UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

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: 001-36740

FIBROGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware	**77-0357827**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
409 Illinois Street **San Francisco, CA**	**94158**
(Address of Principal Executive Offices)	**(Zip Code)**

(415) 978-1200
Registrant's telephone number, including area code:

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	FGEN	The Nasdaq Global Select Market

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

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

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

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

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

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

The number of shares of common stock outstanding as of July 31, 2024 was 100,400,786.

FIBROGEN, INC.

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FIBROGEN, INC.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 140,714	$ 113,688
Short-term investments	—	121,898
Accounts receivable, net ($4,178 and $6,079 from related parties)	6,412	12,553
Inventories	25,397	41,565
Prepaid expenses and other current assets	36,936	41,855
Total current assets	209,459	331,559
Restricted time deposits	1,658	1,658
Property and equipment, net	10,917	13,126
Equity method investment in unconsolidated variable interest entity	6,912	5,290
Operating lease right-of-use assets	61,212	68,093
Other assets	3,045	3,803
Total assets	$ 293,203	$ 423,529
Liabilities, redeemable non-controlling interests and deficit		
Current liabilities:		
Accounts payable ($1,586 and $0 to a related party)	$ 9,938	$ 17,960
Accrued and other current liabilities ($10,993 and $39,814 to a related party)	113,574	172,891
Deferred revenue ($6,111 and $7,220 to related parties)	9,546	12,740
Operating lease liabilities, current	15,531	14,077
Total current liabilities	148,589	217,668
Product development obligations	17,397	17,763
Deferred revenue, net of current ($3,292 and $9,705 to a related party)	131,192	157,555
Operating lease liabilities, non-current	58,376	66,537
Senior secured term loan facilities, non-current	72,478	71,934
Liability related to sale of future revenues, non-current	54,532	51,413
Other long-term liabilities ($605 and $656 to a related party)	1,012	2,858
Total liabilities	483,576	585,728
Commitments and Contingencies		
Redeemable non-controlling interests	21,480	21,480
Stockholders' deficit:		
Preferred stock, $0.01 par value; 125,000 shares authorized; no shares issued and outstanding at June 30, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value; 225,000 shares authorized at June 30, 2024 and December 31, 2023; 100,400 and 98,770 shares issued and outstanding at June 30, 2024 and December 31, 2023	1,004	988
Additional paid-in capital	1,660,862	1,643,641
Accumulated other comprehensive loss	(3,809)	(6,875)
Accumulated deficit	(1,890,397)	(1,841,920)
Total stockholders' deficit attributable to FibroGen	(232,340)	(204,166)
Nonredeemable non-controlling interests	20,487	20,487
Total deficit	(211,853)	(183,679)
Total liabilities, redeemable non-controlling interests and deficit	$ 293,203	$ 423,529

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

FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue:				
License revenue	$ —	$ 1,000	$ —	$ 7,000
Development and other revenue (includes $319, $1,839, $613 and $3,463 from a related party)	269	5,158	1,147	9,050
Product revenue, net (includes $46,005, $20,512, $73,118 and $41,884 from a related party)	49,643	23,889	80,181	48,049
Drug product revenue, net (includes $729, $14,272, $(455) and $16,381 from a related party)	729	14,272	25,216	16,381
Total revenue	50,641	44,319	106,544	80,480
Operating costs and expenses:				
Cost of goods sold	5,178	5,708	30,931	9,199
Research and development	34,106	95,478	72,498	169,964
Selling, general and administrative	22,276	31,181	45,097	65,455
Total operating costs and expenses	61,560	132,367	148,526	244,618
Loss from operations	(10,919)	(88,048)	(41,982)	(164,138)
Interest and other, net				
Interest expense	(4,783)	(3,069)	(9,779)	(5,441)
Interest income and other income (expenses), net	(1,281)	2,652	1,289	3,687
Total interest and other, net	(6,064)	(417)	(8,490)	(1,754)
Loss before income taxes	(16,983)	(88,465)	(50,472)	(165,892)
Benefit from income taxes	(262)	(235)	(229)	(161)
Investment income in unconsolidated variable interest entity	1,177	550	1,766	1,346
Net loss	$ (15,544)	$ (87,680)	$ (48,477)	$ (164,385)
Net loss per share - basic and diluted	$ (0.16)	$ (0.90)	$ (0.49)	$ (1.71)
Weighted average number of common shares used to calculate net loss per share - basic and diluted	99,835	97,729	99,408	96,218

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

FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	$ (15,544)	$ (87,680)	$ (48,477)	$ (164,385)
Other comprehensive income (loss):				
Foreign currency translation adjustments	2,700	(2,337)	3,092	(2,585)
Available-for-sale investments:				
Unrealized gain (loss) on investments, net of tax effect	(2)	657	(26)	2,055
Other comprehensive gain (loss), net of taxes	2,698	(1,680)	3,066	(530)
Comprehensive loss	(12,846)	(89,360)	(45,411)	(164,915)

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

FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(In thousands, except share data)
(Unaudited)

	For The Three Month Period							
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Nonredeemable Non-Controlling Interests	Total Deficit	Redeemable Non-Controlling Interests
	Shares	Amount						
Balance at March 31, 2024	99,474,398	$ 995	$ 1,652,243	$ (6,507)	$ (1,874,853)	$ 20,487	$ (207,635)	$ 21,480
Net loss	—	—	—	—	(15,544)	—	(15,544)	—
Change in unrealized gain or loss on investments	—	—	—	(2)	—	—	(2)	—
Foreign currency translation adjustments	—	—	—	2,700	—	—	2,700	—
Shares issued from stock plans, net of payroll taxes paid	925,388	9	31	—	—	—	40	—
Stock-based compensation	—	—	8,588	—	—	—	8,588	—
Balance at June 30, 2024	100,399,786	$ 1,004	$ 1,660,862	$ (3,809)	$ (1,890,397)	$ 20,487	$ (211,853)	$ 21,480
Balance at March 31, 2023	96,623,309	$ 966	$ 1,589,145	$ (4,570)	$ (1,634,393)	$ 19,967	$ (28,885)	$ —
Net loss	—	—	—	—	(87,680)	—	(87,680)	—
Consolidation of Fortis						520	520	21,480
Change in unrealized gain or loss on investments	—	—	—	657	—	—	657	—
Foreign currency translation adjustments	—	—	—	(2,337)	—	—	(2,337)	—
Issuance of common stock under ATM Program	930,511	9	17,267	—	—	—	17,276	—
Shares issued from stock plans	650,423	7	2,772	—	—	—	2,779	—
Stock-based compensation	—	—	15,883	—	—	—	15,883	—
Balance at June 30, 2023	98,204,243	$ 982	$ 1,625,067	$ (6,250)	$ (1,722,073)	$ 20,487	$ (81,787)	$ 21,480

FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(CONTINUED)
(In thousands, except share data)
(Unaudited)

	For The Six Month Period							
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Nonredeemable Non-Controlling Interests	Total Deficit	Redeemable Non-Controlling Interests
	Shares	Amount						
Balance at December 31, 2023	98,770,247	$ 988	$ 1,643,641	$ (6,875)	$ (1,841,920)	$ 20,487	$ (183,679)	$ 21,480
Net loss	—	—	—	—	(48,477)	—	(48,477)	—
Change in unrealized gain or loss on investments	—	—	—	(26)	—	—	(26)	—
Foreign currency translation adjustments	—	—	—	3,092	—	—	3,092	—
Shares issued from stock plans, net of payroll taxes paid	1,629,539	16	(129)	—	—	—	(113)	—
Stock-based compensation	—	—	17,350	—	—	—	17,350	—
Balance at June 30, 2024	100,399,786	$ 1,004	$ 1,660,862	$ (3,809)	$ (1,890,397)	$ 20,487	$ (211,853)	$ 21,480
Balance at December 31, 2022	94,166,086	$ 942	$ 1,541,019	$ (5,720)	$ (1,557,688)	$ 19,967	$ (1,480)	$ —
Net loss	—	—	—	—	(164,385)	—	(164,385)	—
Consolidation of Fortis	—	—	—	—	—	520	520	21,480
Change in unrealized gain or loss on investments	—	—	—	2,055	—	—	2,055	—
Foreign currency translation adjustments	—	—	—	(2,585)	—	—	(2,585)	—
Issuance of common stock under ATM Program	2,472,090	24	48,383	—	—	—	48,407	—
Shares issued from stock plans, net of payroll taxes paid	1,566,067	16	3,670	—	—	—	3,686	—
Stock-based compensation	—	—	31,995	—	—	—	31,995	—
Balance at June 30, 2023	98,204,243	$ 982	$ 1,625,067	$ (6,250)	$ (1,722,073)	$ 20,487	$ (81,787)	$ 21,480

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

FIBROGEN, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
Operating activities		
Net loss	$ (48,477)	$ (164,385)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,582	5,020
Amortization of finance lease right-of-use assets	19	657
Net accretion of premium and discount on investments	(1,681)	(1,815)
Investment income in unconsolidated variable interest entity	(1,766)	(1,346)
Loss on disposal of property and equipment	306	1
Stock-based compensation	17,350	31,995
Acquired in-process research and development expenses	—	24,636
Non-cash interest expense related to sale of future revenues	—	3,577
Impairment of investment	—	1,000
Realized loss on sales of available-for-sale securities	—	271
Changes in operating assets and liabilities:		
Accounts receivable, net	5,962	(10,007)
Inventories	15,578	(1,951)
Prepaid expenses and other current assets	4,527	4,199
Operating lease right-of-use assets	6,806	5,296
Other assets	441	99
Accounts payable	(7,977)	(20,784)
Accrued and other liabilities	(52,663)	(57,016)
Operating lease liabilities, current	1,489	787
Deferred revenue	(29,501)	(25,555)
Accrued interest expense related to sale of future revenues	(1,904)	—
Accrued interest for finance lease liabilities	12	68
Operating lease liabilities, non-current	(8,128)	(5,666)
Other long-term liabilities	(1,132)	(1,243)
Net cash used in operating activities	(99,157)	(212,162)
Investing activities		
Purchases of property and equipment	(43)	(1,584)
Proceeds from sale of property and equipment	3	—
Purchases of available-for-sale securities	(8,628)	(104,543)
Cash acquired from consolidation of Fortis	—	656
Proceeds from sales of available-for-sale securities	—	1,730
Proceeds from maturities of investments	132,183	192,938
Net cash provided by investing activities	123,515	89,197
Financing activities		
Proceeds from senior secured term loan facilities, net of issuance costs	—	74,078
Cash paid for transaction costs for senior secured term loan facilities	—	(2,746)
Repayments of finance lease liabilities	(20)	(207)
Repayments of lease obligations	—	(201)
Cash paid for payroll taxes on restricted stock unit releases	(229)	—
Proceeds from issuance of common stock under ATM Program, net of commissions	—	48,407
Proceeds from issuance of common stock under employee stock plans	116	3,686
Net cash provided by (used in) financing activities	(133)	123,017
Effect of exchange rate change on cash and cash equivalents	2,801	(3,167)
Net increase (decrease) in cash and cash equivalents	27,026	(3,115)
Total cash and cash equivalents at beginning of period	113,688	155,700
Total cash and cash equivalents at end of period	$ 140,714	$ 152,585

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

FIBROGEN, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Significant Accounting Policies

Description of Operations

FibroGen, Inc. ("FibroGen" or the "Company") is headquartered in San Francisco, California, with subsidiary offices in Beijing and Shanghai, People's Republic of China ("China"). FibroGen is developing and commercializing a diversified pipeline of novel therapeutics that work at the frontier of cancer biology and anemia.

Roxadustat is an oral small molecule inhibitor of hypoxia-inducible factor prolyl hydroxylase activity. Roxadustat (爱瑞卓®, EVRENZO™) is approved in China, Europe, Japan, and numerous other countries for the treatment of anemia in chronic kidney disease for patients who are on dialysis and not on dialysis. Roxadustat is in clinical development for chemotherapy-induced anemia in China.

FG-3246 is a first-in-class antibody-drug conjugate targeting a novel epitope on CD46 that is in development for metastatic castration-resistant prostate cancer and other cancer indications.

FibroGen also has a pipeline of preclinical product candidates, FG-3165 and FG-3175, to address unmet patient needs in oncology.

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements include the accounts of FibroGen, its wholly-owned subsidiaries and its majority-owned subsidiaries, as well as any variable interest entity ("VIE") for which FibroGen is the primary beneficiary. All inter-company transactions and balances have been eliminated in consolidation. For any VIE for which FibroGen is not the primary beneficiary, the Company uses the equity method of accounting.

The Company operates as one reportable segment — the discovery, development and commercialization of novel therapeutics to treat serious unmet medical needs.

The unaudited condensed consolidated financial statements and related disclosures have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") applicable to interim financial reporting and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X of the United States ("U.S.") Securities and Exchange Commission ("SEC") and, therefore, do not include all information and footnote disclosures normally included in the annual consolidated financial statements. The financial information included herein should be read in conjunction with the consolidated financial statements and related notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 26, 2024.

Based on its current operating plan, which contemplates the maintenance of a minimum balance of $30 million of unrestricted cash and cash equivalents held in accounts in the U.S., as required under the debt covenants associated with the senior secured term loan facilities, the Company believes that its existing cash and cash equivalents and accounts receivable will be sufficient to meet its anticipated cash requirements for at least the next 12 months from the date of issuance of the financial statements. However, the Company may need additional capital to fund its operations and its liquidity assumptions may materially differ (including assumptions with respect to our research and development expenses, revenue expectations, contractual obligations, ability to repatriate cash from China, partnering or monetization of assets, and others). In addition, the Company may elect to raise additional funds at any time through equity, equity-linked, debt financing arrangements or from other sources.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions include valuation and recognition of revenue and deferred revenue, specifically, estimates in variable consideration for drug product sales, and estimates in transaction price per unit for the China performance obligation. On an ongoing basis, management reviews these estimates and assumptions. Changes in facts and circumstances may alter such estimates and actual results could differ from those estimates. In the Company's opinion, the accompanying unaudited condensed consolidated financial statements include all normal recurring adjustments necessary for a fair statement of its financial position, results of operations and cash flows for the interim periods presented.

Significant Accounting Policies

The accounting policies used by the Company in its presentation of interim financial results are consistent with those presented in Note 2 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 26, 2024.

Net Loss per Share

Potential common shares that would have the effect of increasing diluted earnings per share are considered to be anti-dilutive and as such, these shares are not included in the calculation of diluted earnings per share. The Company reported a net loss for each of the three and six months ended June 30, 2024 and 2023. Therefore, dilutive common shares are not assumed to have been issued since their effect is anti-dilutive for these periods.

Diluted weighted average shares excluded the following potential common shares related to stock options, service-based restricted stock units ("RSUs"), performance-based RSUs ("PRSUs"), total shareholder return ("TSR") awards and shares to be purchased under the 2014 Employee Stock Purchase Plan ("ESPP") for the periods presented as they were anti-dilutive (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Employee stock options	15,072	9,701	13,792	8,857
RSUs, PRSUs and TSR awards	3,899	3,084	3,922	3,078
ESPP	460	747	496	554
	19,431	13,532	18,210	12,489

Risks and Uncertainties

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to, the results of clinical trials and the achievement of milestones, research developments, actions by regulatory authorities, market acceptance of the Company's product candidates, competition from other products and larger companies, the liquidity and capital resources of the Company, intellectual property protection for the Company's proprietary technology, strategic relationships, and dependence on key individuals, suppliers, clinical organization, and other third parties.

Recently Issued Accounting Guidance Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,* which requires all public entities, including public entities with a single reportable segment, to provide in interim and annual periods one or more measures of segment profit or loss used by the chief operating decision maker to allocate resources and assess performance. In addition, this guidance requires disclosures of significant segment expenses and other segment items as well as incremental qualitative disclosures. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods after December 15, 2024, with retrospective application required, and early adoption permitted. The Company is currently in the process of evaluating the effects of this guidance on its related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires enhanced income tax disclosures, including specific categories and disaggregation of information in the effective tax rate reconciliation, disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently in the process of evaluating the impact of this pronouncement on its related disclosures.

2. Collaboration Agreements, License Agreement and Revenues

Astellas Agreements

Astellas Japan Agreement

In June 2005, the Company entered into a collaboration agreement with Astellas Pharma Inc. ("Astellas") for the development and commercialization (but not manufacture) of roxadustat for the treatment of anemia in Japan ("Astellas Japan Agreement"). Under this agreement, Astellas agreed to pay license fees, other upfront consideration and various milestone payments, totaling $172.6 million. The Astellas Japan Agreement also provides for tiered payments based on net sales of product (as defined) in the low 20% range of the list price published by Japan's Ministry of Health, Labour and Welfare, adjusted for certain elements, after commercial launch.

The aggregate amount of consideration received through June 30, 2024 totaled $105.1 million, excluding drug product revenue that is discussed under the *Drug Product Revenue, Net* section below. Based on its current development plans for roxadustat in Japan, the Company does not expect to receive most or all of the additional potential milestones under the Astellas Japan Agreement.

Amounts recognized as license revenue and development revenue under the Astellas Japan Agreement were not material for the three and six months ended June 30, 2024 and 2023.

The transaction price related to consideration received through June 30, 2024 and accounts receivable has been allocated to each of the following performance obligations under the Astellas Japan Agreement (in thousands):

Astellas Japan Agreement	Total Consideration Through June 30, 2024
License	$ 100,347
Development revenue	17,100
Total license and development revenue	$ 117,447

There was no license revenue or development revenue resulting from changes to estimated variable consideration in the current period relating to performance obligations satisfied or partially satisfied in previous periods for the three months ended June 30, 2024 under the Astellas Japan Agreement. The Company does not expect material variable consideration from estimated future co-development billing beyond the development period in the transaction price related to the Astellas Japan Agreement.

In 2018, FibroGen and Astellas entered into an amendment to the Astellas Japan Agreement that allows Astellas to manufacture roxadustat drug product for commercialization in Japan (the "Astellas Japan Amendment"). The related drug product revenue is described under the *Drug Product Revenue, Net* section below.

