income in prior carryback years, as permitted under the tax law, the Company's forecasted taxable earnings, tax planning strategies, and the expected timing of the reversal of temporary differences. This determination requires significant judgment, including assumptions about future taxable income that are based on historical and projected information and is performed on a jurisdiction-by-jurisdiction basis.

During the years ended December 31, 2023 and 2022, management assessed the positive and negative evidence in its U.S. operations, and concluded as of December 31, 2023 that it is more likely than not that all of its net deferred tax assets will not be realized given the Company's history of operating losses. The Company recorded a full valuation allowance against the total net U.S. deferred tax assets. The valuation allowance against deferred tax assets increased by approximately $10.8 million during 2023 related to a full valuation allowance recorded against additional net operating losses and tax credits generated in the period.

As of December 31, 2023, the Company had federal net operating losses ("NOLs") of $275.1 million, which may be available to offset future federal income tax liabilities. The Company's federal NOLs incurred prior to 2018, $37.2 million, expire through 2037, while its federal NOLs incurred in 2018 and onwards, $237.9 million, can be carried forward indefinitely. As of December 31, 2022, the Company had federal NOLs of $230.9 million.

As of December 31, 2023, the Company had post-apportioned state NOLs of $15.9 million that can generally be carried forward 20 years. As of December 31, 2022, the Company had post-apportioned state NOLs of $13.3 million.

As of December 31, 2023, the Company had $6.7 million and $2.0 million of federal and state R&D credits, respectively, which will expire at various dates through 2041. As of December 31, 2022, the Company had $4.9 million and $1.1 million of federal and state R&D credits, respectively.

Net operating loss and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The Company has not, yet, conducted a study to determine if any such changes have occurred that could limit its ability to use the net operating loss and tax credit carryforward.

The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations in a multitude of jurisdictions. A tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, on the basis of the technical merits. As of December 31, 2023 and 2022, the total amount of uncertain tax liabilities relates to federal and state tax credit carryforwards and are all recorded net in deferred taxes.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits as of December 31 is as follows (in thousands):

	2023	2022
Balance, beginning of year	$ 2,473	$ 1,822
Additions for tax positions of current year	—	651
Additions for tax positions of prior years	1,098	—
Balance, end of year	$ 3,571	$ 2,473

The Company recognizes interest and penalties related to unrecognized tax benefits on the income tax expense line in the accompanying consolidated statement of operations. As of December 31, 2023 and 2022, there was no accrued interest or penalties.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The previous three tax years remain open to examination by federal and state tax authorities. There are currently no pending income tax examinations. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service and state tax authorities to the extent utilized in a future period.

10. COMMITMENTS AND CONTINGENCIES

Legal Contingencies

On December 1, 2021, Rebiotix Inc. and Ferring Pharmaceuticals Inc. (collectively, "Rebiotix") filed a complaint against the Company in the U.S. District Court for the District of Delaware (the "Court"). The complaint seeks a declaratory judgment of non-infringement and invalidity with respect to seven United States Patents owned by the Company: U.S. Patent Nos. 10,675,309 (the "'309 Patent"); 10,463,702 (the "'702 Patent"); 10,328,107 (the "'107 Patent"); 10,064,899; 10,022,406 (the "'406 Patent"); 9,962,413 (the "'413 Patent"); and 9,308,226. On February 7, 2022, the Company filed an answer and counterclaims against Rebiotix for infringement of the '107, '702, and '309 Patents. In June 2022, Finch alleged infringement of the '406 and '413 Patents by Rebiotix. On March 7, 2022, the Company filed an amended answer and counterclaims, in which the Company, together with the Regents of the University of Minnesota ("UMN"), alleged infringement by Rebiotix of three U.S. Patents owned by UMN and exclusively licensed to the Company: U.S. Patent Nos. 10,251,914, 10,286,011, and 10,286,012, (collectively, the "UMN Patents"). On April 4, 2022, Rebiotix filed counterclaims for declaratory judgment of non-infringement and invalidity of the UMN Patents. On May 2, 2022, the Company and UMN responded, denying such counterclaims. The Court set a trial date for a five-day trial beginning on May 20, 2024. On January 23, 2023, the Company filed a second amended answer and counterclaims, in which the Company alleged infringement by Rebiotix of two additional U.S. Patents owned by Finch: U.S. Patent Nos. 11,541,080 (the "'080 Patent") and 11,491,193 (the "'193 Patent"). On February 7, 2023, Rebiotix filed counterclaims for declaratory judgment of non-infringement and invalidity of the '080 Patent and '193 Patent. The Court issued a claim construction order on February 28, 2023. On July 6, 2023, Rebiotix filed a motion to dismiss certain counts of our second amended answer and counterclaims based on the assertion that Finch lacks standing to sue as to the '107 Patent, '702 Patent, '309 Patent, '406 Patent, '413 Patent, '193 Patent, and '080 Patent. Rebiotix specifically alleges that the sole named inventor on these patents, Thomas J. Borody, did not assign his rights in those patents to Finch, and as a result, Finch does not own them and therefore does not have standing to assert them. Briefing

on this motion is complete. The parties have mutually agreed to narrow the case to include only claims from the ’309, ’702, ’193, ’080, ’914, and ’012 Patents. On December 8, 2023, both parties filed dispositive motions asking the Court to resolve certain aspects of the case in advance of the jury trial. On February 21, 2024, the Company received a notice that the U.S. District Court for the District of Delaware issued an order resetting the trial date from May 20, 2024 to August 5, 2024.

The pending lawsuit is subject to inherent uncertainties, and the actual legal fees and costs will depend upon many unknown factors. The outcome of the pending lawsuit cannot be predicted with certainty. The Company has determined that there is no probable or estimable loss contingency that is required to be recorded as of December 31, 2023.

License and Royalty Payments

The Company is party to license agreements under which it is obligated to make milestone and royalty payments and incur annual maintenance fees.

The Company owes an annual maintenance fee of $5 thousand under the agreement with the University of Minnesota, as well as escalating minimum royalty amounts. The minimum payments continue in perpetuity until the agreement is terminated. Upon product commercialization, the Company will be required to pay minimum royalties of $20 thousand under an agreement for patents owned by Arizona State University.

Under an agreement with Microbiome Health Research Institute, Inc. ("OpenBiome") the Company is required to pay certain milestone fees of up to $26.0 million upon the occurrence of certain R&D events, regulatory approvals, and commercial sales, and low single digit royalties on net sales of products on a product-by-product and country-by-country basis, as well as a mid-single digit royalties on sublicensing revenue related to such products.

Royalty Income

On November 19, 2020, the Company entered into the LMIC License Agreement (“LMIC Agreement”) with OpenBiome, pursuant to which the Company granted OpenBiome a non-exclusive license, with the right to grant sublicenses, under certain patents, patent applications, and know-how that are reasonably necessary or useful for the exploitation of products manufactured directly from donor-sourced stool without the use of culturing or replication, or certain natural products (“OpenBiome Royalty Products”). The Company owns all improvements and modifications made to the licensed intellectual property throughout the term of the LMIC Agreement, while OpenBiome is responsible for all manufacturing efforts and all expenses associated with these efforts. The LMIC Agreement will continue in perpetuity until the last royalty is earned under the LMIC Agreement unless otherwise terminated by either party. OpenBiome has the right to terminate the LMIC Agreement for convenience upon 90 days specified prior written notice to the Company. Either party may terminate the LMIC Agreement in the event of an uncured material breach by the other party.

