



TRILLIUM
THERAPEUTICS INC.

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED
MARCH 31, 2021 AND 2020**

(UNAUDITED)

2488 Dunwin Drive
Mississauga, Ontario L5L 1J9
www.trilliumtherapeutics.com

TRILLIUM THERAPEUTICS INC.
Condensed Consolidated Balance Sheets (unaudited)
(amounts in thousands, except share data)

	March 31, 2021	December 31, 2020
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	247,905	247,600
Marketable securities	27,747	43,565
Accounts receivable	931	947
Prepaid expenses	9,458	6,417
Total current assets	286,041	298,529
Property and equipment, net	791	778
Intangible assets	783	783
Operating lease right-of-use assets, net	673	732
Total non-current assets	2,247	2,293
Total assets	288,288	300,822
LIABILITIES		
Current		
Accounts payable	1,314	7,891
Accrued expenses	9,610	9,323
Current portion of operating lease liabilities	285	274
Stock option liability	3,585	3,930
Total current liabilities	14,794	21,418
Operating lease liabilities, net of current portion	509	557
Total liabilities	15,303	21,975
Commitments and contingencies (Note 9)		
STOCKHOLDERS' EQUITY		
Series I preferred shares, without par value: unlimited shares authorized; no shares issued or outstanding at March 31, 2021 and December 31, 2020	-	-
Series II preferred shares, without par value: unlimited shares authorized; 6,750,000 shares issued and outstanding at March 31, 2021 and December 31, 2020	15,698	15,698
Common shares, without par value: unlimited shares authorized; 103,032,563 and 102,925,799 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	478,967	476,561
Additional paid-in capital	46,159	43,565
Accumulated other comprehensive loss	(7,602)	(7,602)
Accumulated deficit	(260,237)	(249,375)
Total stockholders' equity	272,985	278,847
Total liabilities and stockholders' equity	288,288	300,822

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

TRILLIUM THERAPEUTICS INC.
Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)
(amounts in thousands, except share and per share data)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
OPERATING EXPENSES		
Research and development	5,924	4,988
General and administrative	5,390	11,675
Total operating expenses	11,314	16,663
Operating loss	(11,314)	(16,663)
Other income (expense)		
Interest income, net	529	412
Net foreign currency loss	(35)	(24)
Total other income, net	494	388
Net loss before income taxes	(10,820)	(16,275)
Income tax expense	42	23
Net loss and comprehensive loss	(10,862)	(16,298)
Net loss per share, basic and diluted	(0.11)	(0.25)
Weighted average number of common shares used in computing net loss per share, basic and diluted	103,004,158	65,522,274

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

TRILLIUM THERAPEUTICS INC.
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
(amounts in thousands, except share data)

	Common shares		Series II preferred shares		Additional paid-in capital		Accumulated other comprehensive loss	Deficit	Total
	#	\$	#	\$	#	\$	\$	\$	\$
Balance at December 31, 2020	102,925,799	476,561	6,750,000	15,698	43,565		(7,602)	(249,375)	278,847
Exercise of options	96,764	2,389	-	-	(238)		-	-	2,151
Exercise of warrants	10,000	17	-	-	(7)		-	-	10
Stock-based compensation	-	-	-	-	2,839		-	-	2,839
Net loss	-	-	-	-	-		-	(10,862)	(10,862)
Balance at March 31, 2021	103,032,563	478,967	6,750,000	15,698	46,159		(7,602)	(260,237)	272,985