Astellas Europe Agreement

In April 2006, the Company entered into a separate collaboration agreement with Astellas for the development and commercialization of roxadustat for the treatment of anemia in Europe, the Middle East, the Commonwealth of Independent States and South Africa ("Astellas Europe Agreement"). Under the terms of the Astellas Europe Agreement, Astellas agreed to pay license fees, other upfront consideration and various milestone payments, totaling $745.0 million. Under the Astellas Europe Agreement, Astellas committed to fund 50% of joint development costs for Europe and North America, and all territory-specific costs. The Astellas Europe Agreement also provides for tiered payments based on net sales of product (as defined) in the low 20% range.

The aggregate amount of consideration received under the Astellas Europe Agreement through June 30, 2024 totaled $685.0 million, excluding drug product revenue that is discussed under the *Drug Product Revenue, Net* section below. Based on its current development plans for roxadustat in Europe, the Company does not expect to receive most or all of the additional potential milestones under the Astellas Europe Agreement.

Amounts recognized as license revenue and development revenue under the Astellas Europe Agreement were as follows for the three and six months ended June 30, 2024 and 2023 (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
Agreement	Performance Obligation	2024	2023	2024	2023
Astellas Europe Agreement	Development revenue	$ 318	$ 1,806	$ 606	$ 3,335

The transaction price related to consideration received through June 30, 2024 and accounts receivable has been allocated to each of the following performance obligations under the Astellas Europe Agreement as follows (in thousands):

Astellas Europe Agreement	Total Consideration Through June 30, 2024
License	$ 618,975
Development revenue	287,322
Total license and development revenue	$ 906,297

There was no license revenue or development revenue resulting from changes to estimated variable consideration in the current period relating to performance obligations satisfied or partially satisfied in previous periods for three months ended June 30, 2024 under the Astellas Europe Agreement. The Company does not expect material variable consideration from estimated future co-development billing beyond the development period in the transaction price related to the Astellas Japan Agreement.

In 2021, the Company entered into an EU Supply Agreement with Astellas under the Astellas Europe Agreement ("Astellas EU Supply Agreement") to define general forecast, order, supply and payment terms for Astellas to purchase roxadustat bulk drug product from FibroGen in support of commercial supplies. The related drug product revenue is described under the *Drug Product Revenue, Net* section below.

AstraZeneca Agreements

AstraZeneca U.S./Rest of World ("RoW") Agreement

Effective July 30, 2013, the Company entered into a collaboration agreement with AstraZeneca AB ("AstraZeneca") for the development and commercialization of roxadustat for the treatment of anemia in the U.S. and all other countries in the world, other than China, not previously licensed under the Astellas Europe and Astellas Japan Agreements ("AstraZeneca U.S./RoW Agreement").

On February 23, 2024, the Company and AstraZeneca entered into an agreement to terminate the AstraZeneca U.S./RoW Agreement, effective as of February 25, 2024 ("AstraZeneca Termination and Transition Agreement). Pursuant to the AstraZeneca Termination and Transition Agreement, AstraZeneca returns all of their non-China roxadustat rights to the Company, with the exception of South Korea, and provides certain assistance during a transition period. In addition, as a part of this AstraZeneca Termination and Transition Agreement, AstraZeneca will receive tiered mid-single digit royalties on FibroGen's sales of roxadustat in the terminated territories, or thirty-five percent of all revenue FibroGen receives if it licenses or sells such rights to a third-party. Neither party incurred any early termination penalties.

The aggregate amount of consideration for milestone and upfront payments received under the AstraZeneca U.S./RoW Agreement through the termination totaled $439.0 million, excluding drug product revenue under the Master Supply Agreement with AstraZeneca under the AstraZeneca U.S./RoW Agreement ("AstraZeneca Master Supply Agreement"), entered in 2020, which is described under the *Drug Product Revenue, Net* section below. In addition, resulting from the AstraZeneca Termination and Transition Agreement, the Company and AstraZeneca settled the outstanding balances relating to past transactions under the AstraZeneca Master Supply Agreement. Accordingly, during the three months ended March 31, 2024, the Company accounted for the termination of the AstraZeneca U.S./RoW agreement as a contract modification under the Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606") and recorded a cumulative catch-up adjustment as described under the *Drug Product Revenue, Net* section below.

The Company's collaboration agreement with AstraZeneca for roxadustat in China, as described below, remains in place.

AstraZeneca China Agreement

Effective July 30, 2013, the Company (through its subsidiaries affiliated with China) entered into a collaboration agreement with AstraZeneca for roxadustat for the treatment of anemia in China ("AstraZeneca China Agreement"). Under the terms of the AstraZeneca China Agreement, AstraZeneca agreed to pay upfront consideration and potential milestone payments, totaling $376.7 million. The AstraZeneca China Agreement is structured as a 50/50 profit or loss share (as defined), which was amended under the AstraZeneca China Amendment in 2020 as discussed below, and provides for joint development costs (including capital and equipment costs for construction of the manufacturing plant in China), to be shared equally during the development period.

The aggregate amount of such consideration received for milestone and upfront payments through June 30, 2024 totaled $77.2 million.

On September 18, 2023, the Company received the formal notice, from Beijing Medical Products Administration, of renewal of its right to continue to market roxadustat in China through 2028. The Company evaluated the regulatory milestone payment associated with this renewal under the AstraZeneca China Agreement and concluded that this milestone was achieved in the third quarter of 2023. Accordingly, the consideration of $4.0 million associated with this milestone was included in the transaction price in the third quarter of 2023 and allocated to performance obligations under the AstraZeneca U.S./RoW Agreement and the AstraZeneca China Agreement. As of June 30, 2024, the $4.0 million milestone was recorded as a contract asset and was fully netted against the contract liabilities (deferred revenue) related to the AstraZeneca China Agreement.

AstraZeneca China Amendment

In July 2020, FibroGen China Anemia Holdings, Ltd., FibroGen (China) Medical Technology Development Co., Ltd. ("FibroGen Beijing"), FibroGen International (Hong Kong) Limited, and AstraZeneca entered into an amendment to the AstraZeneca China Agreement, relating to the development and commercialization of roxadustat in China (the "AstraZeneca China Amendment"). Under the AstraZeneca China Amendment, in 2020, FibroGen Beijing and AstraZeneca completed the establishment of a jointly owned entity, Beijing Falikang Pharmaceutical Co., Ltd. ("Falikang"), which performs roxadustat distribution, as well as conducts sales and marketing through AstraZeneca.

Substantially all direct roxadustat product sales to distributors in China are made by Falikang, while FibroGen Beijing continues to sell roxadustat product directly in one province in China. FibroGen Beijing manufactures and supplies commercial product to Falikang based on a gross transfer price, which is adjusted for the estimated profit share. The net product revenue from the sales to Falikang and the net product revenue from direct sales distributors in China are described under *Product Revenue, Net* section below.

Prior to the above-mentioned termination of the AstraZeneca U.S./RoW Agreement, the Company evaluated under the ASC 606 and accounted for the AstraZeneca U.S./RoW Agreement and the AstraZeneca China Agreement as a single arrangement with the presumption that two or more agreements executed with a single customer at or around the same time should be presumed to be a single arrangement. As a result of the termination of the AstraZeneca U.S./RoW Agreement, during the three months ended March 31, 2024, the Company recorded the final development revenue under the AstraZeneca U.S./RoW Agreement and AstraZeneca China Agreement. Amounts recognized as license revenue and development revenue under the AstraZeneca U.S./RoW Agreement and AstraZeneca China Agreement were as follows for the three and six months ended June 30, 2024 and 2023 (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
Agreement	**Performance Obligation**	**2024**	**2023**	**2024**	**2023**
AstraZeneca U.S./RoW Agreement and AstraZeneca China Agreement	Development revenue	$ (50)	$ 2,273	$ 418	$ 4,305

The transaction price related to consideration received and accounts receivable through the termination of the AstraZeneca U.S./RoW Agreement has been allocated to each of the performance obligations under the AstraZeneca U.S./RoW Agreement and AstraZeneca China Agreement, including $344.5 million for license, $625.5 million for co-development, information sharing and committee services, and $427.5 million for China performance obligation (with cumulative revenue of $268.9 million through June 30, 2024) that is recognized as product revenue, as described under *Product Revenue, Net* section below.

There was no license revenue or development revenue resulting from changes to estimated variable consideration in the current period relating to performance obligations satisfied or partially satisfied in previous periods for the three months ended June 30, 2024 under the AstraZeneca U.S./RoW Agreement through the agreement termination.

Product Revenue, Net

Product revenue, net from the sales of roxadustat commercial product in China was as follows for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Direct Sales:				
Gross revenue	$ 4,046	$ 3,607	$ 7,831	$ 6,667
Discounts and rebates	(408)	(229)	(767)	(503)
Sales returns	—	(1)	(1)	1
Direct sales revenue, net	3,638	3,377	7,063	6,165
Sales to Falikang:				
Gross transaction price	49,352	42,153	92,912	76,402
Profit share	(21,397)	(18,312)	(40,420)	(33,300)
Net transaction price	27,955	23,841	52,492	43,102
Decrease (increase) in deferred revenue	18,050	(3,329)	20,626	(1,218)
Sales to Falikang revenue, net	46,005	20,512	73,118	41,884
Total product revenue, net	$ 49,643	$ 23,889	$ 80,181	$ 48,049

Direct Sales

Product revenue from direct roxadustat product sales to distributors in China is recognized in an amount that reflects the consideration that the Company expects to be entitled to in exchange for those products, net of various sales rebates and discounts. The total discounts and rebates were immaterial for the periods presented.

Due to the Company's legal right to offset, at each balance sheet date, the rebates and discounts are presented as reductions to gross accounts receivable from the distributor, or as a current liability to the distributor to the extent that the total amount exceeds the gross accounts receivable or when the Company expects to settle the discount in cash. The Company's legal right to offset is determined at the individual distributor level. The contract liabilities were included in accrued and other current liabilities in the condensed consolidated balance sheet and the rebates and discounts reflected as reductions to gross accounts receivable for direct sales were immaterial as of June 30, 2024 and December 31, 2023, respectively.

Sales to Falikang – China Performance Obligation

Substantially all direct roxadustat product sales to distributors in China are made by Falikang. FibroGen Beijing manufactures and supplies commercial product to Falikang. The net transfer price for FibroGen Beijing's product sales to Falikang is based on a gross transaction price, which is adjusted to account for the 50/50 profit share for the period.

The roxadustat sales to Falikang marked the beginning of the Company's China performance obligation under the Company's agreements with AstraZeneca. Product revenue is based on the transaction price of the China performance obligation. Revenue is recognized when control of the product is transferred to Falikang, in an amount that reflects the allocation of the transaction price to the performance obligation satisfied during the reporting period, and is expected to continue through 2033, which reflects our best estimates. Any net transaction price in excess of the revenue recognized is added to the deferred balance to date and will be recognized in future periods as the performance obligation is satisfied.

Periodically, the Company updates its assumptions such as gross transaction price and profit share, performance period, total sales quantity and other inputs including foreign currency translation impact, among others. Following updates to its estimates, the Company recognized $18.1 million and $20.6 million from the previously deferred revenue of the China performance obligation during the three and six months ended June 30, 2024, respectively. The product revenue recognized for the three months ended June 30, 2024 included an increase in revenue of $12.2 million resulting from changes to estimated variable consideration in the current period relating to performance obligation satisfied in previous periods. Comparatively, following updates to its estimates, the Company deferred $3.3 million and $1.2 million from the previously deferred revenue of the China performance obligation during three and six months ended June 30, 2023, respectively.

The following table includes a roll-forward of the related deferred revenue that is considered as a contract liability (in thousands):

	Balance at December 31, 2023	Additions	Recognized as Revenue	Currency Translation and Other	Balance at June 30, 2024
Product revenue - AstraZeneca China performance obligation - deferred revenue	$ (179,851)	$ (53,269)	$ 73,118	$ 1,409	$ (158,593)

Deferred revenue includes amounts allocated to the China performance obligation under the AstraZeneca arrangement as revenue recognition associated with this unit of accounting is tied to the commercial launch of the products within China and to when the control of the manufactured commercial products is transferred to AstraZeneca. Contract assets and liabilities related to rights and obligations in the same contract are recorded net on the condensed consolidated balance sheets. As of June 30, 2024, deferred revenue included $131.3 million related to China performance obligation, which represents the net of $158.6 million of deferred revenue presented above and a $27.3 million unbilled milestone and co-development revenue under the AstraZeneca China Amendment.

As of June 30, 2024, approximately $3.4 million of the above deferred revenue related to the China unit of accounting was included in short-term deferred revenue, which represents the amount of deferred revenue associated with the China unit of accounting that is expected to be recognized within the next 12 months, associated with the commercial sales in China.

Due to the Company's legal right to offset, at each balance sheet date, the rebates and discounts, mainly related to profit sharing, are presented as reductions to gross accounts receivable from Falikang, which was $2.3 million and $3.0 million as of June 30, 2024 and December 31, 2023, respectively.

Drug Product Revenue, Net

Drug product revenue from commercial-grade active pharmaceutical ingredient ("API") or bulk drug product sales to Astellas and AstraZeneca was as follows for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Astellas Japan Agreement	$ (366)	$ 13,809	$ (2,571)	$ 15,541
Astellas Europe Agreement	1,095	463	2,116	840
AstraZeneca U.S./RoW Agreement	—	—	25,671	—
Drug product revenue, net	$ 729	$ 14,272	$ 25,216	$ 16,381

Astellas Japan Agreement

The Company updates its estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment at each balance sheet date. As a result, the Company recorded a reduction to the drug product revenue of $0.4 million for the three months ended June 30, 2024. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect foreign exchange impacts and the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, among others.

For the three months ended March 31, 2024, the Company updated its estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded a reduction to the drug product revenue of $2.2 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and foreign exchange impacts, among others.

During the three months ended June 30, 2023, the Company fulfilled two shipment obligations under the terms of Astellas Japan Amendment and recognized related drug product revenue of $14.4 million in the same period. In addition, the Company updated its estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded a reduction to the drug product revenue of $0.6 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and foreign exchange impacts, among others.

During the three months ended March 31, 2023, the Company updated its estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded an adjustment to the drug product revenue of $1.7 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and estimated yield from the manufacture of bulk product tablets, among others.

As of June 30, 2024, the balances related to the API price true-up under the Astellas Japan Agreement were $2.2 million in accrued liabilities and $0.6 million in other long-term liabilities, representing the Company's best estimate of the timing for these amounts to be paid. As of December 31, 2023, the balances related to the API price true-up under the Astellas Japan Agreement were $1.2 million in accrued liabilities and $0.7 million in other long-term liabilities.

Astellas Europe Agreement

The Company transferred bulk drug product for commercial purposes under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement in the prior years. The Company recognized the related fully burdened manufacturing costs as drug product revenue in the respective periods and recorded the constrained transaction price in deferred revenue due to a high degree of uncertainty associated with the variable consideration for revenue recognition purposes. The Company updates its estimate of variable consideration related to the bulk drug product transferred in prior years at each balance sheet date.

During the fourth quarter of 2023, the Company transferred bulk drug product for commercial purposes under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement, and recognized the related fully-burdened manufacturing costs of $0.8 million as drug product revenue, and recorded $17.7 million as deferred revenue due to a high degree of uncertainty associated with the variable consideration for revenue recognition purposes. In addition, the Company updated its estimate of variable consideration related to the bulk drug product transferred in prior years. Specifically, the change in estimated variable consideration was based on the bulk drug product held by Astellas at the period end, adjusted to reflect the changes in the estimated transfer price, forecast information, shelf-life estimates and other items. As a result, for the year ended December 31, 2023, the Company reclassified $38.7 million from the related deferred revenue to accrued liabilities. As of December 31, 2023, the related balance in accrued liabilities was $38.6 million. The Company further reclassified $5.4 million from the related deferred revenue to accrued liabilities and paid $35.3 million to Astellas during the six months ended June 30, 2024. As of June 30, 2024, the balances related to the bulk drug product price true-up under the Astellas Europe Agreement and the Astellas EU Supply Agreement were $8.8 million in accrued liabilities, representing the Company's best estimate that these amounts will be paid within the next 12 months.

The Company recognized royalty revenue of $1.1 million and $0.5 million as drug product revenue from the deferred revenue under the Astellas Europe Agreement during the three months ended June 30, 2024 and 2023, and $2.1 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively. It is the Company's best estimate that the remainder of the deferred revenue will be recognized as revenue when uncertainty is resolved, based on the performance of roxadustat product sales in the Astellas territory.

The following table includes a roll-forward of the above-mentioned deferred revenues that are considered as contract liabilities related to drug product (in thousands):

	Balance at December 31, 2023	Recognized as Revenue	Reclassified to Accrued Liability / Accounts Payable	Balance at June 30, 2024
Drug product revenue - deferred revenue:				
Astellas Europe Agreement	$ (16,925)	$ 2,116	$ 5,406	$ (9,403)

AstraZeneca U.S./RoW Agreement

As described under *AstraZeneca Agreements* section above, pursuant to the AstraZeneca Termination and Transition Agreement related to the AstraZeneca U.S./RoW Agreement, the Company and AstraZeneca settled the outstanding balances relating to past transactions under the AstraZeneca Master Supply Agreement. Accordingly, during the three months ended March 31, 2024, the Company accounted for the termination of the AstraZeneca U.S./RoW agreement as a contract modification under the ASC 606 and recorded a cumulative catch-up net adjustment of $25.7 million to the drug product revenue. The related accounts receivable of $26.0 million and the related accrued liabilities of $11.5 million as of March 31, 2024 were settled during the three months ended June 30, 2024.

Corresponding to the drug product revenue, during the three months ended March 31, 2024, the Company recorded the related cost of goods sold of $21.1 million.

Eluminex Agreement

In July 2021, FibroGen exclusively licensed to Eluminex Biosciences (Suzhou) Limited ("Eluminex") global rights to its investigational biosynthetic cornea derived from recombinant human collagen Type III.

Under the terms of the agreement with Eluminex, as amended and restated in January 2022, Eluminex made an $8.0 million upfront payment to FibroGen during the first quarter of 2022. In addition, FibroGen may receive up to a total of $64.0 million in future manufacturing, clinical, regulatory, and commercial milestone payments for the biosynthetic cornea program, as well as $36.0 million in commercial milestones for the first recombinant collagen III product that is not the biosynthetic cornea. FibroGen will also be eligible to receive mid-single-digit to low double-digit royalties based upon worldwide net sales of cornea products, and low single-digit to mid-single-digit royalties based upon worldwide net sales of other recombinant human collagen type III products that are not cornea products.