The only consideration provided to the Company under the LMIC Agreement is in the form of future royalties on net sales of OpenBiome Royalty Products. The Company is entitled to receive tiered royalties on net sales of certain products, ranging from mid-single digit to low second decile digits on a product-by-product and country-by-country basis. The Company did not recognize any revenue related to the LMIC Agreement for the years ended December 31, 2023 and 2022 as there are currently no marketable OpenBiome Royalty Products.

11. STOCKHOLDERS’ EQUITY

The Company’s amended and restated certificate of incorporation authorizes the issuance of up to 200,000,000 shares of $0.001 par value common stock and up to 10,000,000 shares of $0.001 par value undesignated preferred stock. The Board may designate the rights, preferences, privileges, and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preference, and number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on the Company’s common stock, diluting the voting power of the Company’s common stock, impairing the liquidation rights of the Company’s common stock, or delaying or preventing a change in control. As of December 31, 2023, no shares of preferred stock were outstanding.

Each share of common stock entitles the holder to one vote, together with the holders of preferred stock, on all matters submitted to the stockholders for a vote. Common stockholders are also entitled to receive dividends. As of December 31, 2023, no cash dividends have been declared or paid.

The Company has reserved the following shares of common stock as of December 31:

	2023	2022
Options to purchase common stock	51,331	109,522
Unvested restricted stock units	—	9,039
Shares issuable under employee stock purchase plan	—	3
	51,331	118,564

12. STOCK-BASED COMPENSATION

2021 Equity Incentive Plan

In March 2021, the Board adopted, and the stockholders approved, the 2021 Equity Incentive Plan (the "2021 Plan"). The 2021 Plan was amended and restated as of June 8, 2023 to reflect the stock split. The 2021 Plan provides for the grant of incentive stock options to employees, including employees of any parent or subsidiary of the Company, and for the grant of nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards and other forms of awards to employees, directors and consultants, including employees and consultants of the Company's affiliates. Awards under the 2021 Plan generally vest over a period of four years and have a maximum contractual term of ten years.

The number of shares of common stock reserved for issuance under the Company's 2021 Plan automatically increases on January 1 of each calendar year, starting on January 1, 2022 through January 1, 2031, in an amount equal to (i) 5.0% of the total number of shares of common stock outstanding on December 31 of the year before the date of each automatic increase, or (ii) a lesser number of shares determined by the Board prior to the applicable January 1. The maximum number of shares of common stock that may be issued on the exercise of incentive stock options under the 2021 Plan will be 470,000 shares. Shares subject to stock awards granted under the 2021 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under the 2021 Plan.

On January 1, 2023 and 2022, the number of shares of common stock reserved and available for issuance under the 2021 Plan automatically increased by 80,089 and 79,186 shares, respectively. As of December 31, 2023, there were 51,331 shares of common stock issuable upon the exercise of outstanding options and there were 284,279 shares available for future issuance.

2021 Employee Stock Purchase Plan

In March 2021, the Board adopted the 2021 Employee Stock Purchase Plan (the "2021 ESPP"). The 2021 ESPP was amended and restated as of June 8, 2023 to reflect the stock split. The 2021 ESPP is administered by the Board or by a committee appointed by the Board. The 2021 ESPP provides participating employees with the opportunity to purchase shares of common stock. Each offering to employees to purchase shares will begin on each June 1 and December 1 and will end on the following November 30 and May 31, respectively. On each purchase date, which will fall on the last date of each offering period, participants will purchase shares of common stock at a price per share equal to 85% of the lesser of (1) the fair market value of the shares on the offering date or (2) the fair market value of the shares on the purchase date. The occurrence and duration of offering periods are subject to the determinations of the Board.

The number of shares of common stock reserved for issuance under the Company's 2021 ESPP will automatically increase on January 1 of each calendar year, starting on January 1, 2022 through January 1, 2031, in an amount equal to the lesser of (i) 1.0% of the total number of shares of common stock outstanding on December 31 of the year before the date of each automatic increase, or (ii) 46,666 shares, unless a lesser number of shares is determined by the Board. On January 1, 2023 and 2022, the number of shares of common stock reserved and available for issuance under the 2021 ESPP automatically increased by 16,017 and 15,837 shares, respectively. As of December 31, 2023, 3,354 shares have been issued under the 2021 ESPP and 45,167 shares are available for future issuance.

Stock Option Valuation

The assumptions that the Company used in Black-Scholes option-pricing model to determine the grant-date fair value of stock options granted for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Risk-free interest rate	3.88%	2.26%
Expected term (in years)	6.03	5.88
Expected volatility	106.4%	95.7%
Expected dividend yield	0.0%	0.0%

The following table summarizes the activity of the Company's stock options for the year ended December 31, 2023:

	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (in years)	AGGREGATE INTRINSIC VALUE (in thousands)
Outstanding as of December 31, 2022	109,522	$ 293.81	6.9	$ —
Granted	34,094	$ 8.15		
Cancelled or forfeited	(48,681)	$ 325.63		
Expired	(43,604)	$ 334.84		
Outstanding as of December 31, 2023	51,331	$ 39.05	8.0	$ —
Options exercisable as of December 31, 2023	18,313	$ 92.83	5.3	$ —
Options vested or expected to vest as of December 31, 2023	51,331	$ 39.05	8.0	$ —

The options granted during the years ended December 31, 2023 and 2022 were granted to employees and consultants of the Company. As of December 31, 2023, there was approximately $0.2 million of unrecognized compensation expense related to the stock-based compensation arrangements granted under the 2021 Plan remaining to be recognized. The Company expects to recognize this cost over a weighted average period of 3.4 years.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock. There were no options exercised in 2023. The intrinsic value of options exercised in 2022 was $0.4 million. The weighted-average grant date fair value of stock options granted in the years ended December 31, 2023 and 2022 under the Black-Scholes option pricing model was $6.76 per option and $6.92 per option, respectively.

Restricted Stock Unit Awards

In June 2022 the Company issued RSU awards with time-based vesting conditions to employees. The fair value of an RSU award is equal to the fair market value of the Company's ordinary shares on the date of grant and the expense is recognized on a straight-line basis over the requisite service period. The RSUs primarily vest over one year from the grant date.

The following table summarizes the activity of the Company's RSUs under the 2021 Plan for the year ended December 31, 2023:

	RSUs	WEIGHTED-AVERAGE GRANT DATE FAIR VALUE	AGGREGATE INTRINSIC VALUE (in thousands)
Unvested as of December 31, 2022	9,039	$ 83.88	$ 131
Vested and distributed	(4,046)	$ 83.80	
Forfeited	(4,993)	$ 83.95	
Unvested as of December 31, 2023	—	$ —	$ —

Stock-Based Compensation Expense

Total stock-based compensation expense recorded as research and development and general and administrative expenses, respectively, for employees, directors and non-employees during the years ended December 31 is as follows (in thousands):

	2023	2022
Research and development	$ 231	$ 3,265
General and administrative	1,698	4,579
Total	$ 1,929	$ 7,844

13. RETIREMENT PLAN

The Company has adopted a defined contribution plan intended to qualify under Section 401(k) of the Internal Revenue Code covering all eligible employees of the Company. All employees are eligible to become participants of the plan at the beginning of the next full quarter subsequent to their hire date. Each active employee may elect, voluntarily, to contribute a percentage of their compensation to the plan each year, subject to certain limitations. The Company reserves the right to make additional contributions to this plan. The Company made contributions to the plan of $0.1 million and $0.7 million for the years ended December 31, 2023 and 2022, respectively.