	Common shares		Series I preferred shares		Series II preferred shares		Additional paid-in capital	Accumulated other comprehensive loss	Deficit	Total
	#	\$	#	\$	#	\$	\$	\$	\$	\$
Balance at December 31, 2019	28,938,831	149,393	17,171,541	2,348	8,868,403	21,485	23,072	(7,602)	(190,029)	(1,333)
Issuance of preferred and common shares, net of issue costs	41,279,090	106,515	-	-	1,250,000	3,225	-	-	-	109,740
Reclassification of warrants from liability to equity	-	-	-	-	-	-	13,370	-	-	13,370
Reclassification of stock options from equity to liability	-	-	-	-	-	-	(225)	-	-	(225)
Exercise of options	340,000	1,859	-	-	-	-	(781)	-	-	1,078
Exercise of warrants	7,684,717	12,858	-	-	1,750,000	2,928	(6,727)	-	-	9,059
Conversion of preferred shares into common shares	4,440,787	11,387	(17,171,541)	(2,348)	(3,868,403)	(9,039)	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	252	-	-	252
Net loss	-	-	-	-	-	-	-	-	(16,298)	(16,298)
Balance at March 31, 2020	82,683,425	282,012	-	-	8,000,000	18,599	28,961	(7,602)	(206,327)	115,643

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

TRILLIUM THERAPEUTICS INC.
Condensed Consolidated Statements of Cash Flows (unaudited)
(amounts in thousands)

	Three months ended March 31, 2021	Three months ended March 31, 2020
	\$	\$
Cash flows from operating activities		
Net loss	(10,862)	(16,298)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock-based compensation	3,024	11,224
Depreciation of property and equipment	41	147
Unrealized foreign exchange loss	11	192
Changes in operating assets and liabilities		
Accounts receivable	16	(121)
Prepaid expenses	(3,041)	(2,184)
Operating lease right-of-use assets	59	52
Accounts payable	(6,577)	(221)
Accrued expenses	287	13
Operating lease liabilities	(37)	(96)
Net cash used in operating activities	(17,079)	(7,292)
Cash flows from investing activities		
Maturities of marketable securities	15,831	10,000
Purchases of marketable securities	(13)	(13,954)
Net purchases of property and equipment	(54)	-
Net cash provided by (used in) investing activities	15,764	(3,954)
Cash flows from financing activities		
Exercise of stock options	1,621	1,078
Exercise of warrants	10	9,059
Issuance of preferred and common shares, net of issuance costs	-	109,740
Net cash provided by financing activities	1,631	119,877
Impact of foreign exchange rate on cash and cash equivalents	(11)	(194)
Net increase in cash and cash equivalents	305	108,437
Cash and cash equivalents, beginning of period	247,600	14,584
Cash and cash equivalents, end of period	247,905	123,021
Supplemental cash flow disclosures		
Cash paid for operating lease payments	61	90
Reclassification of warrants from liability to equity	-	13,370
Reclassification of stock options from equity to liability	-	225
Fair value transfer of stock option liability to equity upon stock option exercise	530	-

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

TRILLIUM THERAPEUTICS INC.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of the business

Trillium Therapeutics Inc. (the “Company” or “Trillium”) is a clinical-stage immuno-oncology company developing innovative therapies for the treatment of cancer. The Company’s two clinical programs, TTI-621 and TTI-622, target CD47, a “don’t eat me” signal that cancer cells frequently use to evade the immune system. The Company is a corporation existing under the laws of the Province of British Columbia.

Since inception, the Company has been primarily involved in research and development activities and has incurred significant net losses. As of March 31, 2021, the Company had an accumulated deficit of \$260.2 million. The Company anticipates that it will continue to incur significant expenses and operating losses for the foreseeable future as it continues to develop its product candidates. As a result, the Company will require substantial additional capital to fund its continued operations and pursue its growth strategy. The Company has not generated any product revenues and has financed its operations primarily through public offerings of its equity securities. There can be no assurance that the Company will be able to raise additional funds or enter into such other agreements on favorable terms, or at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company’s business, results of operations, and financial condition.

As of March 31, 2021, the Company had cash and cash equivalents and marketable securities of \$275.7 million. The Company believes that its existing cash and cash equivalents and marketable securities will enable it to fund its expected operating requirements for at least the next 12 months.