In April 2023, FibroGen and Eluminex entered into an Amended and Restated Exclusive License Agreement ("A&R Eluminex Agreement") in order to add to the license rights to recombinant human collagen Type I (in addition to the rights to collagen Type III that were already licensed). The A&R Eluminex Agreement included additional total upfront payments of $1.5 million.

During the first quarter of 2023, the Company recognized a $3.0 million milestone payment based on Eluminex implanting a biosynthetic cornea in the first patient of its clinical trial in China, and a $3.0 million manufacturing related milestone payment. During the second quarter of 2023, the Company recognized a $1.0 million upfront payment under the A&R Eluminex Agreement.

During the first quarter of 2022, FibroGen and Eluminex entered into a separate contract manufacturing agreement, under which the Company is responsible for supplying the cornea product at cost plus 10% of its product manufacturing costs until its manufacturing technology is fully transferred to Eluminex, which occurred by the end of 2023. The related contract manufacturing revenue was recorded as other revenue and included in development and other revenue in the condensed consolidated statement of operations. Such contract manufacturing activity was generally ceased during the first quarter of 2024.

Amounts recognized as revenue under the agreements with Eluminex were as follows for the three and six months ended June 30, 2024 and 2023 (in thousands):

		Three Months Ended June 30,		Six Months Ended June 30,	
Agreement	**Performance Obligation**	**2024**	**2023**	**2024**	**2023**
Eluminex	License revenue	$ —	$ 1,000	$ —	$ 7,000
	Other revenue - contract manufacturing	$ —	$ 246	$ 116	$ 482

3. Variable Interest Entities

Consolidated Variable Interest Entity - Fortis

On May 5, 2023 (the "Option Acquisition Date"), the Company entered into an exclusive option agreement to acquire Fortis Therapeutics, Inc. ("Fortis") with its novel Phase 1 antibody-drug conjugate, FOR46 (now referred to as "FG-3246"), that targets a novel epitope on CD46 preferentially expressed on certain cancer cells. FG-3246 is in development for the treatment of metastatic castration-resistant prostate cancer with potential applicability in other solid tumors and hematologic malignancies. If FibroGen exercises the option to acquire Fortis, it will pay Fortis an option exercise payment of $80.0 million, and thereafter, legacy Fortis shareholders would be eligible to receive from FibroGen up to $200.0 million in contingent payments associated with the achievement of various regulatory approvals. If FibroGen acquires Fortis, it would also be responsible to pay the University of California, San Francisco, an upstream licensor to Fortis, development milestone fees and a single digit royalty on net sales of therapeutic or diagnostic products arising from the licensing arrangement between Fortis and University of California, San Francisco. If FibroGen chooses not to acquire Fortis, its exclusive license to FG-3246 would expire.

Pursuant to an evaluation agreement entered into with Fortis concurrent with the option agreement (together the "Fortis Agreements"), FibroGen has exclusively licensed FG-3246 and will control and fund future research, development, including a Phase 2 clinical study sponsored by FibroGen, and manufacturing of FG-3246 during the up-to four-year option period. As part of the clinical development strategy, FibroGen will continue the work to develop a PET-based biomarker utilizing a radiolabeled version of the targeting antibody for patient selection. Additionally, the Company is obligated to make four quarterly payments totaling $5.4 million to Fortis in support of its continued development obligations, of which the last payment was $1.7 million and made during the three months ended March 31, 2024.

Pursuant to the guidance under ASC 810, *Consolidation* ("ASC 810"), the Company determined that Fortis is a VIE and that the Company is the primary beneficiary of Fortis, as through the Fortis Agreements the Company has the power to direct activities that most significantly impact the economic performance of Fortis. Therefore, the Company consolidated Fortis starting from the Option Acquisition Date and continues to consolidate as of June 30, 2024.

Fortis has authorized and issued common shares and Series A preferred shares. As of the Option Acquisition Date and June 30, 2024, the Company owned approximately 2% of Fortis' Series A preferred shares, which was acquired previously and carried at zero cost. The non-controlling interests ("NCI") attributable to the common shares is classified as nonredeemable NCI, as it is 100% owned by third party shareholders. The NCI attributable to the approximately 98% of Series A preferred shares owned by other investors are classified as redeemable NCI in temporary equity, as the preferred shares are redeemable by the non-controlling shareholders upon occurrence of certain events out of the Company's control.

Subsequent to the Option Acquisition Date, Fortis' net income is allocated to its common shares and preferred shares based on their respective stated rights. Fortis' net loss is allocated to its common shares only as the holders of preferred shares do not have a contractual obligation to absorb such losses.

As of June 30, 2024, total assets and liabilities of Fortis were immaterial. For the three months ended June 30, 2024, Fortis' net income (losses) was immaterial.

Equity method investment - Unconsolidated VIE - Falikang

Falikang is a distribution entity jointly owned by AstraZeneca and FibroGen Beijing. FibroGen Beijing owns 51.1% of the outstanding shares of Falikang.

Pursuant to the guidance under ASC 810, the Company concluded that Falikang qualifies as a VIE. As Falikang is a distribution entity and AstraZeneca is the final decision maker for all the roxadustat commercialization activities, the Company lacks the power criterion, while AstraZeneca meets both the power and economic criteria under the ASC 810 to direct the activities of Falikang that most significantly impact its performance. Therefore, the Company is not the primary beneficiary of this VIE for accounting purposes. As a result, the Company accounts for its investment in Falikang under the equity method, and Falikang is not consolidated into the Company's condensed consolidated financial statements. The Company records its total investments in Falikang as an equity method investment in an unconsolidated VIE in the condensed consolidated balance sheet. In addition, the Company recognizes its proportionate share of the reported profits or losses of Falikang as investment gain or loss in unconsolidated VIE in the condensed consolidated statement of operations and as an adjustment to its investment in Falikang in the condensed consolidated balance sheet. Falikang has not incurred material profit or loss to date. The Company may provide shareholder loans to Falikang to meet necessary financial obligations as part of its operations. To date, there have been no such loans.

The Company's equity method investment in Falikang was as follows (in thousands):

Entity	Ownership Percentage	Balance at December 31, 2023	Share of Net Income	Currency Translation	Balance at June 30, 2024
Falikang	51.1 %	$ 5,290	$ 1,766	$ (144)	$ 6,912

Falikang is considered a related party to the Company. See Note 9, *Related Party Transactions*, for related disclosures.

4. Fair Value Measurements

The fair values of the Company's financial assets that are measured on a recurring basis are as follows (in thousands):

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 11,080	$ —	$ —	$ 11,080
Commercial paper	—	52,869	—	52,869
U.S. government bonds	17,908	3,983	—	21,891
Agency bonds	—	4,980	—	4,980
Total	$ 28,988	$ 61,832	$ —	$ 90,820

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 12,288	$ —	$ —	$ 12,288
Corporate bonds	—	13,992	—	13,992
Commercial paper	—	88,289	—	88,289
U.S. government bonds	42,797	4,994	—	47,791
Agency bonds	—	9,830	—	9,830
Total	$ 55,085	$ 117,105	$ —	$ 172,190

The Company's Level 2 investments are valued using third-party pricing sources. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades of and broker/dealer quotes on the same or similar investments, issuer credit spreads, benchmark investments, prepayment/default projections based on historical data and other observable inputs. There were no transfers of assets between levels during the three months ended June 30, 2024. During the three months ended March 31, 2024, a total of $26.3 million of U.S. treasury notes and bills were transferred from Level 1 to Level 2 as such instruments were changed to off-the-run when they were issued before the most recent issue and were still outstanding at measurement day.

5. Balance Sheet Components

Cash and Cash Equivalents

Cash and cash equivalents consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Cash	$ 49,894	$ 63,396
Commercial paper	52,869	36,016
Money market funds	11,080	12,288
U.S. government bonds	21,891	1,988
Agency bonds	4,980	—
Total cash and cash equivalents	$ 140,714	$ 113,688

At June 30, 2024 and December 31, 2023, a total of $39.3 million and $32.2 million of the Company's cash and cash equivalents were held outside of the U.S. in its foreign subsidiaries to be used primarily for its China operations, respectively.

Investments

The Company did not have any short-term or long-term investments as of June 30, 2024. As of December 31, 2023, the Company's investments consist primarily of available-for-sale debt investments, and the amortized cost, gross unrealized holding gains or losses, and fair value of the Company's investments by major investments type are summarized in the tables below (in thousands):

	December 31, 2023			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Corporate bonds	$ 13,988	$ 9	$ (5)	$ 13,992
Commercial paper	52,273	—	—	52,273
U.S. government bonds	45,783	20	—	45,803
Agency bonds	9,830	1	(1)	9,830
Total investments	$ 121,874	$ 30	$ (6)	$ 121,898

The following table summarizes, for all available for sale securities in an unrealized loss position as of December 31, 2023, the fair value and gross unrealized loss by length of time the security has been in a continual unrealized loss position (in thousands):

	December 31, 2023					
	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Losses
Corporate bonds	$ —	$ —	$ 3,495	$ (5)	$ 3,495	$ (5)
U.S. government bonds	4,984	—	—	—	4,984	—
Agency bonds	4,987	(1)	—	—	4,987	(1)
Total	$ 9,971	$ (1)	$ 3,495	$ (5)	$ 13,466	$ (6)

The Company periodically assesses whether the unrealized losses on its available-for-sale investments were temporary. The Company considers factors such as the severity and the reason for the decline in value, the potential recovery period and its intent to sell. For debt securities, the Company also considers whether (i) it is more likely than not that the Company will be required to sell the debt securities before recovery of their amortized cost basis, and (ii) the amortized cost basis cannot be recovered as a result of credit losses. Based on the results of its review, the Company did not recognize any impairment for its available-for-sale investments during the three and six months ended June 30, 2024 and 2023.

Inventories

Inventories consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Raw materials	$ 1,018	$ 1,376
Work-in-progress	19,492	34,614
Finished goods	4,887	5,575
Total inventories	$ 25,397	$ 41,565

As described under Note 2, *Collaboration Agreements, License Agreement and Revenues* above, resulting from the AstraZeneca Termination and Transition Agreement related to the AstraZeneca U.S./RoW Agreement, the Company was reimbursed $12.6 million for work-in-progress inventory, which was written off and recognized as cost of goods sold during the three months ended March 31, 2024.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Contract assets	$ 27,258	$ 26,481
Deferred revenues from associated contracts	(27,258)	(26,481)
Net contract assets	—	—
Insurance proceeds receivable for litigation settlement	28,500	28,500
Prepaid assets	4,846	6,644
Other current assets	3,590	6,711
Total prepaid expenses and other current assets	$ 36,936	$ 41,855

The unbilled contract assets as of June 30, 2024 and December 31, 2023 included $23.3 million and $22.5 million, respectively, related to unbilled co-development revenue under the AstraZeneca China Amendment. In addition, the unbilled contract assets as of June 30, 2024 and December 31, 2023 each included the $4.0 million unbilled regulatory milestone payment under the AstraZeneca China Agreement. See the *AstraZeneca China Agreement* section in Note 2, *Collaboration Agreements, License Agreement and Revenues*, for details.

As of each of June 30, 2024 and December 31, 2023, the Company recorded a $28.5 million receivable in prepaid expenses and other current assets, corresponding to the accrued litigation settlement of the same amount related to the Company's agreement in principle with plaintiffs to settle the class action lawsuit. As the Company maintains insurance that covers exposure related to the class action lawsuit, this amount is fully recoverable under the Company's insurance policies. The determination that the recorded receivables are probable of collection is based on the terms of the applicable insurance policies and communications with the insurers. See the *Accrued and Other Current Liabilities* section below, and the *Legal Proceedings and Other Matters* section in Note 10, *Commitments and Contingencies*, for details.

Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (in thousands):

	June 30, 2024	December 31, 2023
Preclinical and clinical trial accruals	$ 20,091	$ 27,663
API and bulk drug product price true-up	10,991	50,978
Litigation settlement	28,500	28,500
Payroll and related accruals	10,292	20,267
Inventory cost related	8,521	—
Accrued co-promotion expenses - current	13,209	10,309
Roxadustat profit share to AstraZeneca	6,909	7,084
Property taxes and other taxes	4,674	6,615
Professional services	5,616	7,103
Current portion of liability related to sale of future revenues	631	5,654
Accrued restructuring charge	—	3,697
Other	4,140	5,021
Total accrued and other current liabilities	$ 113,574	$ 172,891

The accrued liabilities of $11.0 million and $51.0 million for API and bulk drug product price true-up as of June 30, 2024 and December 31, 2023, respectively, resulted from changes in estimated variable consideration associated with the API shipments fulfilled under the terms of the Astellas Japan Amendment, the bulk drug product transferred under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement, and the bulk drug product shipments to AstraZeneca under the terms of the AstraZeneca Master Supply Agreement. During the three months ended June 30, 2024, the Company paid $35.3 million to Astellas and $11.5 million to AstraZeneca related to accrued amounts. See the *Drug Product Revenue, Net* section in Note 2, *Collaboration Agreements, License Agreement and Revenues,* for details.

As of June 30, 2024 and December 31, 2023, the accrued litigation settlement of $28.5 million was related to the Company's agreement in principle with plaintiffs to settle the class action lawsuit, as mentioned above. See the *Legal Proceedings and Other Matters* section in Note 10, *Commitments and Contingencies*, for details.

The Company recorded an accrued inventory related cost of $8.5 million as of June 30, 2024, as part of the cost of goods sold resulting from the AstraZeneca Termination and Transition Agreement, discussed under Note 2, *Collaboration Agreements, License Agreement and Revenues*.

6. Senior Secured Term Loan Facilities

On April 29, 2023, the Company entered into a financing agreement ("Financing Agreement") with investment funds managed by Morgan Stanley Tactical Value, as lenders (the "Lenders"), and Wilmington Trust, National Association, as the administrative agent, providing for senior secured term loan facilities consisting of (i) a $75.0 million initial term loan (the "Initial Term Loan"), (ii) a $37.5 million delayed draw term loan that will be funded upon the achievement of certain clinical development milestones ("Delayed Draw Term Loan 1") and, (iii) an uncommitted delayed draw term loan of up to $37.5 million to be funded at the Lenders sole discretion, ("Delayed Draw Term Loan 2" and, together with the Initial Term Loan and Delayed Draw Term Loan 1, the "Term Loans").

Pursuant to the Financing Agreement, the Lenders have funded the Initial Term Loan. The clinical development milestones which could have triggered Delayed Draw Term Loan 1 were not achieved, and the Lenders have not funded Delayed Draw Term Loan 2. As such, these features expired during 2023. The Company has determined that certain other features embedded within the Loan should be bifurcated and accounted for separately as a derivative. At inception and as of June 30, 2024, the fair values of such derivatives were negligible due to the low probability of the underlying events.

The Term Loans shall accrue interest at a fixed rate of 14.0% per annum, payable monthly in arrears. The Term Loans shall mature on May 8, 2026. The Term Loans will not be subject to amortization payments. The Company is permitted to prepay the Term Loans from time to time, in whole or in part, subject to payment of a make-whole amount equal to the unpaid principal amount of the portion of the Term Loans being repaid or prepaid, plus accrued and unpaid interest of the portion of the Term Loans being repaid or prepaid, plus an amount equal to the remaining scheduled interest payments due on such portion of the Term Loans being repaid or prepaid as if such Term Loans were to remain outstanding until the scheduled maturity date.

The initial issuance costs and the related transaction costs, totaling $3.7 million is amortized as interest expense using the effective interest method over the term of the Initial Term Loan and are reported on the balance sheet as a direct deduction from the amount of the Initial Term Loan. The effective annual interest rate of the Initial Term Loan was 16.13% for the three and six months ended June 30, 2024 and 2023. The Company recorded interest expense of $2.9 million and $5.8 million, respectively, for the three and six months ended June 30, 2024. The Company recorded interest expense of $1.7 million for the three and six months ended June 30, 2023. As of June 30, 2024, the related accrued interest was $0.4 million. The Company was in compliance with all debt covenants associated with the senior secured term loan facilities as of June 30, 2024, including maintaining a minimum balance of $30 million of unrestricted cash and cash equivalents held in accounts in the U.S.

The Company's senior secured term loan facilities as of June 30, 2024 were as follows (in thousands):

	June 30, 2024
Principal of senior secured term loan facilities	$ 75,000
Less: Unamortized issuance costs and transaction costs	(2,522)
Senior secured term loan facilities, ending balance	72,478
Less: Current Portion classified to accrued and other current liabilities	—
Senior secured term loan facilities, non-current	$ 72,478

7. Liability Related to Sale of Future Revenues

On November 4, 2022, the Company entered into a Revenue Interest Financing Agreement (the "RIFA") with an affiliate of NovaQuest Capital Management ("NovaQuest"), pursuant to which the Company granted NovaQuest 22.5% of its drug product revenue and 10.0% (20.0% for fiscal year 2028 and thereafter) of its revenue from milestone payments that it is entitled to under the Astellas Agreements, for a consideration of $50.0 million ("Investment Amount") before advisory fees.

In November 2022, the Company received the Investment Amount, net of initial issuance costs, and accounted for it as long-term debt based on the terms of the RIFA because the risks and rewards to NovaQuest are limited by the terms of the transaction. The related debt discount and transaction costs are amortized as interest expense based on the projected balance of the liability as of the beginning of each period. As payments are made to NovaQuest, the balance of the liability related to sale of future revenues is being effectively repaid over the life of the RIFA. The payments to NovaQuest are accounted for as a reduction of debt.

The Company may prepay its obligations to NovaQuest in full at any time during the term of RIFA. The prepayment amount varies from $80.0 million to $125.0 million less any revenue interest payments made up to such prepayment date. Under the RIFA the Company shall pay to NovaQuest up to a specified maximum amount ("Payment Cap") of (a) $100.0 million, if the payment is made on or before December 31, 2028; (b) $112.5 million, if the payment is made on or after January 1, 2029, but on or before December 31, 2029; or (c) $125.0 million, if the payment is made after January 1, 2030.