14. LOSS PER SHARE

Basic and diluted loss per share, which is computed by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding, is as follows for the years ended December 31 (in thousands, except share and per share data):

	2023	2022
Numerator:		
Net loss	$ (74,754)	$ (114,646)
Net loss attributable to common stockholders—basic and diluted	(74,754)	(114,646)
Denominator:		
Weighted-average common stock outstanding—basic and diluted	1,604,549	1,589,584
Net loss per share attributable to common stockholders—basic and diluted	$ (46.59)	$ (72.12)

The weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following from the computation of diluted net loss per share attributable to common stockholders as of December 31, 2023 and 2022 because including them would have had an anti-dilutive effect:

	2023	2022
Options to purchase common stock	51,331	109,522
Unvested restricted stock units	—	9,039
Shares issuable under employee stock purchase plan	—	3
	51,331	118,564

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

None.

Item 9A. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (2) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and our management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Pursuant to Rules 13(a)-13(e) and 15(d)-15(e) under the Exchange Act, management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. Based on the evaluation of our disclosure controls and procedures as of December 31, 2023, our principal executive officer and our principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management of the Company has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making its assessment of internal control over financial reporting, management used the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2023.

This annual report does not include an audit report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to audit by the Company's registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fourth quarter of 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and our principal financial officer, believe that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. Other Information.

On March 22, 2024, Susan Graf resigned from the Board of Directors (the "Board") of Finch Therapeutics Group, Inc. (the "Company"), effective as of March 26, 2024. Ms. Graf's decision to resign as a member of the Board was not the result of any disagreement between Ms. Graf and the Company on any matters relating to the Company's operations, policies or practices.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required under this item is incorporated herein by reference to the information set forth in the sections titled "Information Regarding Director Nominees and Current Directors", "Information Regarding the Board of Directors and Corporate Governance" and "Executive Officers" in our definitive proxy statement relating to our 2024 annual meeting of stockholders, or the 2024 Proxy Statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2023.

Item 11. Executive Compensation.

The information required under this item is incorporated herein by reference to the information set forth in the sections titled "Executive Compensation" and "Non-Employee Director Compensation" in the 2024 Proxy Statement.

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

The information required under this item is incorporated herein by reference to the information set forth in the sections titled "Executive Compensation – Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the 2024 Proxy Statement.

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

The information required under this item is incorporated herein by reference to the information set forth in the sections titled "Information Regarding the Board of Directors and Corporate Governance – Independence of the Board of Directors" and "Transactions with Related Persons" in the 2024 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required under this item is incorporated herein by reference to the information set forth in the sections titled "Principal Accounting Fees and Services" and "Pre-Approval Policies and Procedures" in the 2024 Proxy Statement.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

(1) For a list of the financial statements included herein, see Index to the Consolidated Financial Statements on page F-1 of this Annual Report on Form 10-K, incorporated into this Item by reference.

(2) Financial statement schedules have been omitted because they are either not required or not applicable or the information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits:

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Finch Therapeutics Group, Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed March 23, 2021).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of Finch Therapeutics Group, Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed June 9, 2023).
3.3	Amended and Restated Bylaws of Finch Therapeutics Group, Inc. (incorporated by reference to Exhibit 3.2 of the Registrant's Current Report on Form 8-K filed March 23, 2021).
4.1	Third Amended and Restated Stockholders Agreement, by and among Finch Therapeutics Group, Inc. and certain of its stockholders, dated September 2, 2020 (incorporated by reference to Exhibit 4.1 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
4.2	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
4.3	Description of Registrant's Securities (incorporated by reference to Exhibit 4.3 of the Registrant's Annual Report on Form 10-K, filed March 31, 2022).
10.1†	2017 Equity Incentive Plan, as amended, and the forms of agreements thereunder (incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q filed August 10, 2023).
10.2	Form of Indemnity Agreement between Finch Therapeutics Group, Inc. and its officers and directors (incorporated by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
10.3#	Amended and Restated Exclusive License Agreement between Regents of the University of Minnesota and Finch Therapeutics Holdings LLC, dated January 28, 2022 (incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K, filed March 31, 2022).
10.4#	Amendment to the Amended and Restated Exclusive License Agreement, dated as of April 12, 2023, between Finch Therapeutics Holdings LLC and Regents of the University of Minnesota (incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q, filed August 10, 2023).
10.5#	Exclusive License Agreement by and between Crestovo, LLC and Arizona Science and Technology Enterprises LLC, dated as of July 3, 2017, as amended August 27, 2018 (incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
10.6#	Asset Purchase Agreement by and between Finch Therapeutics, Inc. and Microbiome Health Research Institute, Inc., dated as of November 19, 2020 (incorporated by reference to Exhibit 10.6 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
10.7#	LMIC License Agreement by and between Finch Therapeutics, Inc. and Microbiome Health Research Institute, Inc., dated as of November 19, 2020 (incorporated by reference to Exhibit 10.7 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
10.8+	Lease, dated August 3, 2021, by and between Hood Park LLC and Finch Therapeutics, Inc. (incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q, filed November 10, 2021).
10.9†	2021 Equity Incentive Plan, as amended, and the forms of agreements thereunder (incorporated by reference to Exhibit 10.6 of the Registrant's Quarterly Report on Form 10-Q filed August 10, 2023).
10.10†	2021 Employee Stock Purchase Plan, as amended (incorporated by reference to Exhibit 10.7 of the Registrant's Quarterly Report on Form 10-Q, filed August 10, 2023).
10.11†	Amended and Restated Executive Employment Agreement, by and between Finch Therapeutics Group, Inc. and Mark Smith, dated as of March 12, 2021 (incorporated by reference to Exhibit 10.12 of the Registrant's Registration Statement on Form S-1, as amended, filed March 18, 2021).
10.12*†	Consulting Agreement with Mark Smith, dated May 25, 2023.

10.13†	Executive Employment Agreement by and between Finch Therapeutics Group, Inc. and Marc Blaustein, dated as of September 8, 2021 (incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K, filed March 31, 2022).
10.14†	Amendment No. 1 to the Executive Employment Agreement by and between Finch Therapeutics Group, Inc. and Marc Blaustein, dated as of December 7, 2022.
10.15†+	Retention Bonus Agreement by and between Finch Therapeutics Group, Inc. and Marc Blaustein, dated as December 7, 2022
10.16†	Consulting Agreement, dated as of April 21, 2023, between Finch Therapeutics, Inc. and Matthew P. Blischak (incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed April 25, 2023).
10.17†	Executive Employment Agreement, effective as of April 21, 2023, between Finch Therapeutics Group, Inc. and Matthew P. Blischak (incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed April 25, 2023).
16.1	Letter of Deloitte & Touche LLP, dated May 11, 2023 (incorporated by reference to Exhibit 16.1 of the Registrant's Current Report on Form 8-K filed May 11, 2023).
21.1*	Subsidiaries of Finch Therapeutics Group, Inc.
23.1*	Consent of Wolf & Company, P.C.
23.2*	Consent of Deloitte & Touche LLP
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 Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	Policy for Recoupment of Incentive Compensation
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because 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 (the cover page interactive date is embedded within the Inline XBRL document)

* Filed herewith.
**Furnished herewith.
Certain portions of this exhibit (indicated by asterisks) have been omitted because they are not material and would likely cause competitive harm to Finch Therapeutics Group, Inc. if publicly disclosed.
+ Certain schedules and exhibits to this exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.
† Indicates management contract or compensatory plan.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

FINCH THERAPEUTICS GROUP, INC.