The Company is subject to a number of risks similar to other biopharmaceutical companies in the early stage, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, the need to obtain marketing approval for its product candidates, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of the Company’s products, and protection of proprietary technology. If the Company does not successfully obtain regulatory approval, commercialize or partner any of its product candidates, it will be unable to generate revenue from product sales or achieve profitability.

2. Summary of significant accounting policies

(a) Basis of presentation and consolidation

These accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim reporting and as required by Regulation S-X, Rule 10-01. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the audited consolidated financial statements and footnotes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission (“SEC”) on March 18, 2021. These interim condensed consolidated financial statements, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of the Company’s financial position and results of operations for the periods presented.

These condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Trillium Therapeutics USA Inc. The financial statements of the subsidiary are prepared for the same reporting period as the Company using consistent accounting policies. Intercompany transactions, balances and gains and losses on transactions between the Company and the subsidiary are eliminated.

(b) Use of estimates

The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, reported amounts of revenue and expenses during the reporting periods, and related disclosures in the accompanying notes. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to, accrued clinical and contract research organization costs, and stock-based compensation expense, including the valuation of the stock option liability. The Company reviews its estimates and underlying assumptions on an ongoing basis. Revisions are recognized in the period in which the estimates are revised and may impact future periods. Actual results could differ materially from these estimates and assumptions.

COVID-19

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and the business of the Company or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge about COVID-19 and additional actions which may be taken to contain it. Such developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow, and exposure to credit risk. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

(c) Recent accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to present them at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. The Company believes that the adoption of this standard will not have a material impact on the condensed consolidated financial statements. The new standard will be effective for annual periods beginning on or after December 15, 2022.

3. Fair value measurements

Liabilities measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020 are as follows (in thousands):

	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$	\$	\$	\$
March 31, 2021				
Stock option liability	3,585	-	-	3,585
Total liabilities	3,585	-	-	3,585
December 31, 2020				
Stock option liability	3,930	-	-	3,930
Total liabilities	3,930	-	-	3,930

There were no changes in valuation techniques or transfers between Levels 1, 2 or 3 during the three months ended March 31, 2021. The Company's stock option liability is measured at fair value on a recurring basis using unobservable inputs that are classified as Level 3 inputs. As of March 31, 2021 and December 31, 2020, the balances of the stock option liability were \$3.6 million and \$3.9 million, respectively. The change in fair value of the stock option liability for the three months ended March 31, 2021 was as follows (in thousands):

	2021 \$
Beginning balance	3,930
Change in fair value of stock option liability	185
Exercises of stock options	(530)
Ending balance	3,585

The change in fair value of the stock option liability is recorded as stock-based compensation expense (recovery) in the statements of operations and comprehensive loss.

The equity-settled stock option liability was determined based on the fair value of the liability at the reporting date using the Black-Scholes model with the following weighted average assumptions:

	March 31, 2021
Expected option life	4.2 years
Risk-free interest rate	0.8%
Dividend yield	0%
Expected volatility	114%

The Black-Scholes option pricing model requires subjective assumptions, including expected volatility and expected option life. The expected volatility is based on the Company's historical stock price volatility. The expected life of the options is estimated considering the vesting period at the grant date, the life of the option and the average length of time similar grants have remained outstanding in the past. The risk-free interest rate is based on the implied yield on a U.S. Government bond with a remaining term equal to the expected term of the option. The dividend yield was excluded from the calculation since it is the present policy of the Company to retain all earnings to finance operations and future growth.

As of March 31, 2021 and December 31, 2020, the Company's marketable securities primarily include guaranteed investment certificates and corporate bonds, are classified as held-to-maturity, and are valued at amortized cost. Because the marketable securities are short-term in nature, with maturity dates of less than one year, carrying value approximates fair value.