After January 1, 2028, if the product (as defined) is not commercialized for a consecutive twelve-month period, then, the payments owed under the RIFA by the Company to NovaQuest for each fiscal year shall be the greater of: (i) the amount which would otherwise be due pursuant to revenue interest payments terms; or (ii) $10.0 million.

Before December 31, 2028, if the sum of all payments under the RIFA paid to NovaQuest, does not equal or exceed $62.5 million, then the Company shall pay NovaQuest the difference of these two amounts by no later than March 1, 2029. If, by no later than December 31, 2030, the sum of all payments under the RIFA paid to NovaQuest does not equal or exceed $125.0 million, then the Company shall pay NovaQuest the difference of these two amounts by no later than March 1, 2031.

NovaQuest will retain this entitlement until it has reached the Payment Cap, at which point 100% of such revenue interest on future global net sales of Astellas will revert to the Company.

Over the course of the RIFA, the effective interest rate is affected by the amount and timing of drug product revenue and revenue from milestone payments recognized, the changes in the timing of forecasted drug product revenue and revenue from milestone payments, and the timing of the Company's payments to NovaQuest. On a quarterly basis, the Company reassesses the expected total revenue and the timing of such revenue, recalculates the amortization of debt discount and transactions costs and effective interest rate, and adjusts the accounting prospectively as needed. The Company's estimated effective annual interest rate was 15.63% as of June 30, 2024.

The following table summarizes the activities of the liability related to sale of future revenues for the six months ended June 30, 2024:

	Six Months Ended June 30, 2024
Liability related to sale of future revenues - beginning balance	$ 57,067
Interest paid	(5,653)
Interest expense recognized	3,749
Liability related to sale of future revenues - ending balance	55,163
Less: Current portion classified to accrued and other current liabilities	(631)
Liability related to sale of future revenues, non-current	$ 54,532

During the three and six months ended June 30, 2024, the Company recognized, under Astellas Agreements, development revenue of $0.3 million and $0.6 million, respectively, and drug product revenue of $0.7 million and $(0.5) million, respectively. See Note 2, *Collaboration Agreements, License Agreement and Revenue*, for details.

During the three and six months ended June 30, 2024, the Company recognized the related interest expense of $1.7 million and $3.7 million, respectively. During the three and six months ended June 30, 2023, the Company recognized the related interest expense of $1.3 million and $3.6 million, respectively. During the first quarter of 2024, the Company paid $5.7 million accrued interest.

Based on the current estimates of drug product revenue and revenue from milestone payments under the Astellas Agreements, and taking into the consideration of the terms discussed above, the Company anticipates reaching a Payment Cap up to $125.0 million by 2031.

8. Income Taxes

Benefits from income tax for the three and six months ended June 30, 2024 and 2023 were primarily due to foreign taxes.

Based upon the weight of available evidence, which includes its historical operating performance, reported cumulative net losses since inception, the Company has established and continues to maintain a full valuation allowance against its net deferred tax assets as it does not currently believe that realization of those assets is more likely than not.

9. Related Party Transactions

Astellas is an equity investor in the Company and is considered a related party. The Company recorded license and development revenue related to collaboration agreements with Astellas of $0.3 million and $1.8 million for the three months ended June 30, 2024 and 2023, and $0.6 million and $3.5 million for the six months ended June 30, 2024 and 2023, respectively. In addition, the Company recorded drug product revenue from Astellas of $0.7 million and $14.3 million for the three months ended June 30, 2024 and 2023, and $(0.5) million and $16.4 million for the six months ended June 30, 2024 and 2023, respectively. See Note 2, *Collaboration Agreements, License Agreement and Revenues*, for details.

The Company's expense related to collaboration agreements with Astellas was immaterial for each of the three and six months ended June 30, 2024 and 2023.

As of June 30, 2024 and December 31, 2023, accounts receivable from Astellas were $0.3 million and $0.8 million, respectively.

As of June 30, 2024 and December 31, 2023, total deferred revenue from Astellas was $9.4 million and $16.9 million, respectively.

As of June 30, 2024, the amounts due to Astellas, included in accrued and other current liabilities, and other long-term liabilities, totaled $11.6 million. As of December 31, 2023, the amount due to Astellas, included in accrued and other current liabilities, and other long-term liabilities, totaled $40.5 million.

Falikang, an entity jointly owned by FibroGen Beijing and AstraZeneca, is an unconsolidated VIE accounted for as an equity method investment, and considered as a related party to the Company. FibroGen Beijing owns 51.1% of Falikang's equity. See the *Equity method investment - Unconsolidated VIE - Falikang* section of Note 3, *Variable Interest Entities*, for details.

The net product revenue from Falikang was $46.0 million and $20.5 million for the three months ended June 30, 2024 and 2023, and $73.1 million and $41.9 million for the six months ended June 30, 2024 and 2023, respectively. See the *Product Revenue, Net* section in Note 2, *Collaboration Agreements, License Agreement and Revenues*, for details.

The investment income in Falikang was $1.2 million and $0.6 million for the three months ended June 30, 2024 and 2023 and $1.8 million and $1.3 million for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and December 31, 2023, the Company's equity method investment in Falikang was $6.9 million and $5.3 million, respectively. See the *Equity method investment - Unconsolidated VIE - Falikang* section of Note 3, *Variable Interest Entities*, for details. The other income from Falikang was immaterial for each of the three and six months ended June 30, 2024 and 2023.

As of June 30, 2024 and December 31, 2023, accounts receivable, net, from Falikang, were $3.8 million and $5.2 million, respectively.

10. Commitments and Contingencies

Contract Obligations

As of June 30, 2024, the Company had outstanding total non-cancelable purchase obligations of $19.7 million, including $11.2 million for manufacture and supply of pamrevlumab, $0.8 million for manufacture and supply of roxadustat, and $7.6 million for other purchases and programs. The Company expects to fulfill its commitments under these agreements in the normal course of business, and as such, no liability has been recorded.

Some of the Company's license agreements provide for periodic maintenance fees over specified time periods, as well as payments by the Company upon the achievement of development, regulatory and commercial milestones. As of June 30, 2024, future milestone payments for research and preclinical stage development programs consisted of up to approximately $697.9 million in total potential future milestone payments under the Company's license agreements with HiFiBiO (HK) Ltd. (d.b.a. HiFiBiO Therapeutics) (for Gal-9 and CCR8), Medarex, Inc. and others. These milestone payments generally become due and payable only upon the achievement of certain developmental, clinical, regulatory and/or commercial milestones. The event triggering such payment or obligation has not yet occurred.

As of June 30, 2024, the Company had $73.9 million of operating lease liabilities.

In addition, see Note 6, *Senior Secured Term Loan Facilities* and Note 7, *Liability Related to Sale of Future Revenues* for details of the related obligations.

Legal Proceedings and Other Matters

From time to time, the Company is a party to various legal actions, both inside and outside the U.S., arising in the ordinary course of its business or otherwise. The Company accrues amounts, to the extent they can be reasonably estimated, that the Company believes will result in a probable loss (including, among other things, probable settlement value) to adequately address any liabilities related to legal proceedings and other loss contingencies. A loss or a range of loss is disclosed when it is reasonably possible that a material loss will incur and can be estimated, or when it is reasonably possible that the amount of a loss, when material, will exceed the recorded provision. The Company did not have any material accruals for any active legal action, except for the class action settlement mentioned below, in its condensed consolidated balance sheet as of June 30, 2024, as the Company could not predict the ultimate outcome of these matters, or reasonably estimate the potential exposure.

Between April 2021 and May 2021, five putative securities class action complaints were filed against FibroGen and certain of its current and former executive officers (collectively, the "Defendants") in the U.S. District Court for the Northern District of California. The lawsuits allege that Defendants violated the Securities Exchange Act of 1934 by making materially false and misleading statements regarding FibroGen's Phase 3 clinical studies data and prospects for U.S. Food and Drug Administration approval. On August 30, 2021, the Court consolidated the actions and appointed a group of lead plaintiffs. On October 17, 2023, the parties reached an agreement in principle to settle the class action at $28.5 million. Accordingly, as of December 31, 2023, the Company recorded the $28.5 million in accrued and other current liabilities in the consolidated balance sheet. The Company maintains insurance that covers exposure related to the class action lawsuit. As the amount is fully recoverable under the Company's insurance policies, the Company recorded a corresponding receivable in prepaid expenses and other current assets in the condensed consolidated balance sheet. The determination that the recorded receivables are probable of collection is based on the terms of the applicable insurance policies and communications with the insurers. The Court preliminarily approved the settlement on February 13, 2024 and approved the settlement Plan of Allocations on May 28, 2024 and Plaintiffs' motion for attorney's fees on August 1, 2024, reserving further orders on the final judgment until after the claims and distribution process was completed. Another case, filed on May 25, 2023, against the same defendants, asserting similar claims as the class action and additional common-law and California state fraud claims was voluntarily dismissed on December 20, 2023.

Between July 30, 2021 and April 3, 2024, seven shareholder derivative complaints were filed, naming as defendants certain of our current and former officers and certain current and former members of our board, as well as FibroGen as nominal defendants (the "Derivative Lawsuits"). Of these Derivative Lawsuits, four were filed in the Delaware Court of Chancery (the "Delaware Chancery Derivative Actions"), two were filed in the U.S. District Court for the District of Delaware (the "Delaware Federal Derivative Actions"), and one was filed in the U.S. District Court for the Northern District of California (the "California Federal Derivative Action"). The plaintiffs assert state and federal claims based on some of the same alleged misstatements as the securities class action complaint. The complaints seek unspecified damages, attorneys' fees, and other costs. The status of the seven Derivative Lawsuits is currently as follows:

- Two of the Delaware Chancery Derivative Actions, filed on April 14, 2022, and June 1, 2023, have been consolidated (the "Delaware Chancery Consolidated Derivative"). On February 1, 2024, Defendants moved to dismiss the Delaware Chancery Consolidated Derivative action and a hearing on the motion was held on May 9, 2024. In the other two Delaware Chancery Derivative Actions, filed in the Delaware Court of Chancery on December 3, 2023 and April 3, 2024, Defendants have not been formally served, though the parties are in the process of negotiating a stay of the actions pending resolution of the motion to dismiss the Delaware Chancery Consolidated Derivative action;
- Two of the Delaware Federal Derivative Actions remain stayed pending resolution of the motion to dismiss the Delaware Chancery Consolidated Derivative action; and
- The California Federal Derivative Action was voluntarily dismissed on January 22, 2024.

The Company believes that the claims asserted in the Derivative Lawsuits are without merit and it intends to vigorously defend against them. However, any litigation is inherently uncertain, and any judgment or injunctive relief entered against FibroGen, or any adverse settlement could materially and adversely impact its business, results of operations, financial condition, and prospects.

In the fourth quarter of 2021, the Company received a subpoena from the SEC requesting documents related to roxadustat's pooled cardiovascular safety data. The SEC followed up with a subpoena for additional documents in the second quarter of 2024. The Company is fully cooperating with the SEC. The Company cannot predict with any degree of certainty the outcome of the SEC's investigation or determine the extent of any potential liabilities. The Company also cannot predict whether there will be any loss as a result of the investigation nor can it provide an estimate of the possible loss or range of loss. Any adverse outcome in this matter or any related proceeding could expose the Company to substantial damages, penalties, or reputational harm that may have a material adverse impact on the Company's business, results of operations, financial condition, growth prospects, and price of its common stock.

Between 2022 and 2024, the Company's Board of Directors received six litigation demands from purported shareholders of the Company, asking the Board of Directors to investigate and take action against certain current and former officers and directors of the Company for alleged wrongdoing based on the same allegations in the pending derivative and securities class action lawsuits. The Company may in the future receive such additional demands.

Starting in October 2021, certain challenges have been filed with the China National Intellectual Property Administration against patents which claim a crystalline form of roxadustat. Final resolution of such proceedings will take time and the Company could not predict the ultimate outcome, or reasonably estimate the potential exposure.

Indemnification Agreements

The Company enters into standard indemnification arrangements in the ordinary course of business, including for example, service, manufacturing and collaboration agreements. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, including in connection with intellectual property infringement claims by any third party with respect to its technology. The term of these indemnification agreements is generally perpetual any time after the execution of the agreement. The Company has entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the extent permissible under applicable law. The maximum potential amount of future payments the Company could be required to make under these arrangements is not determinable. The Company believes the estimated fair value of these arrangements is minimal.

11. Subsequent Event

On July 30, 2024, the Company reported results from Pancreatic Cancer Action Network's ("PanCAN's") Precision Promise[SM] adaptive trial platform that included pamrevlumab, its antibody developed to inhibit the activity of CTGF, in combination with standard-of-care chemotherapy treatments for pancreatic cancer, for patients with metastatic pancreatic cancer. The pamrevlumab experimental arm in PanCAN's Precision Promise Phase 2/3 adaptive platform trial did not meet the primary endpoint of overall survival as determined by the protocol pre-specified Bayesian statistical analysis.

On July 30, 2024, the Company also reported results from LAPIS, its double-blind placebo-controlled Phase 3 clinical program for pamrevlumab in 284 LAPC patients randomized at a 1:1 ratio to receive either pamrevlumab or placebo, in each case in combination with chemotherapy (either FOLFIRINOX or gemcitabine plus nab-paclitaxel). The study did not meet the primary endpoint of overall survival.

Responding to the above results, the Company is implementing an immediate and significant cost reduction plan in the U.S., including terminating pamrevlumab research and development investment and expeditiously wind down remaining obligations, and reducing U.S. workforce by approximately 75% (the Company notified employees on August 2, 2024). The Company expects that the majority of the restructuring charges related to the headcount reductions, primarily consisting of notice period and severance payments, accrued vacation and employee benefits contributions, will be recognized in the second half of 2024, and that the implementation of the headcount reductions, including cash payments, will be substantially complete by the end of the first quarter of 2025. The Company may incur additional expenses not currently contemplated due to events associated with these cost reduction measures.

ITEM 2. 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 in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and in our Securities and Exchange Commission ("SEC") filings, including our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 26, 2024 ("2023 Form 10-K").

FORWARD-LOOKING STATEMENTS

The following discussion and information contained elsewhere in this Quarterly Report on Form 10-Q contain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), Section 27A of the Securities Act of 1933, as amended ("Securities Act") and within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are often identified by the use of words such as "may," "will," "expect," "anticipate," "intend," "could," "should," "estimate," or "continue," and similar expressions or variations. 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 Quarterly Report on Form 10-Q, 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. Such forward-looking and other statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors," set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q. The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Quarterly Report on Form 10-Q. We anticipate that subsequent events and developments will cause our views to change. New risks emerge from time to time, and 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 and other statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking events and circumstances discussed in this Quarterly Report on Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking and other statements. While we may elect to update these forward-looking and other statements at some point in the future, we have no current intention of doing so except to the extent required by applicable law. You should, therefore, not rely on these forward-looking and other statements as representing our views as of any date subsequent to the date of this Quarterly Report on Form 10-Q and are cautioned not to place undue reliance on such forward-looking statements.

BUSINESS OVERVIEW

We are headquartered in San Francisco, California, with subsidiary offices in Beijing and Shanghai, People's Republic of China ("China"). FibroGen, Inc. ("FibroGen" or the "Company") is developing and commercializing a diversified pipeline of novel therapeutics that work at the frontier of cancer biology and anemia.

Roxadustat is an oral small molecule inhibitor of hypoxia-inducible factor prolyl hydroxylase ("HIF-PH") activity. Roxadustat (爱瑞卓®, EVRENZO™) is approved in China, Europe, Japan, and numerous other countries for the treatment of anemia in chronic kidney disease ("CKD") for patients who are on dialysis and not on dialysis. Roxadustat is in clinical development for chemotherapy-induced anemia ("CIA") in China.

FG-3246 is a first-in-class antibody-drug conjugate targeting a novel epitope on CD46 that is in development for metastatic castration-resistant prostate cancer and other cancer indications.

FibroGen also has a pipeline of preclinical product candidates, FG-3165 and FG-3175, to address unmet patient needs in oncology.

Financial Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(in thousands, except for per share data)			
Result of Operations				
Revenue	$ 50,641	$ 44,319	$ 106,544	$ 80,480
Operating costs and expenses	61,560	132,367	148,526	244,618
Net loss	(15,544)	(87,680)	(48,477)	(164,385)
Net loss per share - basic and diluted	$ (0.16)	$ (0.90)	$ (0.49)	$ (1.71)

	June 30, 2024	December 31, 2023
	(in thousands)	
Balance Sheet		
Cash and cash equivalents	$ 140,714	$ 113,688
Short-term investments	—	121,898
Accounts receivable	$ 6,412	$ 12,553

Our revenue for the three and six months ended June 30, 2024 included primarily the revenue recognized related to the following, respectively:

- $49.6 million and $80.2 million from roxadustat commercial sales in China, mostly from sales to Beijing Falikang Pharmaceutical Co. Ltd. (“Falikang”);
- $0.7 million and a net reduction of $0.5 million to drug product revenue related to active pharmaceutical ingredient (“API”) deliveries to Astellas Pharma Inc. (“Astellas”); in addition, $25.7 million cumulative catch-up net adjustment in the drug product revenue, for the six months ended June 30, 2024, as a result of terminating the AstraZeneca AB (“AstraZeneca”) U.S./RoW Agreement, effective as of February 25, 2024 (“AstraZeneca Termination and Transition Agreement”), with the exception of South Korea; and
- $0.3 million and $1.1 million of development and other revenue recognized mainly under our collaboration agreements with our partners Astellas and AstraZeneca.

As a comparison, our revenue for the three and six months ended June 30, 2023 included primarily the revenue recognized related to the following, respectively:

- $23.9 million and $48.0 million of net product revenue from roxadustat commercial sales in China;
- $14.3 million and $16.4 million of drug product revenue related to API deliveries to Astellas;
- $4.1 million and $7.8 million of development and other revenue recognized primarily under our collaboration agreements with our partners Astellas and AstraZeneca; and
- $1.0 million upfront payment for the second quarter of 2023 and a $3.0 million milestone payment based on Eluminex Biosciences (Suzhou) Limited (“Eluminex”) implanting a biosynthetic cornea in the first patient of its clinical trial in China and a $3.0 million manufacturing related milestone payment in the first quarter of 2023 for the first quarter of 2023, recognized under our license agreement and amendments with Eluminex.