Date: March 25, 2024

By: /s/ Matthew P. Blischak
Matthew P. Blischak
Chief Executive Officer, President and Secretary

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

Name	Title	Date
/s/ Matthew P. Blischak Matthew P. Blischak	Chief Executive Officer, President, and Secretary *(Principal Executive Officer)*	March 25, 2024
/s/ Lance Thibault Lance Thibault	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 25, 2024
/s/ Susan Graf Susan Graf	Chairman of the Board of Directors	March 25, 2024
/s/ Domenic Ferrante Domenic Ferrante	Director	March 25, 2024
/s/ Chris Shumway Chris Shumway	Director	March 25, 2024
/s/ Christian Lange Christian Lange	Director	March 25, 2024
/s/ Jeffery Smisek Jeffery Smisek	Director	March 25, 2024

Exhibit 10.12

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into as of May 16, 2023 (the "Effective Date") by and between Mark Smith, with an address of [***] ("Consultant"), and Finch Therapeutics, Inc., a Delaware corporation with an address at 200 Inner Belt Road, Suite 400, Somerville, MA 02143 ("Finch"). Finch desires to obtain from Consultant various services, and Consultant desires to provide the services to Finch, all as provided in this Agreement. Each of Consultant and Finch may be referred to herein individually as a "Party," or collectively as the "Parties".

1. **Services.** Finch hereby offers to engage Consultant, and Consultant accepts engagement by Finch, for the performance of the services ("Services") for Finch and/or its Affiliates in accordance with the attached business terms exhibit, and any additional business terms exhibit(s) which may be executed by the Parties hereunder from time to time (each, a "Business Terms Exhibit"). Each Business Terms Exhibit shall become a part of this Agreement; provided that the terms in any Business Terms Exhibit will apply only with respect to the Services described therein. In the event of any conflict between the terms of this Agreement and any Business Terms Exhibit, the terms of this Agreement will govern. Any changes to the Services (and any related compensation adjustments) must be agreed to in writing between Consultant and Finch prior to the implementation of such changes. Herein "Affiliate" means, with respect to a given entity, any person or legal entity directly or indirectly controlling, controlled by or under common control with such entity, where control shall mean the direct or indirect ownership of more than fifty percent (50%) of the outstanding voting securities of an entity or such other relationship as results in the actual control over the management, assets, business and affairs of an entity.

2. **Performance.** Consultant represents and warrants that Consultant has the requisite skills, experience and expertise to provide the Services and will provide the Services (i) diligently, conscientiously and in accordance with the highest applicable industry standards and (ii) in accordance with best business practices, policies and procedures employed in Finch's business including, but not limited to, procedures regarding safety, security, data administration and operating practices. Consultant agrees to provide the Services at such locations and facilities as may be agreed upon by Consultant and Finch, to keep Finch advised of the progress of Services, to permit any representative duly authorized by Finch to inspect from time to time such results of said Services and to provide Finch with such documents, reports, presentations, and the like as Finch shall reasonably request.

3. **Subcontracting; Consultant Personnel.** The Services are personal in nature and Consultant is not permitted to subcontract the performance of any of its obligations under this Agreement to any third party without obtaining Finch's prior written consent.

4. **Confidentiality.** Consultant understands that all technical, business and financial information concerning Finch and its related entities and Affiliates, whether written or oral, and whether or not marked as confidential, which is disclosed or made available to Consultant by Finch or any person working for Finch or an entity affiliated with Finch, including any academic institutions, and all information which Consultant generates as a result of Services performed for Finch (collectively, "Confidential Information"), is proprietary and confidential to Finch. "Confidential Information" includes, without limitation, (a) Work Product, Inventions, Finch Materials, and information concerning Finch's proposed or actual products or services, (b) business strategies, financial information, forecasts, personnel information and customer lists of Finch, (c) all information of third parties that Finch has an obligation to keep confidential, and (d) the terms and conditions of this Agreement. All Confidential Information is and shall remain the sole and exclusive property of Finch. Neither this Agreement nor any disclosure hereunder shall be deemed, by implication or otherwise, to vest in Consultant any license, interest, or ownership rights of any kind to or under the Confidential Information, inventions, patents, know-how, trade secrets, trademarks, or copyrights owned or controlled by Finch. Confidential Information, however, shall not include any such information which Consultant can demonstrate by competent evidence is: (a) in Consultant's possession prior to its receipt of such information under this Agreement, as shown by Consultant's written records; (b) already available or becomes available to the public through no fault of Consultant's; or (c) is received by Consultant from a third party having a right to disclose it. During the Term and thereafter, Consultant agrees that Consultant shall not, without the prior written consent of Finch, (a) use Confidential Information for any purpose other than carrying out the Services under this Agreement; or (b) disclose Confidential Information except on a "need to know" basis as is necessary to fulfill Consultant's obligations hereunder, and only then with the prior written consent of Finch, and provided

disclosure is only made to any party bound by written obligations of confidentiality at least as restrictive as those set forth in this Agreement. Consultant agrees to return any and all of Confidential Information to Finch upon any termination or expiration of the Agreement.

5. **Ownership of Work Product.** Finch shall own all right, title and interest in and to all Inventions (defined below) arising from or made in the performance of (solely or jointly with others) the Services (whether or not patentable or subject to copyright or trade secret protection) (collectively, the "Work Product"). Consultant hereby irrevocably assigns and agrees to assign to Finch, without additional consideration, all right, title and interest in and to all Work Product throughout the world, including without limitation, all patents, trade secrets, copyrights, trademarks and all other intellectual property and proprietary rights related thereto. Consultant shall provide Finch with the originals and/or all copies of such Work Product upon request of Finch. To the extent that any copyrighted work produced by Finch hereunder is not a "work made for hire" for purposes of the copyright laws of the United States, Consultant hereby assigns to Finch all right, title and interest in the copyright of such work, including without limitation the right to reproduce, distribute, sublicense, perform and display the work and to create and use derivative works therefrom in any medium throughout the world. The term "derivative works" as used in this Agreement has the same meaning as used in the Copyright Act of the United States. Consultant shall cooperate with Finch both during and after the term of this Agreement to procure and maintain Finch's rights with respect to the foregoing and to complete and execute such assignments, certificates or other instruments as Finch may from time to time deem necessary or desirable to evidence, establish, maintain, perfect, protect, enforce or defend its right, title and interest in or to any of the foregoing. Consultant shall retain no rights in or to any Work produced hereunder. For the purposes of this Agreement, "Inventions" means all inventions, discoveries, improvements, ideas, concepts, designs, formulations, products, works of authorship, computer programs, biological materials, know-how, information, data, documentation, reports, research and creations.