4. Leases

The Company has an operating lease (the "2015 Lease"), to lease 22,003 square feet of a Mississauga, Ontario facility. The term of the 2015 Lease commenced on November 1, 2015. The 2015 Lease has an initial term of 10 years from the commencement date, and the Company has an option to extend the initial term for two further terms of five years each. The Company had the option to terminate the lease agreement any time after 5 years (i.e. after October 31, 2020) with a minimum of 9 months prior written notice. If the Company terminates the lease agreement between the 61st to the 84th month, the Company is obligated to pay the unamortized balance of tenant improvement allowance based on a rate of 8%, plus 4 months minimum rent and additional rent. Upon early termination after the 84th month, the Company is obligated to pay the unamortized balance of tenant improvement allowance based on a rate of 8%, plus 2 months minimum rent and additional rent. As part of the determination of its right-of-use assets, the Company assumed that it would terminate this lease at the end of the 84th month. The landlord agreed to pay the Company a lease inducement for the 2015 Lease of \$0.2 million to reimburse the Company for leasehold improvements being made to the leased premises and the acquisition of certain equipment.

On April 1, 2019, the Company entered into an operating lease (the "2019 Lease") to lease approximately 3,200 of square feet of office space located in Cambridge, Massachusetts. The 2019 Lease has an initial term of 5 years from the commencement date with no option to extend the initial term. The annual base rent increases on an annual basis from the 13th month to approximately \$0.2 million for the fifth year of the lease. The landlord agreed to pay the Company a lease inducement of \$0.1 million to reimburse the Company for leasehold improvements being made to the leased premises.

Future minimum lease payments under non-cancellable lease agreements as of March 31, 2021 were as follows (in thousands):

	March 31, 2021
	\$
2021	284
2022	455
2023	184
2024 and beyond	46
Total minimum lease payments	969
Less: Imputed interest	(175)
Present value of lease liabilities	794

Lease expense is recognized on a straight-line basis over the term of the leases and accordingly the Company records the difference between cash rent payments and the recognition of lease expense against the operating lease right-of-use asset. For the three months ended March 31, 2021 and 2020, variable lease payments relating to the Company's operating leases were \$23 thousand and \$38 thousand, respectively. Lease expenses during the three months ended March 31, 2021 and 2020 were \$0.1 million and \$0.1 million, respectively. As of March 31, 2021, the weighted average remaining lease term was 2.3 years and the weighted average incremental borrowing rate used to determine the operating lease liability was 15%.

5. Accrued expenses

The Company's accrued expenses consisted of the following as of March 31, 2021 and December 31, 2020 (in thousands):

	March 31, 2021	December 31, 2020
	\$	\$
Accrued employee compensation	551	1,507
Accrued clinical and contract research organization costs	7,293	5,978
Other accrued expenses	1,676	1,802
<u>Amounts due to related parties</u>	<u>90</u>	<u>36</u>
Total	9,610	9,323

6. Stockholder's equity

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of common shares, Class B shares and First Preferred Shares, in each case without nominal or par value. Common shares are voting and may receive dividends as declared at the discretion of the Board of Directors. Class B shares are non-voting and convertible to common shares at the holder's discretion, on a one-for-one basis. Upon dissolution or wind-up of the Company, Class B shares participate ratably with the common shares in the distribution of the Company's assets. First Preferred Shares have voting rights as decided upon by the Board of Directors at the time of grant. Upon dissolution or wind-up of the Company, First Preferred Shares are entitled to priority over common shares and Class B shares.

The Company has Series I First Preferred Shares that are non-voting, may receive dividends as declared at the discretion of the Board of Directors, and are convertible to common shares at the holder's discretion, on the basis of 30 Series I First Preferred Shares for one common share.

The Company has Series II First Preferred Shares that are non-voting, may receive dividends as declared at the discretion of the Board of Directors, and are convertible to common shares at the holder's discretion, on the basis of one Series II First Preferred Share for one common share.