Operating costs and expenses for the three and six months ended June 30, 2024 decreased compared to the same periods a year ago primarily as a result of the net effect of the following, respectively:

- $24.6 million one-time, non-cash charge of acquired in-process research and development (“IPR&D”) expenses, in the prior year periods, associated with the exclusive license for FG-3246 from Fortis Therapeutics, Inc. (“Fortis”) and the acquisition of Fortis;
- $17.7 million and $32.2 million lower clinical trial expenses primarily associated with the wind down on Phase 2/3 trials for pamrevlumab for the treatment of metastatic pancreatic cancer;
- $10.4 million and $24.6 million lower employee-related expenses primarily due to the impact from reduction in force actions in July 2023 and cost control efforts;
- $7.3 million and $14.6 million lower stock-based compensation primarily resulting from significantly lower stock price and cancellations of stock options and restricted stock units due to reduced headcount;

- $4.8 million and $7.3 million lower outside services expenses due to cancellation of certain programs to streamline operations and cost control efforts;
- $2.5 million and $5.5 million lower facilities-related expenses due to cost control efforts and lower depreciation expense as certain property and equipment reached their useful lives in prior year period;
- $2.5 million and $5.4 million lower drug development expenses associated with drug substance activities and logistic expenses related to pamrevlumab which was largely completed;
- $3.1 million lower legal expenses for the six months ended June 30, 2024 primarily due to lower activities in corporate legal, legal proceedings and intellectual properties; and
- $21.1 million one-time cost of goods sold recorded for the six months ended June 30, 2024 correspondingly to the above-mentioned drug product revenue resulting from the AstraZeneca Termination and Transition Agreement related to the AstraZeneca U.S./RoW Agreement, as defined further below.

For the six months ended June 30, 2024, we had a net loss of $48.5 million, or a net loss per basic and diluted share of $0.49, as compared to a net loss of $164.4 million, or a net loss per basic and diluted share of $1.71, for the same period a year ago, due to increases in revenue and decreases in operating costs and expenses as discussed above.

Cash and cash equivalents, investments, and accounts receivable totaled $147.1 million at June 30, 2024, a decrease of $101.0 million from December 31, 2023, primarily due to the cash used in operations as discussed under the *Liquidity and Capital Resources* section below.

Commercial, Development and Research Programs

The following is an overview of our clinical, commercial, and research programs.

Roxadustat for the Treatment of Anemia in Chronic Kidney Disease

Roxadustat is our commercial-stage product, an oral small molecule inhibitor of HIF-PH activity that acts by stimulating the body's natural pathway of erythropoiesis, or red blood cell production.

Roxadustat (爱瑞卓®, EVRENZO™) is approved in China, Europe, Japan, and numerous other countries for the treatment of anemia in CKD for patients who are on dialysis and not on dialysis.

In China, roxadustat (tradename: 爱瑞卓®) continues to see significant volume growth in the treatment of anemia caused by CKD in non-dialysis and dialysis patients. In the second quarter of 2024, roxadustat achieved an over 33% increase in sales volume relative to the second quarter of 2023. As of May 2024, roxadustat was the top CKD anemia brand in China with approximately 46% value share within the segment of erythropoiesis stimulating agents and HIF-PH inhibitors. Our composition of matter patent in China expired in the second quarter of 2024 and the China Health Authority has approved two generic roxadustat applications for marketing.

Roxadustat for the Treatment of Chemotherapy-Induced Anemia

In May 2023, we announced positive topline data from our Phase 3 clinical study of roxadustat for treatment of anemia in patients receiving concurrent chemotherapy treatment for non-myeloid malignancies in China. Roxadustat (爱瑞卓®) demonstrated non-inferiority compared to recombinant erythropoietin alfa (SEPO®) on the primary endpoint of change in hemoglobin level from baseline to the average level during Weeks 9-13.

In the preliminary safety analysis, the adverse event profile of roxadustat was generally consistent with previous findings and supportive of a positive benefit risk in this patient population.

A total of 159 patients with non-myeloid malignancy (solid tumor) with a baseline hemoglobin level at or below 10 g/dL were enrolled into this Phase 3, randomized, open-label, active-controlled study investigating the efficacy and safety of roxadustat for treatment of CIA. Patients were randomly assigned roxadustat or erythropoietin alfa three times per week, during a treatment period of 12 weeks, with an additional 4-week follow-up period. We recently presented results from this study in an oral presentation at the European Society for Medical Oncology Congress 2023.

Our supplemental new drug application for roxadustat in CIA was accepted by the China Health Authority in August 2023, and we expect an approval decision in the second half of 2024.

Although CIA is one of the most common side effects of chemotherapy, it is frequently undertreated. CIA can adversely affect long-term patient outcomes, as anemia limits both quality of life and the ability of patients to continue chemotherapy treatment. The incidence and severity of CIA depends on a variety of factors. This includes the type of cancer and the treatment, including the type of chemotherapy, schedule, and intensity of therapy. It also depends on whether the patient has received prior myelosuppressive chemotherapy, radiation therapy, or both. Almost 80% of cancer patients in China receiving chemotherapy develop anemia. Approximately 50% of cancer patients in China receiving chemotherapy develop severe anemia that merits treatment (hemoglobin under 10g/dL). In China, over 3 million cancer patients undergo chemotherapy.

FG-3246: Prostate Cancer; Potential Additional Cancer Indications

In 2023, we obtained an exclusive license to develop FG-3246 (previously FOR46) in metastatic castration-resistant prostate cancer ("mCRPC") and other cancer indications. FG-3246 is a first-in-class antibody-drug conjugate targeting a novel epitope on CD46 that is expressed at high levels in certain tumor types with limited expression in most normal tissues. The cytotoxic payload of FG-3246 is monomethyl auristatin E, an anti-mitotic agent that has been utilized in four commercially approved antibody-drug conjugate drugs.

FG-3246 demonstrated monotherapy efficacy in a Phase 1 clinical study in heavily-pretreated (and not biomarker selected) patients with mCRPC. Results included a median radiographic progression-free survival of 8.7 months and a PSA50 response in 36% of evaluable patients. For RECIST evaluable patients, 20% met the criteria of a partial response, or measurable reduction in tumor size of $\geq$ 30%, with a median duration of response of 7.5 months. FG-3246 demonstrated an acceptable safety profile, with adverse events consistent with those observed in other antibody drug conjugate therapies with a monomethyl auristatin E payload, and included infusion related reactions, fatigue, weight loss, neutropenia, and peripheral neuropathy. We plan to meet with the FDA to discuss the development pathway, and we anticipate initiation of a Phase 2 monotherapy dose optimization study of FG-3246 for mCRPC in the first quarter of 2025.

In May 2024, we announced positive interim results from the dose escalation portion of the investigator-sponsored Phase 1b/2 study conducted by the University of California, San Francisco ("UCSF") of FG-3246 in combination with enzalutamide in patients with mCRPC at the 2024 American Society of Clinical Oncology Annual Meeting. The presentation includes data from 17 biomarker unselected patients in the dose escalation portion of the trial. Over 70% of the patients in the study received at least two prior androgen receptor signaling inhibitors, which included prior enzalutamide treatment. Dose escalation was explored with and without prophylactic granulocyte colony-stimulating factor ("G-CSF") support. The primary endpoint was determination of the maximally tolerated dose of FG-3246 in combination with enzalutamide. The combination treatment demonstrated an encouraging preliminary estimate of median radiographic progression free survival of 10.2 months. The maximally tolerated dose was established at 2.1 mg/kg adjusted body weight, with primary G-CSF prophylaxis, in combination with enzalutamide 160 mg/day. The most frequent adverse events were consistent with other monomethyl auristatin E-based antibody drug conjugates and included fatigue, weight loss, elevated transaminases, neutropenia, and peripheral neuropathy. We expect topline results from the Phase 2 portion of this study of FG-3246 in combination with enzalutamide in the first half of 2025.

Development of the CD46-targeted PET biomarker is currently underway with UCSF, a collaborator of Fortis. We are also exploring additional potential tumor indications in which CD46 is commonly expressed.

Pamrevlumab: Monoclonal Antibody Targeting Connective Tissue Growth Factor

In July 2024, we reported results from Pancreatic Cancer Action Network's ("PanCAN's") Precision Promise^{SM} adaptive trial platform that included pamrevlumab, our antibody developed to inhibit the activity of connective tissue growth factor, in combination with standard-of-care chemotherapy treatments for pancreatic cancer (gemcitabine and Abraxane®), for patients with metastatic pancreatic cancer.

The pamrevlumab experimental arm in PanCAN's Precision Promise Phase 2/3 adaptive platform trial did not meet the primary endpoint of overall survival as determined by the protocol pre-specified Bayesian statistical analysis.

Given both 1L and 2L pamrevlumab treatment groups graduated into Stage 2 of PanCAN's Precision Promise study, the hazard ratio for the primary overall survival analysis assumed a common hazard ratio to estimate a single treatment effect for both 1L and 2L pamrevlumab patients combined compared to patients treated with gemcitabine + nab-paclitaxel. In addition, the pre-specified Bayesian model utilized a hierarchical model that included the borrowing of data from the mFOLFIRINOX control arm to the gemcitabine + nab-paclitaxel control arm for the primary efficacy analysis. The pre-specified primary efficacy analysis was performed in a modified intention-to-treat ("mITT") population that included only subjects who initiated treatment. The mITT population in the pamrevlumab arm was comprised of a total of 102 patients in the 1L treatment group and 111 patients in the 2L treatment group and the gemcitabine + nab-paclitaxel control arm was comprised of a total of 34 patients in the 1L treatment group and 36 patients in the 2L treatment group.

Primary Overall Survival Analysis as Determined by Pre-Specified Bayesian Statistical Analysis (mITT Population)

	Bayesian Model Common Hazard Ratio ("HR")			Posterior Probability
	Median	Mean (SD)	95% CI	Pr(HR < 1)
Primary Efficacy Analysis	1.170	1.184 (0.175)	(0.882, 1.563)	0.13977

In July 2024, we also reported results from LAPIS, our double-blind placebo-controlled Phase 3 clinical program for pamrevlumab in 284 patients with locally advanced unresectable pancreatic cancer randomized at a 1:1 ratio to receive either pamrevlumab or placebo, in each case in combination with chemotherapy (either FOLFIRINOX or gemcitabine plus nab-paclitaxel).

The study did not meet the primary endpoint of overall survival (stratified log-rank p-value=0.55). Median overall survival of 17.3 months was observed in the pamrevlumab combined with gemcitabine + nab-paclitaxel or FOLFIRINOX arm compared to median overall survival of 17.9 months in the control arm of placebo combined with gemcitabine + nab-paclitaxel or FOLFIRINOX (HR: 1.08; 95% CI – 0.83 to 1.41).

The preliminary safety analyses across both studies indicate that the safety profile of pamrevlumab combined with gemcitabine + nab-paclitaxel or FOLFIRINOX was generally well tolerated with an acceptable safety profile in pancreatic cancer patients. No clinically meaningful differences in treatment emergent adverse events were seen between the treatment arms.

Preclinical Pipeline

Our preclinical pipeline consists of two antibodies for immuno-oncology that are in investigational new drug application-enabling studies.

FG-3165 is a galectin-9 ("Gal9") targeted antibody under development for treatment of solid tumors characterized by high Gal9 levels of expression. Gal9 has been reported to bind to multiple immune checkpoints on lymphocytes that suppress T and natural killer cell activation, and it is a driver of cancer progression in acute myeloid leukemia. In preclinical studies FG-3165 and its variants inhibit Gal9 mediated T cell death, and also promotes anti-tumor immune responses in combination with other immune checkpoint targeted drugs. In June 2024, we received FDA clearance for our investigational new drug application for FG-3165.

FG-3175 is a c-c motif chemokine receptor 8 ("CCR8") targeted antibody under development for treatment of solid tumors that are highly infiltrated by CCR8-positive T regulatory cells. T regulatory cells contribute to an immune suppressed tumor microenvironment, and multiple preclinical studies have demonstrated immune activation and tumor regression following depletion of this cell type from the tumor microenvironment. FG-3175 is a variant of our previous lead anti-CCR8 antibody, FG-3163, and was deemed to be a superior clinical candidate following extended characterization of both antibodies. FG-3175 has enhanced antibody dependent cellular cytotoxicity activity and induces potent killing of CCR8 expressing cells by natural killer cells in in vitro assay systems.

Exclusive License from and Option to Acquire Fortis Therapeutics

On May 5, 2023, we entered into an exclusive option agreement to acquire Fortis with its novel Phase 1 antibody-drug conjugate, FG-3246 (previously FOR46), that targets a novel epitope on CD46 preferentially expressed on certain cancer cells. FG-3246 is in development for the treatment of mCRPC with potential applicability in other solid tumors and hematologic malignancies.

Pursuant to an evaluation agreement entered into with Fortis concurrent with the option agreement, FibroGen has exclusively licensed FG-3246 and will control and fund future research, development, including a Phase 2 clinical study sponsored by FibroGen, and manufacturing of FG-3246 during the option period. As part of the clinical development strategy, we will continue the work to develop a PET-based biomarker utilizing a radiolabeled version of the targeting antibody for patient selection.

FibroGen have made four quarterly payments totaling $5.4 million to Fortis in support of its continued development obligations, of which the last payment was $1.7 million and was made during the three months ended March 31, 2024.

If we exercise the option to acquire Fortis, we will pay Fortis $80.0 million, and thereafter, Fortis would be eligible to receive from FibroGen up to $200.0 million in contingent payments associated with the achievement of various regulatory approvals. If we acquire Fortis, we would also be responsible to pay UCSF, an upstream licensor to Fortis, development milestone fees and a single digit royalty on net sales of therapeutic or diagnostic products arising from the collaboration. If FibroGen chooses not to acquire Fortis, its exclusive license to FG-3246 would expire.

For additional details about this transaction, see the *Consolidated Variable Interest Entity - Fortis* section in Note 3, *Variable Interest Entities*, to the condensed consolidated financial statements.

Exclusive License from HiFiBiO

In June 2021, we entered into an exclusive license and option agreement with HiFiBiO (HK) Ltd. (d.b.a. HiFiBiO Therapeutics) ("HiFiBiO"), pursuant to which we exclusively licensed from HiFiBiO all product candidates in HiFiBiO's Galectin-9 program and subsequently exclusively licensed all product candidates in HiFiBiO's CCR8 program. In addition to the upfront payments we previously paid, HiFiBiO may receive up to a total of $345 million in future clinical, regulatory, and commercial milestone payments for each program. HiFiBiO will also be eligible to receive tiered royalties based upon worldwide net sales.

Exclusive License to Eluminex

In April 2023, FibroGen and Eluminex entered into an Amended and Restated Exclusive License Agreement ("A&R Eluminex Agreement") in order to add to the license rights to recombinant human collagen Type I (in addition to the rights to collagen Type III that were already licensed).

See the *Eluminex Agreement* section in Note 2, *Collaboration Agreements, License Agreement and Revenues,* to the condensed consolidated financial statements for details.

Collaboration Partnerships for Roxadustat

Our current and future research, development, manufacturing and commercialization efforts with respect to roxadustat depend on funds from our collaboration agreements with Astellas and AstraZeneca. See Note 2, *Collaboration Agreements, License Agreement and Revenues*, to the condensed consolidated financial statements for details.

Astellas

In June 2005, we entered into a collaboration agreement with Astellas for the development and commercialization (but not manufacture) of roxadustat for the treatment of anemia in Japan ("Astellas Japan Agreement"). In April 2006, we entered into a separate collaboration agreement with Astellas for roxadustat for the treatment of anemia in Europe, the Commonwealth of Independent States, the Middle East, and South Africa ("Astellas Europe Agreement"). Under these agreements, the aggregate amount of consideration received through June 30, 2024 totaled $790.1 million. Based on the current development plans for roxadustat in Japan and Europe, we do not expect to receive most or all of the additional potential milestones under the Astellas Japan Agreement or the Astellas Europe Agreement.

In 2018, we and Astellas entered into an amendment to the Astellas Japan Agreement that allows Astellas to manufacture roxadustat drug product for commercialization in Japan (the "Astellas Japan Amendment"). The related drug product revenue was $(0.4) million and $13.8 million for the three months ended June 30, 2024 and 2023, and ($2.6) million and $15.5 million for the six months ended June 30, 2024 and 2023, respectively.

During the first quarter of 2021, we entered into an EU Supply Agreement with Astellas under the Astellas Europe Agreement to define general forecast, order, supply and payment terms for Astellas to purchase roxadustat bulk drug product from FibroGen in support of commercial supplies (the "Astellas EU Supply Agreement"). The related drug product revenue was $1.1 million and $0.5 million for the three months ended June 30, 2024 and 2023, and $2.1 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively.

AstraZeneca

In July 2013, we entered into a collaboration agreement with AstraZeneca for roxadustat for the treatment of anemia in the U.S. and all territories, except for China and other territories not previously licensed to Astellas (the "AstraZeneca U.S./RoW Agreement"). In 2020, we entered into a Master Supply Agreement with AstraZeneca under the AstraZeneca U.S./RoW Agreement (the "AstraZeneca Master Supply Agreement") to define general forecast, order, supply and payment terms for AstraZeneca to purchase roxadustat bulk drug product from FibroGen in support of commercial supplies.

On February 23, 2024, we entered into an agreement to terminate the AstraZeneca U.S./RoW Agreement with AstraZeneca, effective as of February 25, 2024. Pursuant to the AstraZeneca Termination and Transition Agreement, AstraZeneca returns all of their non-China roxadustat rights to us, with the exception of South Korea, and provides certain assistance during a transition period. In addition, as a part of this AstraZeneca Termination and Transition Agreement, AstraZeneca will receive tiered mid-single digit royalties on FibroGen's sales of roxadustat in the terminated territories, or thirty-five percent of all revenue FibroGen receives if it licenses or sells such rights to a third-party. Neither party incurred any early termination penalties. The aggregate amount of consideration for milestone and upfront payments received under the AstraZeneca U.S./RoW Agreement through the termination totaled $439.0 million. In addition, resulting from the AstraZeneca Termination and Transition Agreement, FibroGen and AstraZeneca settled the outstanding balances relating to past transactions under the AstraZeneca Master Supply Agreement. Accordingly, during the three months ended March 31, 2024, we recorded a cumulative catch-up net adjustment of $25.7 million to the drug product revenue.