6. **Finch Materials.** All documents, data, records, materials, compounds, equipment and other physical property furnished or made available by or on behalf of Finch and its related entities and Affiliates to Consultant in connection with this Agreement ("Finch Materials") are and will remain the sole property of Finch. Consultant will use Finch Materials only as necessary to perform the Services and will not transfer or make available to any third party the Finch Materials without the express prior written consent of Finch. Consultant will return to Finch any and all Finch Materials upon request.

7. **Term and Termination.** This Agreement shall commence on the Effective Date and expire at the end of the period specified in the "Term" section of the attached Business Terms Exhibit (or, if multiple Business Terms Exhibits are entered into hereunder, the latest end date of the periods specified in the "Term" section of such multiple Business Terms Exhibits), unless terminated sooner in accordance with this Agreement, or extended as mutually agreed upon in writing by both Parties ("Term"). Finch may terminate this Agreement or any Business Terms Exhibit at any time, with or without cause, upon providing written notice to Consultant. Consultant shall have the right to terminate this Agreement upon thirty (30) days' advance written notice. Upon expiration or termination of this Agreement, neither Consultant nor Finch will have any further obligations under this Agreement, except that (a) Consultant will terminate all Services in progress in an orderly manner as soon as practicable and in accordance with a schedule agreed to by Finch, unless Finch specifies in the notice of termination that Services in progress should be completed, (b) Consultant will deliver to Finch any and all Work Product developed through expiration or termination, (c) Finch will pay Consultant any monies due and owing Consultant up to the time of termination or expiration, for Services actually performed and all authorized and non-cancellable expenses actually incurred, (d) Consultant will immediately return to Finch all Confidential Information and copies thereof provided to Consultant under this Agreement, and (e) the terms, conditions and obligations under Sections 3, 4, 5, 6, 7, 12, 14, 15, 16, 17 and 18 shall survive expiration or termination of this Agreement.

8. **Intentionally Omitted**.

9. **Compensation.** In consideration of the timely performance of Services in accordance with this Agreement, Finch shall pay Consultant in accordance with the approvedBusiness Terms Exhibit, which shall include a description of the Services, the associated billing rate(s) and terms of expense reimbursement. Finch will make no payments until it has received from Consultant an executed original of the Agreement and a current copy of a completed Internal Revenue Service form W-9. Invoices shall be payable by Finch within thirty (30) days of receipt, unless disputed in good faith. By acceptance of payment for the Services specified therein, Consultant waives any and all further claims against Finch for such payment. The Parties represent that as of the date of

full execution of this Agreement the fees represent fair market value for Services rendered, are based upon arm's length bargaining, and are consistent with the value of similar services.

10. Independent Contractor. Consultant is an independent contractor and shall not be deemed to be an employee, agent, joint venture, or partner of Finch for any purpose. Finch shall not be responsible for providing fringe or other benefits, including health insurance coverage, to Consultant. Consultant shall be responsible for the payment of taxes or contributions for unemployment insurance or old age pensions or annuities or social security payments which are measured by the wages, salaries or other remuneration paid to the Consultant or the employees of Consultant and owed on fees paid by Finch, and Finch shall not withhold taxes on payments made to Consultant, Consultant shall have no authority whatsoever to bind Finch in any way or assume any obligations or liabilities of any nature for or on behalf of Finch. The Consultant is free from control and direction in connection with the performance of the Services identified herein, both under this Agreement for the performance of Services and in fact; and the Services are performed outside the usual course of the business of Finch, or Consultant is customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the Services performed.

11. Consultant Representations and Warranties

a. General. Consultant represents and warrants that performance of the Services provided under this Agreement do not and shall not violate any applicable law, rule or regulation; any contracts with third parties; or any third party rights in any patent, trademark, copyright, trade secret or similar right. Consultant further warrants that the Services provided hereunder will be best efforts and of a professional quality conforming to generally accepted industry standards. Consultant further represents and warrants that (a) it is under no obligation to any third party that would interfere with its rendering to Finch execution and performance of the Services, including any employer or institution, and (b) Consultant has the full right, power and authority to enter into this Agreement and there is nothing that will prevent Consultant from performing obligations under this Agreement. If Consultant is a faculty member at, or employee of, a university or hospital ("Institution"), Consultant represents and warrants that pursuant to Institution's policies concerning professional consulting and additional workload, Consultant is permitted to enter into this Agreement. If Consultant is required by Consultant's Institution to disclose to it any proposed agreements with industry, Consultant has made such disclosure. If Institution's prior approval of this Agreement is required by Institution, Consultant has obtained or will obtain such approval prior to beginning the Services.

b. Debarment. Consultant represents and warrants that (a) the Services will be performed in accordance with all applicable current government regulatory requirements and all federal, state and local laws, rules and regulations, and (b) Consultant, (i) has not been debarred and is not subject to a pending debarment, pursuant to section 306 of the United States Food Drug and Cosmetic Act, 21 U.S.C. §335a, (ii) is not ineligible to participate in any federal and/or state healthcare programs or federal procurement or non-procurement programs (as that term is defined in 42 U.S.C. 1320a-7b(f)), including, but not limited to, Medicare, Medicaid and Civilian Health and Medical Program of the Uniformed Services, (iii) is not disqualified by any government or regulatory agencies from performing specific services, and is not subject to a pending disqualification proceeding and (iv) has not been convicted of a criminal offense related to the provision of healthcare items or services, and is not subject to any such pending action. Consultant agrees to inform Finch in writing promptly if Consultant is subject to the foregoing, or if any action, suit, claim, investigation, or proceeding relating to the foregoing is pending, or to the best of Consultant's knowledge, is threatened.

c. Anti-Corruption Laws. To determine and ensure compliance with the United States Foreign Corrupt Practices Act, as amended from time to time, the UK Bribery Act 2010, and the OECD Anti-Bribery Convention (hereafter, "Anti-Corruption Laws"), Consultant shall, upon reasonable advance notice, permit Finch and its representatives during normal business hours to inspect and audit Consultant's business records. Consultant shall take such actions that are commercially feasible to adopt any reasonable suggestions of Finch to correct any deficiencies identified by any inspection or audit conducted by Finch. Consultant acknowledges that Finch is committed to complying with all national and transnational anti-bribery statutes including, without limitation, compliance with the Anti-Corruption Laws and agrees that Consultant will comply with their provisions at all times with regard to the Services including, but not limited to, not offering or giving anything of value to a foreign public official in

connection with the performance of the official's duties or inducing an official to use their position to influence any acts or decisions of any foreign, state or public international organization.

12. **Indemnification; Limitations of Liability.** Consultant agrees to defend, indemnify and hold harmless Finch, its officers, directors, agents and employees (collectively, "Finch Indemnitees") from and against any and all third party claims, actions, damages, costs, expenses (including reasonable attorneys' fees), losses or liabilities of any nature incurred or asserted against the Finch Indemnitees arising out of or related to (a) the negligence, fraud, or misconduct of Consultant, (b) any breach of warranty by Consultant, or (c) failure of Consultant to comply with the terms hereof. Neither Finch nor its Affiliates, partners, agents, clients or its or their employees (including Finch Indemnitees) shall be liable hereunder for any consequential or indirect loss or damage or any other special or incidental damages incurred or suffered by Consultant. The waiver and disclaimer of liability expressed herein shall survive termination or expiration of this Agreement, and shall apply whether in contract, equity, tort or otherwise, and shall extend to the Finch Indemnitees, and the agents of Finch, and their respective officers and employees.