Holders may not convert Series II First Preferred Shares into common shares if, after giving effect to the exercise of conversion, the holder would have beneficial ownership or direction or control over common shares in excess of 4.99% of the then outstanding common shares. This limit may be raised at the option of the holder on 61 days' prior written notice: (i) up to 9.99%, (ii) up to 19.99%, subject to clearance of a personal information form submitted by the holder to the Toronto Stock Exchange and (iii) above 19.99%, subject to approval by the Toronto Stock Exchange and stockholder approval.

(b) Shares issued – three months ended March 31, 2021

During the three months ended March 31, 2021, 10,000 common shares were issued on the exercise of 10,000 warrants for proceeds of \$10 thousand.

7. Net loss per share

Basic net loss per share is calculated by dividing net loss by the weighted average shares outstanding during the period, without consideration for common share equivalents. Diluted net loss per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period. For purposes of the dilutive net loss per share calculation, preferred shares, warrants, stock options, and deferred share units are considered to be common share equivalents but are excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive; therefore, basic and diluted net loss per share were the same for all periods presented as a result of the Company's net loss.

The following common share equivalents were excluded from the computation of diluted net loss per share for the periods presented because including them would have had an anti-dilutive effect:

	March 31, 2021	March 31, 2020
Series II First Preferred Shares	6,750,000	8,000,000
Common warrants	1,505,675	3,915,283
Preferred warrants	5,400,000	5,400,000
Stock options	5,239,544	5,002,062
Deferred share units (equity-settled)	2,219,226	-
	21,114,445	22,317,345

8. Stock-based compensation

(a) Stock option plans

2020 Omnibus Plan

The 2020 Omnibus Equity Incentive Plan ("Omnibus Plan") was adopted by the Board of Directors on May 6, 2020 and approved by the stockholders at the annual general and special meeting of stockholders held on June 30, 2020. Under the Omnibus Plan, the Company may grant non-statutory and incentive stock options, share appreciation rights, restricted share units, restricted share awards, unrestricted share awards, deferred share units and dividend equivalent rights. The maximum number of common shares issuable under the Omnibus Plan is 13,400,000 common shares. The Omnibus Plan replaces the Company's 2018 Stock Option Plan, the 2016 Cash-Settled DSU Plan and the 2019 Inducement Stock Option Plan (the "Predecessor Plans") as of July 1, 2020. As of March 31, 2021, the Company was entitled to issue an additional 7,996,355 common shares under the Omnibus Plan.

2019 Inducement Stock Option Plan

Stock options of the Corporation that were granted and are outstanding under the 2019 Inducement Stock Option Plan ("2019 Inducement Plan") will remain subject to the terms and conditions of the 2019 Inducement Plan; however, no new stock options of the Corporation will be granted under the 2019 Inducement Plan. As of March 31, 2021 there were 1,250,000 stock options outstanding under the 2019 Inducement Plan.

For the three months ended March 31, 2021, 25,000 stock options with a weighted average exercise price of \$0.41 per share were exercised.

2018 Stock Option Plan

Stock options that were granted and are outstanding under the 2018 Stock Option Plan ("2018 Plan") will remain subject to the terms and conditions of the 2018 Plan; however, no new stock options of the Corporation will be granted under the 2018 Plan. As of March 31, 2021, there were 1,357,994 stock options outstanding under the 2018 Plan.

For the three months ended March 31, 2021, 71,764 stock options with a weighted average exercise price of \$4.42 per share were exercised.

Stock-based compensation expense

Total stock-based compensation expense recorded related to stock options granted to employees and non-employees for the three months ended March 31 were as follows (in thousands):

	2021	2020
	\$	\$
Research and development	16	864
General and administrative	3,008	921
Total stock-based compensation expense	3,024	1,785

Stock-based compensation expense for employees was \$2.7 million and \$1.8 million for the three months ended March 31, 2021 and 2020, respectively. For the three months ended March 31, 2021 and 2020, stock-based compensation expense for employees related to stock options accounted for as liability awards was \$0.2 million and \$1.5 million, respectively.