In July 2013, through our China subsidiary and related affiliates, we entered into a collaboration agreement with AstraZeneca for roxadustat for the treatment of anemia in China (the "AstraZeneca China Agreement"). Under the AstraZeneca agreements, the aggregate amount of consideration received through June 30, 2024 totaled $77.2 million.

Under the AstraZeneca China Agreement, which is conducted through FibroGen China Anemia Holdings, Ltd., FibroGen (China) Medical Technology Development Co., Ltd. ("FibroGen Beijing"), and FibroGen International (Hong Kong) Limited (collectively, ("FibroGen China"), the commercial collaboration was structured as a 50/50 profit share, which was amended by the AstraZeneca China Amendment in the third quarter of 2020, as discussed and defined below in *AstraZeneca China Amendment*.

On September 18, 2023, we received the formal notice, from Beijing Medical Products Administration, of renewal of its right to continue to market Roxadustat in China through 2028. The Company evaluated the regulatory milestone payment associated with this renewal under the AstraZeneca China Agreement and concluded that this milestone was achieved in the third quarter of 2023. Accordingly, the consideration of $4.0 million associated with this milestone was included in the transaction price and allocated to performance obligations under the AstraZeneca U.S./RoW Agreement and the AstraZeneca China Agreement, $3.5 million of which was recognized as revenue during the third quarter of 2023 from performance obligations satisfied or partially satisfied. As of June 30, 2024, the $4.0 million milestone was recorded as a contract asset and was fully netted against the contract liabilities (deferred revenue) related to the AstraZeneca China Agreement.

AstraZeneca China Amendment

In July 2020, FibroGen China and AstraZeneca entered into an amendment, effective July 1, 2020, to the AstraZeneca China Agreement, relating to the development and commercialization of roxadustat in China (the "AstraZeneca China Amendment"). Under the AstraZeneca China Amendment, in September 2020, FibroGen Beijing and AstraZeneca completed the establishment of a jointly owned entity, Falikang, which performs roxadustat distribution, as well as conducts sales and marketing through AstraZeneca.

Substantially all direct roxadustat product sales to distributors in China are made by Falikang, while we expect that FibroGen Beijing will continue to sell roxadustat product directly in one province in China. FibroGen Beijing manufactures and supplies commercial product to Falikang based on an agreed upon transfer price, which includes gross transaction price, net of calculated profit share. Revenue is recognized upon the transfer of control of commercial products to Falikang in an amount that reflects the allocation of transaction price of the China manufacturing and supply obligation ("China performance obligation") to the performance obligation satisfied during the reporting period. We recognized net product revenue of $49.6 million and $23.9 million for the three months ended June 30, 2024 and 2023, and $80.2 million and $48.0 million for the six months ended June 30, 2024 and 2023, respectively, majority of which were from the sales to Falikang.

RESULTS OF OPERATIONS

Revenue

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Revenue:								
License revenue	$ —	$ 1,000	$ (1,000)	(100) %	$ —	$ 7,000	$ (7,000)	(100) %
Development and other revenue	269	5,158	(4,889)	(95) %	1,147	9,050	(7,903)	(87) %
Product revenue, net	49,643	23,889	25,754	108 %	80,181	48,049	32,132	67 %
Drug product revenue, net	729	14,272	(13,543)	(95) %	25,216	16,381	8,835	54 %
Total revenue	$ 50,641	$ 44,319	$ 6,322	14 %	$ 106,544	$ 80,480	$ 26,064	32 %

Under our revenue recognition policy, license revenue includes amounts from upfront, non-refundable license payments and amounts allocated pursuant to the standalone selling price method from other consideration received during the respective periods. This revenue is generally recognized as deliverables are met and services are performed.

Development revenue includes co-development and other development related services. We recognize development services as revenue in the period in which they are billed to our partners, excluding China. As of June 30, 2024, we do not expect to incur significant future co-development services. For China co-development services, we defer revenue until we begin to transfer control of the manufactured commercial product to AstraZeneca, which commenced in the first quarter of 2021, and we expect to continue through 2033, which reflects our best estimates. Other revenues consist of contract manufacturing revenue, patent transfer and sales of research and development material, which have not been material for any of the periods presented.

We recognize product revenue when our customer obtains control of promised goods or services in an amount that reflects the consideration we expect to receive in exchange for those goods or services.

Drug product revenue includes commercial-grade API or bulk drug product sales to AstraZeneca, under the AstraZeneca U.S./RoW Agreement, and Astellas in support of pre-commercial preparation prior to the new drug application or marketing authorization application approval, and to Astellas for ongoing commercial launch in Japan and Europe. We recognize drug product revenue when we fulfill the inventory transfer obligations. The amount of variable consideration that is included in the transaction price may be constrained, and is included in the drug product revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period when the uncertainty associated with the variable consideration is subsequently resolved. Actual amounts of consideration ultimately received in the future may differ from our estimates, for which we will adjust these estimates and affect the drug product revenue in the period such variances become known.

The AstraZeneca U.S./RoW Agreement was terminated on February 23, 2024 (except for South Korea), while the AstraZeneca China Agreement and relationship continue unaffected. In the future, we will continue generating revenue from collaboration agreements in the form of milestone payments and royalties on drug product sales, and from product sales. We expect that any revenues we generate will fluctuate from quarter to quarter due to the uncertain timing and amount of such payments and sales.

Total revenue increased $6.3 million, or 14%, for the three months ended June 30, 2024, and increased $26.1 million, or 32%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago for the reasons discussed in the sections below.

License Revenue

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
License revenue:								
Eluminex	—	1,000	(1,000)	(100) %	—	7,000	(7,000)	(100) %
Total license revenue	$ —	$ 1,000	$ (1,000)	(100) %	$ —	$ 7,000	$ (7,000)	(100) %

There was no license revenue during the three and six months ended June 30, 2024. License revenue recognized for three and six months ended June 30, 2023 included $1.0 million upfront payment under the A&R Eluminex Agreement. License revenue recognized for the six months ended June 30, 2023 also included a $3.0 million milestone payment based on Eluminex implanting a biosynthetic cornea in the first patient of its clinical trial in China, and a $3.0 million manufacturing related milestone payment when such milestones were achieved.

Development and Other Revenue

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Development revenue:								
Astellas	$ 319	$ 1,839	$ (1,520)	(83) %	$ 613	$ 3,463	$ (2,850)	(82) %
AstraZeneca	(50)	2,273	(2,323)	(102) %	418	4,305	(3,887)	(90) %
Total development revenue	269	4,112	(3,843)	(93) %	1,031	7,768	(6,737)	(87) %
Other revenue	—	1,046	(1,046)	(100) %	116	1,282	(1,166)	(91) %
Total development and other revenue	$ 269	$ 5,158	$ (4,889)	(95) %	$ 1,147	$ 9,050	$ (7,903)	(87) %

Development and other revenue decreased $4.9 million, or 95%, for the three months ended June 30, 2024, and decreased $7.9 million, or 87%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago.

Development revenue recognized under our collaboration agreements with Astellas for the three and six months ended June 30, 2024 was impacted by the decrease in co-development billings due to the closeout activities under our collaboration agreements with Astellas for roxadustat.

Development revenue recognized under our collaboration agreements with AstraZeneca for the three and six months ended June 30, 2024 was the final development revenue as a result of the termination of the AstraZeneca U.S./RoW Agreement.

Other revenue recognized for the six months ended June 30, 2024 included our contract manufacturing agreement with Eluminex, under which we are responsible for supplying the cornea product at 110% of our product manufacturing costs until our manufacturing technology is fully transferred to Eluminex, which occurred by the end of 2023. Other revenue recognized for the three and six months ended June 30, 2023 also included revenue from sales of certain research and development material.

Product Revenue, Net

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Direct Sales:								
Gross revenue	$ 4,046	$ 3,607	$ 439	12 %	$ 7,831	$ 6,667	$ 1,164	17 %
Discounts and rebates	(408)	(229)	(179)	78 %	(767)	(503)	(264)	52 %
Sales returns	—	(1)	1	(100) %	(1)	1	(2)	(200) %
Direct sales revenue, net	3,638	3,377	261	8 %	7,063	6,165	898	15 %
Sales to Falikang:								
Gross transaction price	49,352	42,153	7,199	17 %	92,912	76,402	16,510	22 %
Profit share	(21,397)	(18,312)	(3,085)	17 %	(40,420)	(33,300)	(7,120)	21 %
Net transaction price	27,955	23,841	4,114	17 %	52,492	43,102	9,390	22 %
Decrease in deferred revenue	18,050	(3,329)	21,379	(642) %	20,626	(1,218)	21,844	(1,793) %
Sales to Falikang revenue, net	46,005	20,512	25,493	124 %	73,118	41,884	31,234	75 %
Total product revenue, net	$ 49,643	$ 23,889	$ 25,754	108 %	$ 80,181	$ 48,049	$ 32,132	67 %

Substantially all direct product sales to distributors in China have been made by Falikang, while FibroGen Beijing continues to sell product directly in one province in China. Total product revenue, net increased $25.8 million, or 108%, for the three months ended June 30, 2024, and increased $32.1 million, or 67%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago.

We recognize product revenue from direct sales to distributors in an amount that reflects the consideration that we expect to be entitled to in exchange for those products, net of various sales rebates and discounts. Product revenue from direct sales, increased $0.3 million, or 8%, for the three months ended June 30, 2024, and increased $0.9 million, or 15%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago, due to the increase in sales volume during the current year periods, offset by lower government-listed price. The total discounts and rebates were immaterial for each of the three and six months ended June 30, 2024 and 2023.

FibroGen Beijing manufactures and supplies commercial product to Falikang based on a gross transaction price, adjusted for the estimated profit share. We recognize revenue upon the transfer of control of commercial products to Falikang in an amount that reflects the allocation of the China performance obligation transaction price to the performance obligation satisfied during the reporting period. The variable consideration components that are included in the transaction price may be constrained, and are included in the product revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period when the uncertainty associated with the variable consideration is subsequently resolved.

Sales to Falikang revenue, net increased $25.5 million, or 124%, for the three months ended June 30, 2024, and increased $31.2 million, or 75%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago. The gross transaction price increased $7.2 million, and the calculated profit share increased $3.1 million for the three months ended June 30, 2024, and the gross transaction price increased $16.5 million, and the calculated profit share increased $7.1 million for the six months ended June 30, 2024, respectively, compared to the same periods a year ago, primarily due to the increase in sales volume during the current year period.

Periodically, we update our assumptions such as gross transaction price, profit share, performance period, total sales quantity and other inputs including foreign currency translation impact, among others. Following updates to our estimates, we recognized $18.1 million and $20.6 million for the three and six months ended June 30, 2024, respectively, from the previously deferred revenue of the China performance obligation. Comparatively, we deferred $3.3 million and $1.2 million for the three and six months ended June 30, 2023, respectively, from the net transfer price to Falikang, which was included in the related deferred revenue of the China performance obligation.

Drug Product Revenue, Net

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Drug product revenue, net:								
Astellas Japan Agreement	$ (366)	$ 13,809	$ (14,175)	(103)%	$ (2,571)	$ 15,541	$ (18,112)	(117)%
Astellas Europe Agreement	1,095	463	632	137 %	2,116	840	1,276	152 %
AstraZeneca U.S./RoW Agreement	—	—	—	NM	25,671	—	25,671	NM
Total drug product revenue, net:	$ 729	$ 14,272	$ (13,543)	(95)%	$ 25,216	$ 16,381	$ 8,835	54 %

NM = Not meaningful

Drug product revenue, net decreased $13.5 million, or 95%, for the three months ended June 30, 2024, and increased $8.8 million, or 54%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago.

Astellas Japan Agreement

During the second quarter of 2024, we updated our estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded a reduction to the drug product revenue of $0.4 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the foreign exchange impacts and the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, among others.

During the first quarter of 2024, we updated our estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded a reduction to the drug product revenue of $2.2 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and foreign exchange impacts, among others.

During the second quarter of 2023, we fulfilled two shipment obligations under the terms of Astellas Japan Amendment and recognized related drug product revenue of $14.4 million in the same period. In addition, we updated our estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded a reduction to the drug product revenue of $0.6 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and foreign exchange impacts, among others.

During the first quarter of 2023, we updated our estimate of variable consideration related to the API shipments fulfilled under the terms of Astellas Japan Amendment, and accordingly recorded adjustments to the drug product revenue of $1.7 million. Specifically, the change in estimated variable consideration was based on the API held by Astellas at period end, adjusted to reflect the changes in the estimated bulk product strength mix intended to be manufactured by Astellas, and estimated yield from the manufacture of bulk product tablets, among others.

As of June 30, 2024, the balances related to the API price true-up under the Astellas Japan Agreement were $2.2 million in accrued liabilities and $0.6 million in other long-term liabilities, representing our best estimate of the timing for these amounts to be paid. As of December 31, 2023, the related balances were $1.2 million in accrued liabilities and $0.7 million in other long-term liabilities.

Astellas Europe Agreement

We updated our estimate of variable consideration related to the bulk drug product transferred under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement in prior years. Specifically, the change in estimated variable consideration was based on the bulk drug product held by Astellas at the period end, adjusted to reflect the changes in the estimated transfer price, forecast information, shelf-life estimates and other items. As a result, we reclassified from the related deferred revenue to accrued liabilities and as of December 31, 2023, the related balance in accrued liabilities was $38.6 million. We further reclassified $5.4 million from the related deferred revenue to accrued liabilities and paid $35.3 million to Astellas during the six months ended June 30, 2024. As of June 30, 2024, the balances related to the bulk drug product price true-up under the Astellas Europe Agreement and the Astellas EU Supply Agreement were $8.8 million in accrued liabilities, representing our best estimate that these amounts will be paid within the next 12 months.

We recognized royalty revenue as drug product revenue, from the deferred revenue under the Astellas Europe Agreement, of $1.1 million and $0.5 million for the three months ended June 30, 2024 and 2023, and $2.1 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively. It is our best estimate that the remainder of the deferred revenue will be recognized as revenue and when uncertainty is resolved, based on the performance of roxadustat product sales in the Astellas territory.

AstraZeneca U.S./RoW Agreement

As described above, pursuant to the AstraZeneca Termination and Transition Agreement related to the AstraZeneca U.S./RoW Agreement, FibroGen and AstraZeneca settled the outstanding balances relating to past transactions under the AstraZeneca Master Supply Agreement. Accordingly, during the three months ended March 31, 2024, we accounted for the termination of the AstraZeneca U.S./RoW agreement as a contract modification under the ASC 606 and recorded a cumulative catch-up net adjustment of $25.7 million to the drug product revenue. The related accounts receivable of $26.0 million and the related accrued liabilities of $11.5 million as of March 31, 2024 were settled during the three months ended June 30, 2024.

Operating Costs and Expenses

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Operating costs and expenses								
Cost of goods sold	$ 5,178	$ 5,708	$ (530)	(9) %	$ 30,931	$ 9,199	$ 21,732	236 %
Research and development	34,106	95,478	(61,372)	(64) %	72,498	169,964	(97,466)	(57) %
Selling, general and administrative	22,276	31,181	(8,905)	(29) %	45,097	65,455	(20,358)	(31) %
Total operating costs and expenses	$ 61,560	$ 132,367	$ (70,807)	(53) %	$ 148,526	$ 244,618	$ (96,092)	(39) %

Total operating costs and expenses decreased $70.8 million, or 53%, and decreased $96.1 million, or 39%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago for the reasons discussed in the sections below.

Cost of Goods Sold

Cost of goods sold decreased $0.5 million, or 9%, for the three months ended June 30, 2024, and increased $21.7 million, or 236%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago.

As described above, during the three months ended March 31, 2024, we recorded a cumulative catch-up net adjustment to the drug product revenue resulting from the AstraZeneca Termination and Transition Agreement related to the AstraZeneca U.S./RoW Agreement. Correspondingly, we recorded the related cost of goods sold of $21.1 million during the three months ended March 31, 2024.

Cost of goods sold, associated with the roxadustat commercial sales in China, consists of direct costs to manufacture commercial product, as well as indirect costs including factory overhead, storage, shipping, quality assurance, idle capacity charges, and inventory valuation adjustments. Cost of goods sold associated with the roxadustat commercial sales in China was $5.0 million and $3.6 million for the three months ended June 30, 2024 and 2023, and $9.4 million and $6.8 million for the six months ended June 30, 2024, respectively. Cost of goods sold in China increased as compared to the prior year periods due to the increases in the sales volume.

Cost of goods sold also included manufacturing costs related to our contract manufacturing revenue from Eluminex, which was immaterial for the periods presented.

Research and Development Expenses

Research and development expenses consist of third-party research and development costs and the fully-burdened amount of costs associated with work performed under collaboration agreements. Research and development expenses include employee-related expenses for research and development functions, expenses incurred under agreements with clinical research organizations, other clinical and preclinical costs and allocated direct and indirect overhead costs, such as facilities costs, information technology costs and other overhead. We expense research and development costs as incurred. We recognize costs for certain development activities based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and our clinical sites. Research and development expenses also include IPR&D assets that have no alternative future use other than in a particular research and development project. We have implemented efforts to streamline operations to align with our business goals in the second half of 2023. As a result, research and development expenses have decreased and may continue to decrease in certain areas over time.

The following table summarizes our research and development expenses incurred during the three and six months ended June 30, 2024 and 2023:

Product Candidate	Phase of Development	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
		(in thousands)			
Pamrevlumab	Phase 2/3	$ 19,915	$ 41,586	$ 41,613	$ 87,771
Roxadustat	Approved / Phase 3	1,754	8,356	4,306	17,450
FG-3246	Phase 1	6,140	25,895 *	11,789	25,895 *
FG-3165	Preclinical	5,748	3,029	13,322	8,764
Other research and development expenses		549	16,612	1,468	30,084
Total research and development expenses		$ 34,106	$ 95,478	$ 72,498	$ 169,964

* Included $24.6 million one-time, non-cash acquired IPR&D expenses associated with the recent exclusive license for FG-3246 from Fortis and the acquisition of Fortis.