13. **Audit**.

    a. Consultant will permit Finch's representatives, upon reasonable advance notice and during regular business hours, to examine or audit all records relating to such Services, including financial records and systems, and the facilities or sites where the Services are provided, to determine that the Services are being conducted in accordance with this Agreement.

    b. If any governmental or regulatory authority conducts, or gives notice to Consultant of its intention to conduct, an inspection, audit or other regulatory action with respect to the Services provided pursuant to this Agreement, Consultant will promptly notify Finch prior to complying with such a demand or request. To the extent permitted by applicable laws, rules, regulations, and other acts of governmental authority, Finch shall have the right to be present during any such inspection, audit or other action.

14. **Public Comment.** Consultant agrees that Consultant will not at any time, during or after the engagement hereunder, directly or indirectly, (a) make any public comments about (including, without limitation, by way of news interviews or the expression of personal views, opinions or judgments to the media or any other entity or person outside Finch) Finch or any of its Affiliates or any officer, director, investor or employee of such parties (together, the "Finch Group") or (b) disparage, criticize, ridicule or make any negative comments about the Finch Group to any person or entity within the Finch Group or any other individual or entity with whom the Finch Group has a business or personal relationship.

15. **Intentionally Omitted**.

16. **Notices.** All notices required or permitted under this Agreement must be in writing and addressed as set forth above or to such other address as the recipient may specify in writing. Notices will be deemed to have been given (a) three (3) business days after deposit in the mail with proper postage for first class registered or certified mail prepaid, or (b) one (1) day after sending by nationally recognized overnight delivery service.

17. **Defend Trade Secrets Act Notice.** 18 U.S.C. § 1833(b) provides: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly permitted by 18 U.S.C. § 1833(b).

18. **Miscellaneous.** This Agreement contains the entire understanding between the Parties regarding the subject matter hereof and cannot be altered or amended except by a written instrument subsequently executed by the Parties hereto. For the avoidance of doubt, any post-employment obligations set forth in the Amended and Restated Executive Employment Agreement, dated as of March 12, 2021, between Finch Therapeutics Group, Inc. and Consultant shall continue to apply. Any waiver of any condition, obligation, or benefit under this Agreement shall not be deemed a waiver of any subsequent breach or default of any term, condition, or limitation. The terms, conditions, and obligations of this Agreement are binding on the respective heirs, assigns, successors, and personal representatives of the Parties hereto. In case any provision of this Agreement shall be held invalid, illegal or unenforceable in whole or in part, then (a) the intent of the Parties is that such provision shall be modified to the extent necessary to make it valid, legal and enforceable, and (b) in any event

neither the validity of the remaining part of such provision nor the validity of any other provision of this Agreement shall in any way be affected thereby. Neither Party may assign this Agreement without the written consent of the other, except that Finch may assign its rights in and delegate its obligations under this Agreement to any affiliated entity. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, without regard to any choice of law principle that would require the application of the law of another jurisdiction. The Parties agree to submit to the exclusive jurisdiction of the state and federal courts in the Commonwealth of Massachusetts and waive any defense of inconvenient forum to the maintenance of any action or proceeding in such courts.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first above written.

FINCH THERAPEUTICS, INC. **MARK SMITH**

By: /s/ Matthew Blischak /s/ Mark Smith

Name: Matthew Blischak

Title: Chief Executive Officer

Business Terms Exhibit
To the Consulting Agreement between Finch Therapeutics, Inc.
And Mark Smith, dated May 16, 2023

A. Description of Consulting Services

Consultant will perform the following Services under this Agreement:

- Serve as a scientific and strategic advisor to the company.
- Advance non-litigation-related licensing and collaboration opportunities for the company
- Provide ad hoc advice, recommendations and services upon request.

Consultant shall perform the Services on a schedule and at the location or locations identified above or as otherwise mutually agreed between Consultant and Finch's Chief Executive Officer, hr addition, Consultant will be available for a reasonable number of telephone and/or written communications.

For the avoidance of doubt, "Services" shall not include (1) testimony and preparation for testimony at trial in or any other aspect of the legal proceeding identified as Ferring Therapeutics, Inc, Rebiotix Inc. ("Plaintiffs") v. Finch Therapeutics Group, Inc., Finch Therapeutics, Inc., and Finch Therapeutics Holdings, LLC, C.A. No. 21-1694-RGA pending in the United States District Court for the District of Delaware (the "Pending Patent Litigation"); or (2) testimony by deposition, at trial, or otherwise or any related preparation therefor in any future or other legal proceeding including without limitation any such proceeding involving claims related to patent infringement for any patent owned or licensed by Finch or an affiliate thereof. Consultant agrees that he will receive no Compensation for any such activity.

B. Compensation

Fees: Finch will pay Consultant based on Consultant's hours and ordinary and customary rate as identified below:

Task Type	Total Hours	Rate ($/hr)
Consulting	Up to 80 hours / month	$325

Total hourly fees under this Agreement will not exceed $150,000 USD during the Term without Finch's express written consent. Further, Finch will not reimburse Consultant for remediating obvious and avoidable deficiencies in any Services provided by Consultant.

Milestone Payments: In addition to hourly fees paid to Consultant, and in accordance with ordinary and customary bonuses provided by Finch, in the event that any of the following success based Milestones are achieved during the Term, Finch will pay to Consultant a one-time Milestone award for each milestone to the extent provided below.

1. Milestone #1: Prior to March 31, 2024, achievement by the Company of (i) all three milestones ((a)- (c)) referenced in Section 2.a in the First Amendment to the Exclusive License Agreement between Finch Therapeutics Holdings, LLC and the Regents of the University of Minnesota, dated April 12, 2023 (the "UMN Agreement"), AND (ii) satisfaction of the development obligation referenced in the second full paragraph of Section 2.a of the UMN Agreement, together (i and ii) shall result in a one-time milestone award of $100,000 USD. For the avoidance of doubt, satisfaction of

Milestone #1 expressly excludes and shall not be based on any settlement, resolution, or outcome of the Pending Patent Litigation or any license agreement with one or both of Plaintiffs or any other party with which Finch is engaged in litigation.

2. Milestone #2: Prior to March 31, 2024, execution by the Company of a definitive agreement or agreements for transactions monetizing Non-Core Assets that in aggregate provide upfront consideration totaling greater than $250,000 USD shall result in a one-time milestone award of $50,000 USD. Non-Core Assets are defined as assets other than CP101, FIN-524, FIN-525 or FIN-211 and consistent with the exclusion to Milestone #1 excludes (i) any license arrangement or settlement between the Company and one or more of Plaintiffs or any other party with which Finch is engaged in litigation and (ii) the sale of equipment or consumables.

For the avoidance of doubt, Consultant will be entitled to either or both Milestones above only if Consultant had significant involvement in and contributed substantially to its achievement.