Stock-based compensation expense for non-employees was \$0.3 million and \$0 for the three months ended March 31, 2021 and 2020, respectively.

As of March 31, 2021, there was \$39.0 million of unrecognized compensation expense related to unvested stock options that is expected to be recognized over a weighted average period of 2.7 years.

Stock option activity during the three months ended March 31, 2021 was as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in thousands)
Outstanding at December 31, 2020	5,326,708	\$7.30	9.1	\$39,670
Granted	9,600	\$13.15		
Exercised	(96,764)	\$3.39		
Cancelled/expired	-	-		
Outstanding at March 31, 2021	5,239,544	\$7.39	8.8	\$23,250
Exercisable at March 31, 2021	897,546	\$7.22	7.4	\$4,082

The basis and assumptions used to measure the fair value of stock options granted in the period are consistent with those of the prior period.

During the three months ended March 31, 2021, amounts that were receivable of \$1.3 million related to options that were exercised in the prior year were received.

(b) Deferred share units

2016 Cash-Settled DSU Plan

As noted above, the Board of Directors approved the Omnibus Plan, which was approved by the stockholders on June 30, 2020. The Omnibus Plan will govern the terms of the Company's stock option and DSU grants, and provides for equity settlement of DSUs issued for director compensation. In conjunction with the approval of the Omnibus Plan, each director holding DSUs under the Cash-Settled DSU Plan entered into an agreement with the Company to have their existing DSUs be governed by the Omnibus Plan. No new DSUs will be granted under the 2016 Cash-Settled DSU Plan. The Omnibus Plan provides for equity or cash settlement of DSUs issued for director compensation, at the option of the Company. It is the Company's intention to settle all DSUs by equity. The ratification of the Omnibus Plan on June 30, 2020, which now provides for equity settlement of DSUs issued for director compensation, was treated as a modification under ASC 718 *Compensation – Stock Compensation* and the Company's DSUs were classified as equity instead of as a liability. Accordingly, as of June 30, 2020, the DSUs balance was transferred from a liability to equity.

For the three months ended March 31, 2021 and 2020, there were no DSUs issued. For the three months ended March 31, 2021 and 2020, the DSU expense, comprised of directors' fees paid and the revaluation of the DSU liability, were \$0 and \$9.4 million, respectively. The number of DSUs outstanding as at March 31, 2021 and 2020 was 2,219,226 and 3,045,821, respectively. During the three months ended March 31, 2021 and 2020, no DSUs were redeemed.

9. Commitments and contingencies

The Company enters into vendor agreements for the provision of goods and services, which includes manufacturing services with contract manufacturing organizations and development services with contract research organizations. These agreements may include certain provisions for purchase obligations and termination obligations that could require payments for the cancellation of committed purchase obligations or for early termination of the agreements. The amounts of the cancellation or termination payments vary and are based on the timing of the cancellation or termination and the specific terms of the agreement and therefore are cancelable contracts.

The Company enters into research, development and license agreements in the ordinary course of business where the Company receives research services and rights to proprietary technologies. Milestone and royalty payments that may become due under various agreements are dependent on, among other factors, clinical trials, regulatory approvals and ultimately the successful development of a new drug, the outcome and timing of which are uncertain. Under the license agreement for SIRP α Fc, the Company has future contingent milestones payable of \$0.2 million and \$0.2 million on the first patient dosed in phase 2 and 3 trials, respectively, regulatory milestones on their first achievement totalling \$3.8 million, and royalties on commercial sales.

The Company has two agreements with Catalent Pharma Solutions pursuant to which Trillium acquired the right to use a proprietary expression system for the manufacture of two SIRP α Fc constructs. Consideration for each license includes potential pre-marketing approval milestones of up to \$0.9 million and aggregate sales milestone payments of up to \$28.8 million.

The Company periodically enters into research and license agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken by or on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the condensed consolidated financial statements with respect to these indemnification obligations.