The program-specific expenses summarized in the table above include costs we directly attribute to our product candidates. We allocate research and development salaries, benefits, stock-based compensation and other indirect costs to our product candidates on a program-specific basis, and we include these costs in the program-specific expenses.

Research and development expenses decreased $61.4 million, or 64%, for the three months ended June 30, 2024, and decreased $97.5 million, or 57%, for the six months ended June 30, 2024, compared to the same periods a year ago, primarily as a result of the net effect of the following, respectively:

- $24.6 million one-time, non-cash charge of acquired IPR&D expenses, in the prior year periods, associated with the exclusive license for FG-3246 from Fortis and the acquisition of Fortis;
- Decrease of $17.7 million and $32.2 million in clinical trials costs primarily associated with the wind down on Phase 2/3 trials for pamrevlumab for the treatment of metastatic pancreatic cancer;
- Decrease of $6.0 million and $17.0 million in employee-related costs primarily due to the impact from reduction in force actions in July 2023 and cost control efforts;
- Decrease of $3.6 million and $7.3 million in facilities-related expenses due to cost control efforts and lower depreciation expense as certain Property and equipment reached their useful lives in prior year period;
- Decrease of $3.6 million and $7.2 million in stock-based compensation primarily resulting from significantly lower stock price and cancellations of stock options and restricted stock units due to reduced headcount;
- Decrease of $2.5 million and $5.4 million in drug development expenses associated with drug substance activities and logistic expenses related to pamrevlumab which was largely completed; and
- Decrease of $2.2 million and $4.3 million in outside services expenses primarily related to cancellation of certain programs to streamline operations and cost control efforts.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses consist primarily of employee-related expenses for executive, operational, finance, legal, compliance, and human resource functions. SG&A expenses also include facility-related costs, professional fees, accounting and legal services, other outside services including co-promotional expenses associated with our commercialization efforts in China, recruiting fees and expenses associated with obtaining and maintaining patents. We have implemented efforts to streamline operations to align with our business goals in the second half of 2023. As a result, SG&A expenses have decreased in certain areas and may continue to decrease over time.

SG&A expenses decreased $8.9 million, or 29%, for the three months ended June 30, 2024, and decreased $20.4 million, or 31%, for the six months ended June 30, 2024, compared to the same periods a year ago, primarily as a result of the net effect of the following, respectively:

- Decrease of $3.7 million and $7.4 million in stock-based compensation primarily resulting from significantly lower stock price and cancellations of stock options and restricted stock units due to reduced headcount;
- Decrease of $2.9 million and $7.6 million in employee-related costs primarily due to the impact from reduction in force actions in July 2023 and cost control efforts;
- Decrease of $2.6 million and $3.0 million in outside services expenses due to cancellation of certain programs and cost control efforts; and
- Decrease of $3.1 million in legal expenses for the six months ended June 30, 2024 primarily due to lower activities in corporate legal, legal proceedings and intellectual properties.

Interest and Other, Net

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	$	%	2024	2023	$	%
	(dollars in thousands)							
Interest and other, net:								
Interest expense	$ (4,783)	$ (3,069)	$ (1,714)	56 %	$ (9,779)	$ (5,441)	$ (4,338)	80 %
Interest income and other income (expenses), net	(1,281)	2,652	(3,933)	(148) %	1,289	3,687	(2,398)	(65) %
Total interest and other, net	$ (6,064)	$ (417)	$ (5,647)	1,354 %	$ (8,490)	$ (1,754)	$ (6,736)	384 %

Interest Expense

Interest expense represents the interest related to the senior secured term loan facilities, interest related to sale of future revenues and interest related to the Technology Development Center of the Republic of Finland product development obligations.

Interest expense increased $1.7 million, or 56%, for the three months ended June 30, 2024, and increased $4.3 million, or 80%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago, primarily due to the higher interest expense related to the senior secured term loan facilities. The loan was drawn in the middle of the second quarter of 2023, and therefore, the related interest expense only the represented partial prior year periods. See Note 6, *Senior Secured Term Loan Facilities,* to the condensed consolidated financial statements for details.

Interest Income and Other Income (Expenses), Net

Interest income and other income (expenses), net primarily include interest income earned on our cash, cash equivalents and investments, foreign currency transaction gains (losses), remeasurement of certain monetary assets and liabilities in non-functional currency of our subsidiaries into the functional currency, realized gains (losses) on sales of investments, and other non-operating income and expenses.

Interest income and other income (expenses), net decreased $3.9 million, or 148%, and decreased $2.4 million, or 65%, for the six months ended June 30, 2024, respectively, compared to the same periods a year ago, primarily due to foreign currency transaction losses and lower interest income resulting from lower investment balances.

Income Taxes

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(dollars in thousands)			
Loss before income taxes	$ (16,983)	$ (88,465)	$ (50,472)	$ (165,892)
Benefit from income taxes	(262)	(235)	(229)	(161)
Effective tax rate	1.5 %	0.3 %	0.5 %	0.1 %

Benefits from income taxes for the three and six months ended June 30, 2024 and 2023 were primarily due to foreign taxes.

Based upon the weight of available evidence, which includes our historical operating performance, reported cumulative net losses since inception and expected continuing net loss, we have established a full valuation allowance against our net deferred tax assets as we do not currently believe that realization of those assets is more likely than not. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the reversal of all or some portion of this allowance.

Investment Income in Unconsolidated Variable Interest Entity

Investment income in unconsolidated variable interest entity represented our proportionate share of the reported profits of Falikang, an unconsolidated variable interest entity accounted for under the equity method, which was immaterial for the three and six months ended June 30, 2024 and 2023. See *Equity method investment - Unconsolidated VIE - Falikang* section of Note 3, *Variable Interest Entities*, to the condensed consolidated financial statements for details.

LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

We have historically funded our operations principally from the sale of common stock (including our public offering proceeds), from the execution of collaboration agreements involving license payments, milestone payments, reimbursement for development services, and the associated product revenue and drug product revenue.

On November 4, 2022, we entered into a Revenue Interest Financing Agreement ("RIFA") with NovaQuest Capital Management ("NovaQuest") with respect to our revenues from Astellas' sales of roxadustat in Europe, Japan and the other Astellas territories. Pursuant to the RIFA, in the fourth quarter of 2022, we received $49.8 million from NovaQuest, representing the gross proceeds of $50.0 million net of initial issuance costs, in consideration for a portion of future revenues we will receive from Astellas. For additional details about this financing transaction, see Note 7, *Liability Related to Sale of Future Revenues*, to the condensed consolidated financial statements.

On February 27, 2023, we entered into an Amended and Restated Equity Distribution Agreement (the "at-the-market agreement") with Goldman Sachs & Co., LLC and BofA Securities, Inc. (each a "Sales Agent"), which amended and restated its Equity Distribution Agreement with Goldman Sachs & Co., LLC, dated August 8, 2022, to add BofA Securities, Inc. as an additional Sales Agent under that agreement. Under the at-the-market agreement, we may issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to $200.0 million (the "ATM Program"). Under the ATM Program, we sold a total of 2,472,090 shares of our common stock and received net proceeds of approximately $48.4 million during the first and second quarter of 2023.

On April 29, 2023, we entered into the Financing Agreement with investment funds managed by Morgan Stanley Tactical Value, ("Lenders"), and Wilmington Trust, National Association, as the administrative agent, providing for senior secured term loan facilities consisting of a $75.0 million initial term loan. The clinical development milestones which could have triggered Delayed Draw Term Loan 1 were not achieved, and the Lenders have not funded Delayed Draw Term Loan 2. For additional details about this financing transaction, see Note 6, *Senior Secured Revolving Line of Credit*, to the condensed consolidated financial statements.

As of June 30, 2024, we had cash and cash equivalents of $140.7 million, compared to $113.7 million as of December 31, 2023. Cash is invested in accordance with our investment policy, primarily with a view to liquidity and capital preservation. Investments, consisting of available-for-sale securities, and stated at fair value, are also available as a source of liquidity. As of June 30, 2024, we did not have any short-term investments, compared to short-term investments of $121.9 million as of December 31, 2023. As of June 30, 2024, a total of $39.3 million of our cash and cash equivalents was held outside of the U.S. in our foreign subsidiaries, substantially all held in China, to be used primarily for our China operations.

Our long-term plans for distributing cash flows from FibroGen Beijing may involve any number of scenarios including keeping the money onshore to fund future expansion of our China operations or paying down certain debt obligations. During the three and six months ended June 30, 2024, FibroGen Beijing made a total of $10.8 million and $27.3 million repayments of intercompany loans, respectively. Our capital contributions to FibroGen Beijing and the liquidity position of FibroGen Beijing depend on many factors, including those set forth under Part II, Item 1A "*Risk Factors*" in this Quarterly Report.

Cash Sources and Uses

The following table sets forth the primary sources and uses of cash and cash equivalents for each of the periods set forth below (in thousands):

	Six Months Ended June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	$ (99,157)	$ (212,162)
Investing activities	123,515	89,197
Financing activities	(133)	123,017
Effect of exchange rate changes on cash and cash equivalents	2,801	(3,167)
Net increase (decrease) in cash and cash equivalents	$ 27,026	$ (3,115)

Operating Activities

Net cash used in operating activities was $99.2 million for the six months ended June 30, 2024 and consisted primarily of net loss of $48.5 million adjusted for non-operating cash items of $15.8 million, and a net decrease in operating assets and liabilities of $66.5 million. The significant non-operating cash items included stock-based compensation expense of $17.4 million. The significant items in the changes in operating assets and liabilities included the following:

- Accrued and other liabilities decreased $52.7 million, primarily driven by payment of $35.3 million to Astellas and $11.5 million to AstraZeneca related to accrued API and bulk drug product price true-up; bonus and severance payouts totaling $19.1 million, offset by accrued inventory related cost of $8.5 million as of June 30, 2024, as part of the cost of goods sold resulting from the above-mentioned termination of the AstraZeneca U.S./RoW agreement. The accrued and other liabilities were also impacted by the timing of invoicing and payment;
- Deferred revenue decreased $29.5 million, primarily related to the $20.6 million product revenue recognized from the previously deferred revenue of the China performance obligation during the six months ended June 30, 2023. See the *Product Revenue, Net* section in Note 2, *Collaboration Agreements, License Agreement and Revenues,* to the condensed consolidated financial statements for details. In addition, the decrease in deferred revenue was also related to the $2.1 million royalty revenue recognized from the deferred revenue under the Astellas Europe Agreement, and the reclassification of $5.4 million to accrued liabilities, resulting from changes in estimated variable consideration associated with the bulk drug product transferred to Astellas under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement during the six months ended June 30, 2023. See the *Drug Product Revenue, Net* section in Note 2, *Collaboration Agreements, License Agreement and Revenues,* to the condensed consolidated financial statements for details;
- Accounts payable decreased $8.0 million, primarily driven by the timing of invoicing and payments;
- Accrued interest expense related to sale of future revenues decreased $1.9 million due to the $5.7 million interest paid, offset by the interest expense of $3.7 million accrued during the six months ended June 30, 2024. See Note 7, *Liability Related to Sale of Future Revenues,* to the condensed consolidated financial statements for details;
- Inventory decreased $15.6 million primarily driven by the $12.6 million of work-in-progress inventory that was reimbursed as part of the above-mentioned termination of the AstraZeneca U.S./RoW agreement;
- Accounts receivable decreased $6.0 million, primarily driven by the receipt of the billings under our collaboration and license agreements; and
- Prepaid expenses and other current assets decreased $4.5 million, primarily due to the reimbursements from the insurance for the legal fees associated with the class action lawsuit, which is recoverable under our insurance policies.

Net cash used in operating activities was $212.2 million for the six months ended June 30, 2023 and consisted primarily of net loss of $164.4 million adjusted for non-operating cash items of $64.0 million, and a net decrease in operating assets and liabilities of $111.8 million. The significant non-operating cash items included stock-based compensation expense of $32.0 million, acquired IPR&D expenses associated with the acquisition of Fortis of $24.6 million, depreciation expense of $5.0 million and non-cash interest expense related to sale of future revenues of $3.6 million. The significant items in the changes in operating assets and liabilities included the following:

- Accrued and other liabilities decreased $57.0 million, primarily related to the movements related to API and bulk drug product price true-up, resulting from changes in estimated variable consideration associated with the API shipments fulfilled under the terms of the Astellas Japan Amendment, and the bulk drug product transferred under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement, including the payment of $57.4 million previously accrued balance made during the current year period. The accrued and other liabilities were also impacted by the timing of invoicing and payment;
- Deferred revenue decreased $25.6 million, primarily related to the reclassification of $24.0 million to accrued liabilities, resulting from changes in estimated variable consideration associated with the bulk drug product transferred to Astellas under the terms of the Astellas Europe Agreement and the Astellas EU Supply Agreement during the current year period;
- Accounts payable decreased $20.8 million, primarily driven by the payments made for the historical co-promotion expenses to AstraZeneca during the current year period, as well as the timing of invoicing and payments;
- Accounts receivable increased $10.0 million, primarily driven by the receivable related to the API shipments to Astellas during the second quarter of 2023, as well as the timing of the receipt of payments and the billings under our collaboration and license agreements;
- Prepaid expenses and other current assets decreased $4.2 million, primarily due to less prepayments made for roxadustat and pamrevlumab clinical activities; and
- Inventories increased $2.0 million, driven by the increased inventory level primarily related to FibroGen Beijing's productions of roxadustat for commercial sales purposes.

Investing Activities

Investing activities primarily consist of purchases of property and equipment, purchases of investments, purchase of acquired IPR&D assets and proceeds from the maturity and sale of investments.

Net cash provided by investing activities was $123.5 million for the six months ended June 30, 2024 and consisted of $132.2 million of proceeds from maturities of investments, partially offset by $8.6 million of cash used in purchases of available-for-sale securities.

Net cash provided by investing activities was $89.2 million for the six months ended June 30, 2023 and consisted primarily of $192.9 million of proceeds from maturities of investments, partially offset by $104.5 million of cash used in purchases of available-for-sale securities.

Financing Activities

Financing activities primarily reflect proceeds from strategic financing arrangements, proceeds from the issuance of our common stock, cash paid for payroll taxes on restricted stock unit releases, and repayments of our lease liabilities and obligations.

Net cash used in financing activities was immaterial for the six months ended June 30, 2024.

Net cash provided by financing activities was $123.0 million for the six months ended June 30, 2023 and consisted primarily of $71.3 million net proceeds from senior secured term loan facilities, $48.4 million net proceeds received under the ATM Program, $3.7 million of proceeds from the issuance of common stock upon exercise of stock options and purchases under our Employee Stock Purchase Plan.

Material Cash Requirements

We generate revenue from commercial sales of roxadustat product in China, Japan and Europe. Even with the expectation of increases in these revenues, we anticipate that we will continue to generate losses for the foreseeable future. To date, we have funded certain portions of our research and development and manufacturing efforts globally through collaboration partners, debt financings, and equity financing. We expect to continue to incur significant research and development expenses to invest in our other programs and there is no guarantee that sufficient funds will be available to continue to fund these development efforts through commercialization or otherwise. We are also subject to all the risks related to the development and commercialization of novel therapeutics, and we may encounter unforeseen expenses, difficulties, complications, delays and other factors outlined under Part II, Item 1A "*Risk Factors*" in this Quarterly Report on Form 10-Q, as well as unknown factors that may adversely affect our business. We anticipate that we will need substantial additional funding in connection with our continuing operations.

Based on our current operating plan, which contemplates the maintenance of a minimum balance of $30 million of unrestricted cash and cash equivalents held in accounts in the U.S., as required under the debt covenants associated with the senior secured term loan facilities, we believe that our existing cash and cash equivalents and accounts receivable, together with the proceeds from senior secured term loan facilities in the second quarter of 2023, the financing amount under the RIFA received in the fourth quarter of 2022, and the net proceeds received under our ATM program in the first half of 2023, as well as the cost savings we have implemented (including from the reduction in workforce in July 2023), and the significant cost reduction plan in the U.S., responding to the recent pamrevlumab results announced in July 2024 (including terminating pamrevlumab research and development investment and expeditiously wind down remaining obligations, and reduction in U.S. workforce) will be sufficient to meet our anticipated cash requirements for at least the next 12 months from the date of issuance of the financial statements included in this Quarterly Report on Form 10-Q. However, we may need additional capital to fund our operations, and our liquidity assumptions may materially differ (including assumptions with respect to our research and development expenses, revenue expectations, contractual obligations, ability to repatriate cash from China, partnering or monetization of assets, and others). In addition, we may elect to raise additional funds at any time through equity, equity-linked, debt financing arrangements or from other sources. Our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors. Our future capital requirements and the adequacy of available funds will depend on many factors, including those set forth under Part II, Item 1A "*Risk Factors*" in this Quarterly Report on Form 10-Q. We may not be able to secure additional financing to meet our operating requirements on acceptable terms, or at all. If we raise additional funds by issuing equity or equity-linked securities, the ownership of our existing stockholders will be diluted. If we raise additional financing by the incurrence of indebtedness, we will be subject to increased fixed payment obligations and could also be subject to restrictive covenants, such as limitations on our ability to incur additional debt, and other operating restrictions that could adversely impact our ability to conduct our business. If we are unable to obtain funding, we could delay, reduce or eliminate research and development programs, product portfolio development or future commercialization efforts which could adversely affect our business prospects.

Commitments and Contingencies

Contractual Obligations

As of June 30, 2024, we had $73.9 million of operating lease liabilities. The material cash requirements related to our lease liabilities included $18.6 million expected to be paid within the next 12 months.

As of June 30, 2024, we had outstanding total non-cancelable purchase obligations of $19.7 million, including $11.2 million for manufacture and supply of pamrevlumab, $0.8 million for manufacture and supply of roxadustat, and $7.6 million for other purchases and programs. We expect to fulfill our commitments under these agreements in the normal course of business, and as such, no liability has been recorded. The material cash requirements related to our non-cancelable purchase obligations included $14.7 million expected to be paid within the next 12 months.