Upon achievement of a Milestone, Consultant will provide written notification to Finch's Chief Executive Officer (CEO) with evidence that the Milestone has been completed and a corresponding invoice for the milestone award amount. The Compensation Committee shall determine whether such Milestone has been met and whether the applicable milestone award has been earned hereunder within thirty (30) days following the date of Consultant's invoice. All such determinations shall be made and documented by the Compensation Committee in its reasonable discretion, citing evidence, and will be final and binding on Consultant.

Expenses: Finch shall reimburse Consultant for any travel or other direct expenses related to the Services rendered hereunder, provided Finch has given prior authorization for such expenses in writing or via electronic mail. Requests for reimbursement will be in a form reasonably acceptable to Finch, will include supporting documentation, and will accompany Consultant's invoices.

C. Invoicing

Upon completion of each calendar month, Consultant will submit an invoice for the hours worked, the type of Services performed, the total amount to be billed to the client (Finch), and any travel or other direct expenses with reasonable supporting information, within fifteen (15) days after the month end by sending an invoice and related supporting documentation to the attention of "Accounts Payable" at payables@finchtherapeutics.com.

D. Term

The Term of this Agreement will begin on May 16, 2023 and end upon either party's termination pursuant to Section 7 of this Agreement.

Exhibit 10.14

December 7, 2022

Marc Blaustein
mblaustein@finchtherapeutics.com

Dear Marc,

The purpose of this letter is to amend the Employment Agreement by and between Finch Therapeutics Group, Inc. (the "Company") and you dated as of September 8, 2021 (the "Employment Agreement"), effective as of April 30, 2022 (the "Effective Date"). Capitalized terms used but not defined in this letter will have the meanings set forth in the Employment Agreement.

1. Base Salary. As of the Effective Date, Section 2.1 of the Employment Agreement is deleted in its entirety and replaced with the following:

"The Executive shall be entitled to receive an annual base salary of $415,000 USD (the 'Base Salary'). The Base Salary, which will be reviewed annually, will be paid periodically in accordance with the Company's normal payroll practices and be subject to applicable withholdings."

Except as expressly modified herein, the Employment Agreement remains in full force and effect, and is binding on you and the Company in accordance with its terms. Without limiting the generality of the foregoing, you acknowledge and agree that you remain bound by the restrictive covenants set forth in Section 3 of the Employment Agreement, and that the changes to the terms and conditions of your employment described in this Amendment do not change or limit the scope of, or your obligations to comply with, such restrictive covenants.

[Remainder of page intentionally left blank.]

FINCH THERAPEUTICS GROUP, INC.

By: /s/ Mark Smith
Name: Mark Smith
Title: CEO

EXECUTIVE:

/s/ Marc Blaustein
Name: Marc Blaustein

Exhibit 10.15

RETENTION BONUS AGREEMENT

THIS RETENTION BONUS AGREEMENT (this "Agreement"), is made and entered into by and between Finch Therapeutics Group, Inc., a Delaware corporation (together with all subsidiaries and affiliates hereinafter referred to as the "Company"), and Marc Blaustein (the "Executive") effective as of December 7, 2022.

1. **Retention Bonus.**

a. Service Based-Bonus. The Executive will be eligible to earn a service-based cash retention bonus in the aggregate amount of $83,000 (the "Service-Based Bonus"), which shall be earned as to fifty percent (50%) of the Service-Based Bonus on May 31, 2023 (the "First Service-Based Bonus") and as to the remaining fifty percent (50%) of the Service-Based Bonus on December 31, 2023 (the "Second Service-Based Bonus"). The First Service-Based Bonus shall be paid on December 16, 2022, subject to the Executive's continued employment through such date; provided, that, if the Executive subsequently terminates his or her employment voluntarily (other than a termination by the Executive for Good Reason as defined in the Executive's employment agreement with the Company) or if the Company subsequently terminates the Executive's employment for Cause (as defined in the Executive's employment agreement with the Company), in each case, prior to May 31, 2023, the Executive shall be required to repay, within ten (10) days of the date of termination, the full amount of the First Service-Based Bonus paid to the Executive. The Second Service-Based Bonus shall be paid on the first regular Company payroll date that is on or after June 1, 2023, subject to the Executive's continued employment through such date; provided, that, if the Executive subsequently terminates his or her employment voluntarily (other than a termination by the Executive for Good Reason, as defined above) or if the Company subsequently terminates the Executive's employment for Cause (as defined above), in each case, prior to December 31, 2023, the Executive shall be required to repay, within ten (10) days of the date of termination, the full amount of the Second Service-Based Bonus paid to the Executive.

b. Performance Based Bonus. The Executive shall be eligible to earn a performance-based cash retention bonus in the aggregate amount of $332,000 (the "Performance-Based Bonus"). The Performance-Based Bonus shall be eligible to be earned (in the amounts and at the times set forth on Exhibit A hereto) based on the achievement of the Performance Conditions set forth on Exhibit A hereto, with respect to each applicable Performance Condition, subject to the Executive's continued employment with the Company through the date the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board") determines such Performance Condition has been achieved. To the extent earned, the portion of the Performance-Based Bonus that is so earned shall be paid to the Executive within thirty (30) days following the determination by the Compensation Committee of the achievement of the applicable Performance Condition, but in no event later than March 15th of the year following the year in which such Performance Condition is achieved.

2. **Withholding Taxes**. Payments by the Company under this Agreement shall be reduced by any tax or other amount required to be withheld by the Company under applicable law, as determined by the Company in its sole discretion.

3. **Section 409A**. Payments under this Agreement are intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), and this Agreement will be construed accordingly. Each payment hereunder shall be treated as a separate payment for purposes of Section 409A. Notwithstanding anything to the contrary, neither the Company, nor any person acting on behalf of the Company, will be liable to the Executive or the Executive's estate or beneficiary by reason of any

acceleration of income, or any additional tax, asserted by reason of the failure of any payment to satisfy the requirements of Section 409A.

4. **Nontransferability**. Neither this Agreement nor any rights under this Agreement may be sold, transferred, pledged, hypothecated, assigned or otherwise disposed of or encumbered (directly or indirectly). Notwithstanding the foregoing, the Company may assign its rights and obligations under this Agreement without the Executive's consent in the event that the Company shall hereafter effect a reorganization, consolidate with, or merge into any other entity or transfer all or substantially all of its properties, stock, or assets to any other entity.

5. **No Implied Rights**. The Executive's employment shall at all times be at will. Nothing contained in this Agreement shall confer upon the Executive any right with respect to the terms of or continuation of the Executive's employment with the Company or interfere with the right of the Company to terminate the Executive's employment at any time, with or without notice or cause.

6. **Entire Agreement; Amendment**. This Agreement is the entire agreement between the Company and the Executive with respect to any retention or similar bonus and replaces all prior communications, agreements and understandings, written or oral, with respect to any such bonus. This Agreement may not be amended or modified except in a writing signed by the Company and the Executive.

7. **Governing Law; Forum**. This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the internal laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws rules thereof to the extent that any such rules would require or permit the application of the laws of any other jurisdiction. The parties agree that any suit, action or proceeding arising out of or relating to this Agreement shall be instituted in a state or federal court of competent jurisdiction located in the Commonwealth of Massachusetts and they hereby irrevocably submit to the exclusive jurisdiction of any such court.

8. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and shall have the same effect as if the signatures hereto and thereto were on the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Retention Bonus Agreement as of the date first written above.

FINCH THERAPEUTICS GROUP, INC.

By: /s/ Mark Smith
Name: Mark Smith
Title: CEO

EXECUTIVE

/s/ Marc Blaustein
Marc Blaustein

EXHIBIT A
Performance Conditions

Exhibit 21.1

SUBSIDIARIES

Name	Jurisdiction of Formation
Finch Therapeutics, Inc.	Delaware
Finch Therapeutics Holdings, LLC	Delaware
Finch Research and Development, LLC	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration No. 333-265173 on Form S-3 and Registration Statement Nos. 333-254773 and 333-264041 on Form S-8 of our report dated March 25, 2024, relating to the consolidated financial statements of Finch Therapeutics Group, Inc. and its subsidiaries appearing in this Annual Report on Form 10-K of Finch Therapeutics Group, Inc. and its subsidiaries for the year ended December 31, 2023.

/s/ Wolf & Company, P.C.

Wolf & Company, P.C.
Boston, Massachusetts
March 25, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration No. 333-265173 on Form S-3 and Registration Statement Nos. 333-270788, 333-254773 and 333-264041 on Form S-8 of our report dated March 23, 2023, relating to the consolidated financial statements of Finch Therapeutics Group, Inc. and its subsidiaries appearing in this Annual Report on Form 10-K of Finch Therapeutics Group, Inc. and its subsidiaries for the year ended December 31, 2023.

/s/ Deloitte & Touche LLP

Boston, Massachusetts
March 25, 2024

Exhibit 31.1

CERTIFICATION 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

I, Matthew P. Blischak, certify that:

1. I have reviewed this Annual Report on Form 10-K of Finch Therapeutics Group, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 25, 2024

By: /s/ Matthew P. Blischak
Matthew P. Blischak
Chief Executive Officer, President and Secretary
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION 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

I, Lance Thibault, certify that:

1. I have reviewed this Annual Report on Form 10-K of Finch Therapeutics Group, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: March 25, 2024

By: /s/ Lance Thibault
Lance Thibault
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

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

In connection with the Annual Report on Form 10-K of Finch Therapeutics Group, Inc. (the "Company") for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the company, hereby certifies, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to his or her knowledge:

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

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

Date: March 25, 2024

By: /s/ Matthew P. Blischak
Matthew P. Blischak
Chief Executive Officer, President and Secretary
(Principal Executive Officer)

Date: March 25, 2024

By: /s/ Lance Thibault
Lance Thibault
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 97.1

FINCH THERAPEUTICS GROUP, INC.

Policy for Recoupment of Incentive Compensation

1. Introduction

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the regulations thereunder, the Board of Directors (the "Board") of Finch Therapeutics Group, Inc. (the "Company") has adopted this policy (the "Policy") providing for the Company's recoupment of certain incentive-based compensation received by Covered Executives (as defined below) in the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the securities laws. This Policy is designed to comply with, and shall be construed and interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act and the related listing rules of the Nasdaq Stock Market.

2. Administration

Administration and enforcement of this Policy is delegated to the Compensation Committee of the Board (as constituted from time to time, and including any successor committee, the "Committee"). The Committee shall make all determinations under this Policy in its sole discretion. Determinations of the Committee under this Policy need not be uniform with respect to any or all Covered Executives and will be final and binding.

3. Effective Date

This Policy shall be effective with respect to Covered Compensation (as defined below) that is received by Covered Executives on or after October 2, 2023 (the "Effective Date").

4. Covered Executives

This Policy covers each current or former officer of the Company subject to Section 16 of the Exchange Act (each, a "Covered Executive").

5. Covered Compensation

This Policy applies to any cash-based or equity-based incentive compensation, bonus, and/or award that is or was received by a Covered Executive and that is based, wholly or in part, upon the attainment of any financial reporting measure ("Covered Compensation"). This Policy shall apply to any Covered Compensation received by an employee who served as a Covered Executive at any time during the performance period for that Covered Compensation.

6. Financial Restatements; Recoupment

Inthe event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (such an accounting restatement, a "Restatement"), the Committee shall review the Covered Compensation received by a Covered Executive during the three-fiscal year period preceding the Required Financial Restatement Date (as defined below) as well as any transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. Regardless of whether the Company files the restated financial statements, the Committee shall seek recoupment of any Covered Compensation, whether in the form of cash or equity, received by a Covered Executive (computed without regard to any taxes paid), if and to the extent:

a) the amount of the Covered Compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a Restatement; and

b) the amount of the Covered Compensation that would have been received by the Covered Executive had the financial results been properly reported would have been lower than the amount actually awarded (any such amount, "Erroneously Awarded Compensation").

To the extent Covered Compensation was based on the achievement of a financial reporting measure, but the amount of such Covered Compensation was not awarded or paid on a formulaic basis, the Committee shall determine the amount, if any, of such Covered Compensation that is deemed to be Erroneously Awarded Compensation.

For purposes of this Policy, the "Required Financial Restatement Date" is the earlier to occur of:

a) the date the Board, a committee of the Board, or any officer or officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or

b) the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For the avoidance of doubt, a Covered Executive will be deemed to have received Covered Compensation in the Company's fiscal period during which the financial reporting measure specified in the award is attained, even if the Covered Executive remains subject to additional payment conditions with respect to such award.

7. Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping Erroneously Awarded Compensation, which may include, without limitation:

a. requiring reimbursement of cash incentive compensation previously paid;

b. cancelling or rescinding some or all outstanding vested or unvested equity (and/or equity-based) awards;

c. adjusting or withholding from unpaid compensation or other set-off to the extent permitted by applicable law; and/or

d. reducing or eliminating entitlements to future salary increases, cash-based or equity-based incentive compensation, bonuses, awards or severance.

8. Impracticability Exceptions

The Committee shall not seek recoupment of any Erroneously Awarded Compensation to the extent it determines that:

a) the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of Erroneously Awarded Compensation to be recovered;

b) recovery would violate home country law where that law was adopted prior to November 28, 2022; and/or

c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Company employees, to fail to meet the requirements of Sections 401(a)(13) and 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

9. No Indemnification

For the avoidance of doubt, the Company shall not indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation or any Covered Compensation that is recouped pursuant to the terms of this Policy, or any claims relating to the Company's enforcement of its rights under this Policy.

10. Severability

If any provision of this Policy or the application of any such provision to any Covered Executive shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

11. Amendments

The Committee may amend, modify or terminate this Policy in whole or in part at any time and may adopt such rules and procedures that it deems necessary or appropriate to implement this Policy or to comply with applicable laws and regulations.

12. No Impairment of Other Remedies

The remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company may have, the Company's ability to enforce, without duplication, the recoupment provisions set forth in any separate Company policy or in any Company plan, program or agreement (each, a "Separate Recoupment Policy" and collectively, the "Separate Recoupment Policies"), or any actions that may be imposed by law enforcement agencies, regulators or other authorities. Notwithstanding the foregoing, in the event that there is a conflict between the application of this Policy to a Covered Executive in the event of a Restatement and any additional recoupment provisions set forth in a Separate Recoupment Policy to which a Covered Executive is subject, the provisions of this Policy shall control. The Company may also adopt additional Separate Recoupment Policies in the future or amend existing requirements as required by law or regulation.