Under the Financing Agreement with Morgan Stanley Tactical Value, as of June 30, 2024, we had $72.5 million of senior secured term loan facilities balance on the condensed consolidated balance sheets, which are not subject for repayment until May 2026. Meanwhile, we are obliged to pay interest on a monthly basis, for which we expect to pay a total of $10.5 million within the next 12 months. See Note 6, *Senior Secured Term Loan Facilities*, to the condensed consolidated financial statements for details.

Under the RIFA with NovaQuest, as of June 30, 2024, we had $55.2 million of liability related to sale of future revenues on the condensed consolidated balance sheets, $0.6 million of which we anticipate to pay within the next 12 month. Based on our current estimates of drug product revenue and revenue from milestone payments under the Astellas Agreements, and taking into the consideration of the terms under the RIFA, we anticipate to reach a Payment Cap up to $125.0 million by 2031. See Note 7, *Liability Related to Sale of Future Revenues*, to the condensed consolidated financial statements for details.

Some of our license agreements provide for periodic maintenance fees over specified time periods, as well as payments by the Company upon the achievement of development, regulatory and commercial milestones. As of June 30, 2024, future milestone payments for research and preclinical stage development programs consisted of up to approximately $697.9 million in total potential future milestone payments under our license agreements with HiFiBiO (for Gal-9 and CCR8), Medarex, Inc. and others. These milestone payments generally become due and payable only upon the achievement of certain developmental, clinical, regulatory and/or commercial milestones. The event triggering such payment or obligation has not yet occurred.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

There have been no material changes in our critical accounting policies, estimates and judgments during the three and six months ended June 30, 2024 compared with the disclosures in Part II, Item 7 of our 2023 Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

During the three and six months ended June 30, 2024, we believe there were no material changes to our exposure to market risks as set forth in Part II, Item 7A *"Quantitative and Qualitative Disclosures About Market Risk"* in our 2023 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Principal Executive Officer and our Principal Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024, the end of the period covered by this Quarterly Report on Form 10-Q. Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the Company's management, including its Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Based on our evaluation, the Principal Executive Officer and Principal Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

In designing and evaluating the disclosure controls and procedures, management recognizes that because of the inherent limitations in all control systems, any controls and procedures, no matter how well designed and operated, can provide only reasonable not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and the benefits of controls and procedures must be considered relative to their costs.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to various legal actions that arose in the ordinary course of our business. We recognize accruals for any legal action when we conclude that a loss is probable and reasonably estimable. We did not have any material accruals for any active legal action in our condensed consolidated balance sheet as of June 30, 2024, as we could not predict the ultimate outcome of these matters, or reasonably estimate the potential exposure. See Note 10, *Commitments and Contingencies*, to the condensed consolidated financial statements for details.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below in addition to the other information included or incorporated by reference in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. Although we have discussed all known material risks, the risks described below are not the only ones that we may face. Additional risks and uncertainties not presently known to us or that we deem immaterial may also impair our business operations.

We have marked with an asterisk (*) those risks described below that reflect substantive changes from the risks described under Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 26, 2024.

SUMMARY RISK FACTORS

The success of FibroGen will depend on a number of factors, many of which are beyond our control and involve risks, including but not limited to the following:

Risks Related to the Development and Commercialization of Our Product Candidates

- We are substantially dependent on the success of our lead products roxadustat and FG-3246.
- Drug development and obtainment of marketing authorization are very difficult endeavors, and we may ultimately be unable to obtain regulatory approval for our various product candidates in one or more jurisdictions and one or more indications.
- Preclinical, Phase 1, and Phase 2 clinical trial results may not be indicative of the results that may be obtained in larger clinical trials.
- We do not know whether our ongoing or planned clinical trials will need to be redesigned based on interim results or if we will be able to achieve sufficient patient enrollment or complete planned clinical trials on schedule.
- Our product candidates may cause or have attributed to them undesirable side effects or have other properties that delay or prevent their regulatory approval or limit their commercial potential.
- If our manufacturers or we cannot properly manufacture the appropriate volume of product, we may experience delays in development, regulatory approval, launch, or successful commercialization.
- We face substantial competition in the discovery, development and commercialization of product candidates.
- Our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors, and others in the medical community necessary for commercial success.

Risks Related to Our Reliance on Third Parties

- If our collaborations were terminated or if our partners were unwilling or unable to contribute or participate in these collaborations, our ability to successfully develop and commercialize the relevant product candidate would suffer.
- If our preclinical and clinical trial contractors do not properly perform their agreed-upon obligations, we may not be able to obtain or may be delayed in receiving regulatory approvals for our product candidates.

- We currently rely, and expect to continue to rely, on third parties to conduct many aspects of our product manufacturing and distribution, and these third parties may terminate these agreements or not perform satisfactorily.
- We may have shortfalls, delays, or excesses in manufacturing.
- Certain components of our products are acquired from single-source suppliers or without long-term supply agreements. The loss of these suppliers, or their failure to supply, would materially and adversely affect our business.

Risks Related to Our Intellectual Property

- If our efforts to protect our proprietary and exclusively licensed technologies are not adequate, we may not be able to compete effectively in our market.
- Our reliance on third parties and agreements with collaboration partners requires us to share our trade secrets, which increases the possibility that a competitor may discover them or that our trade secrets will be misappropriated or disclosed.
- The cost of maintaining our patent protection is high and requires continuous review and diligence. We may not be able to effectively maintain our intellectual property position throughout the major markets of the world.
- The laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the U.S., and we may encounter significant problems in securing and defending our intellectual property rights outside the U.S.

Risks Related to Government Regulation

- The regulatory approval process is highly uncertain and we may not obtain regulatory approval for our product candidates.
- Our current and future relationships with customers, physicians, and third-party payors are subject to healthcare fraud and abuse laws, false claims laws, transparency laws, and other regulations. If we are unable to comply with such laws, we could face substantial penalties.
- We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences.

Risks Related to Our International Operations

- We have established operations in China and are seeking approval to commercialize our product candidates outside of the U.S., and a number of risks associated with international operations could materially and adversely affect our business.
- The pharmaceutical industry in China is highly regulated and such regulations are subject to change.
- We use our own manufacturing facilities in China to produce roxadustat API and drug product for the market in China. There are risks inherent to operating commercial manufacturing facilities, and with these being our single source suppliers, we may not be able to continually meet market demand.
- There is a risk of manufacturing disruption due to geopolitical tensions in China and related to U.S. legislation impacting WuXi AppTec and Wuxi Biologics.
- We may experience difficulties in successfully growing and sustaining sales of roxadustat in China.
- The retail prices of any product candidates that we develop will be subject to pricing control in China and elsewhere.
- FibroGen Beijing would be subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.
- Our foreign operations, particularly those in China, are subject to significant risks involving the protection of intellectual property.
- Uncertainties with respect to the China legal system and regulations could have a material adverse effect on us.
- Changes in China’s economic, governmental, or social conditions could have a material adverse effect on our business.

RISK FACTORS

Risks Related to the Development and Commercialization of Our Product Candidates

We are substantially dependent on the success of our lead products roxadustat and FG-3246.

To date, we have invested substantially in the research and development of pamrevlumab and roxadustat.

With the negative pamrevlumab data released in July 2024 and the termination of pamrevlumab development, the future value drivers for FibroGen, Inc. ("FibroGen" or the "Company") now depend in large part on the continued commercial success of roxadustat and the development of FG-3246, which is in clinical development for metastatic castration-resistant prostate cancer.

We continue to co-commercialize roxadustat in the People's Republic of China ("China") with AstraZeneca AB ("AstraZeneca") and develop roxadustat in China in chemotherapy-induced anemia. We continue to co-commercialize roxadustat in Japan and Europe with Astellas Pharma Inc. ("Astellas").

While we see great potential value in our early development oncology pipeline, these programs are years away from commercialization, and the success of any development program is not guaranteed.

Drug development and obtaining marketing authorization is a very difficult endeavor and we may ultimately be unable to obtain regulatory approval for our various product candidates in one or more jurisdictions and in one or more indications.

The development, manufacturing, marketing, and selling of our products and product candidates are and will continue to be subject to extensive and rigorous review and regulation by numerous government authorities in the United States ("U.S.") and in other countries where we intend to develop and, if approved, market any product candidates. Before obtaining regulatory approval for the commercial sale of any product candidate, we must demonstrate through extensive preclinical trials and clinical trials that the product candidate is safe and effective for use in each indication for which approval is sought.

The drug development and approval processes are expensive and require substantial resources and time, and in general, very few product candidates that enter development ultimately receive regulatory approval. In addition, our collaboration partners for roxadustat have final control over development decisions in their respective territories and they may make decisions with respect to development or regulatory authorities that delay or limit the potential approval of roxadustat or increase the cost of development or commercialization. Accordingly, we may be unable to successfully develop or commercialize any of our other product candidates in one or more indications and jurisdictions.

Moreover, for any clinical trial to support a new drug application / Biologics License Application submission for approval, the U.S. Food and Drug Administration ("FDA") and foreign regulatory authorities require compliance with regulations and standards (including good clinical practices ("GCP") requirements for designing, conducting, monitoring, recording, analyzing, and reporting the results of clinical trials) to ensure that (1) the data and results from trials are credible and accurate; and (2) that the rights, integrity and confidentiality of trial participants are protected. Although we rely on third parties to conduct our clinical trials, we as the sponsor remain responsible for ensuring that each of these clinical trials is conducted in accordance with its general investigational plan and protocol under legal and regulatory requirements, including GCP.

Regulatory authorities may take actions or impose requirements that delay, limit or deny approval of our product candidates for many reasons, including, among others:

- our failure to adequately demonstrate to the satisfaction of regulatory authorities or an independent advisory committee that our product candidate is safe and effective in a particular indication, or that such product candidate's clinical and other benefits outweigh its safety risks;
- our failure of clinical trials to meet the level of statistical significance required for approval;
- the determination by regulatory authorities that additional information (including additional preclinical or clinical data or trials) is necessary to demonstrate the safety and efficacy of a product candidate;
- disagreement over the design or implementation of our clinical trials;
- our product candidates exhibiting an unacceptable safety signal at any stage of development;
- failure either by us or the clinical research organizations ("CROs") or investigators that conduct clinical trials on our behalf, to comply with regulations or GCPs, clinical trial protocols, or contractual agreements, which may adversely impact our clinical trials;

- disagreement over whether to accept results from clinical trial sites in a country where the standard of care is potentially different from that in the U.S.;
- failure either by us or third-party contractors manufacturing our product candidates to maintain current good manufacturing practices ("cGMP"), successfully pass inspection, or meet other applicable manufacturing regulatory requirements;
- requirements by regulatory authorities to exclude the use of patient data from unreliable clinical trials, or disagreement with our interpretation of the data from our preclinical trials and clinical trials; or
- failure by collaboration partners to perform or complete their clinical programs in a timely manner, or at all.

Any of these factors, many of which are beyond our control, could delay or jeopardize our or our collaboration partners' abilities to obtain regulatory approval for our product candidates in one or more indications.

Even if we believe our clinical trials are successful, regulatory authorities may not agree that our completed clinical trials provide adequate data on safety or efficacy. Approval by one regulatory authority does not ensure approval by any other regulatory authority.

Even if we do obtain regulatory approval, our product candidates may be approved for fewer or more limited indications than we request, approval may be contingent on the performance of costly post-marketing clinical trials, or approval may require labeling that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. In addition, if our product candidates produce undesirable side effects or safety issues, the FDA may require the establishment of Risk Evaluation and Mitigation Strategy (or other regulatory authorities may require the establishment of a similar strategy), that may restrict distribution of our approved products, if any, and impose burdensome implementation requirements on us.

Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Preclinical, Phase 1, and Phase 2 clinical trial results may not be indicative of the results that may be obtained in larger clinical trials.

Clinical development is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Success in preclinical and early clinical trials, which are often highly variable and use small sample sizes, may not be predictive of similar results in humans or in larger, controlled clinical trials, and successful results from clinical trials in one indication may not be replicated in other indications.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development, and we may face similar setbacks.

We do not know whether our ongoing or planned clinical trials will need to be redesigned based on interim results or if we will be able to achieve sufficient patient enrollment or complete planned clinical trials on schedule.

Clinical trials can be delayed, suspended, or terminated by us, by the relevant institutional review boards at the sites at which such trials are being conducted, or by the FDA or other regulatory authorities, for a variety of reasons or factors, including:

- delay or failure to address any physician or patient safety concerns that arise during the course of the trial, including unforeseen safety issues or adverse side effects, or a principal investigator's determination that a serious adverse event could be related to our product candidates;
- delay or failure to obtain required regulatory or institutional review board approval or guidance;
- delay or failure to reach timely agreement on acceptable terms with prospective CROs and clinical trial sites;
- delay or failure to recruit, enroll and retain patients through the completion of the trial;
- patient recruitment, enrollment, or retention, clinical site initiation, or retention problems associated with civil unrest or military conflicts around the world;
- delay or failure to maintain clinical sites in compliance with clinical trial protocols or to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- delay or failure to initiate or add a sufficient number of clinical trial sites;
- delay or failure to manufacture sufficient quantities of product candidate for use in clinical trials;

- difficulty enrolling a sufficient number of patients to conduct our clinical trials as planned;
- inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, warning letter, or other regulatory action; and
- changes in laws or regulations.

In particular, identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on the rate at which we can recruit and enroll patients in testing our product candidates. Patients may be unwilling to participate in clinical trials of our product candidates for a variety of reasons, some of which may be beyond our control, including:

- severity of the disease under investigation;
- availability of alternative treatments;
- size and nature of the patient population;
- eligibility criteria for and design of the study in question;
- perceived risks and benefits of the product candidate under study;
- ongoing clinical trials of competitive agents;
- physicians' and patients' perceptions of the potential advantages of our product candidates being studied in relation to available therapies or other products under development;
- our CRO's and our trial sites' efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients and collect patient data adequately during and after treatment.

Any delays in completing our clinical trials will increase the costs of the trial, delay the product candidate development and approval process and jeopardize our ability to commence marketing and generate revenues. Any of these occurrences may materially and adversely harm our business, operations, and prospects.

Our product candidates may cause or have attributed to them undesirable side effects or have other properties that delay or prevent their regulatory approval or limit their commercial potential.

Undesirable side effects caused by our product candidates or that may be identified as related to our product candidates by physician investigators conducting our clinical trials or even competing products in development that utilize a similar mechanism of action or act through a similar biological disease pathway could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the delay or denial of regulatory approval by the FDA or other regulatory authorities and potential product liability claims. If we determine that there is a likely causal relationship between a serious adverse event and our product candidate, and such safety event is material or significant enough, it may result in:

- our clinical trial development plan becoming longer and more expensive;
- terminating some of our clinical trials for the product candidates or specific indications affected;
- regulatory authorities increasing the data and information required to approve our product candidates and imposing other requirements; and
- our collaboration partners terminating our existing agreements.

The occurrence of any or all of these events may cause the development of our product candidates to be delayed or terminated, which could materially and adversely affect our business and prospects.

Clinical trials of our product candidates may not uncover all possible adverse effects that patients may experience.

Clinical trials are conducted in representative samples of the potential patient population, which may have significant variability. Our drug candidates are being studied in patient populations that are at high risk of death and adverse events, and even if unrelated to our drug candidate, adverse safety findings in these trials may limit its further development or commercial potential. Clinical trials are by design based on a limited number of subjects and of limited duration for exposure to the product used to determine whether, on a potentially statistically significant basis, the planned safety and efficacy of any product candidate can be achieved. As with the results of any statistical sampling, we cannot be sure that all side effects of our product candidates may be uncovered, and it may be the case that only with a significantly larger number of patients exposed to the product candidate for a longer duration, that a more complete safety profile is identified. Further, even larger clinical trials may not identify rare serious adverse effects or the duration of such studies may not be sufficient to identify when those events may occur. Patients treated with our products, if approved, may experience adverse reactions and it is possible that the FDA or other regulatory authorities may ask for additional safety data as a condition of, or in connection with, our efforts to obtain approval of our product candidates. If safety problems occur or are identified after our product candidates reach the market, we may, or regulatory authorities may require us to amend the labeling of our products, recall our products or even withdraw approval for our products.

If our manufacturers or we cannot properly manufacture the appropriate volume of product, we may experience delays in development, regulatory approval, launch or successful commercialization.

Completion of our clinical trials and commercialization of our products require access to, or development of, facilities to manufacture and manage our product candidates at sufficient yields, quality and scale. We may need to enter into additional manufacturing agreements and may be unable to do so on satisfactory terms or in a timely manner. In addition, we may experience delays or technical problems associated with technology transfer of manufacturing processes to any new suppliers.

We, or our collaboration partner, may not be able to accurately forecast clinical or commercial supply requirements and we may not meet or we may exceed our requirements as to quantities, scale-up, yield, cost, potency or quality in compliance with cGMP.

We have a limited amount of roxadustat and pamrevlumab in storage. While we have limited obligations and responsibilities for supplying pamrevlumab after terminating its development program, there is a risk that physicians may want to seek treatment for their patients with pamrevlumab and we may not be able to supply it to them.

There is a general risk of delayed drug supply due to delays experienced by any third-party provider in the supply chain, including raw material and components suppliers, export and customs locations, and shipping companies. Any delay or interruption in the supply of our product candidates or products could have a material adverse effect on our business and operations.

In addition, due to delays in, or not obtaining, marketing approval for any one of our clinical programs, we may have excess supply or excess waste of expiring product supply. Or if product expires due to delays, we may have a shortfall of supply of non-expired product as manufacturing of such product has significant lead times.

Please see also our risk factor titled "*We may have shortfalls, delays, or excesses in manufacturing.*".

Our commercial drug product and the product we use for clinical trials must be produced under applicable cGMP regulations. Failure to comply with these regulations by us or our third-party manufacturers may require us to recall commercial product or repeat clinical trials, which would impact sales revenue and/or delay the regulatory approval process.

We or our partners may add or change manufacturers, change our manufacturing processes, or change packaging specifications to accommodate changes in regulations, manufacturing equipment or to account for different processes at new or second source suppliers. Manufacturing changes made to one of our drugs or drug candidates, include, but are not limited to, demonstration of comparability to regulatory approved/ in approval products and processes, additional clinical trials, delays in development or commercialization, earlier expiration dates, shorter shelf life, or specification failures, and those changes may materially impact our operations and potential profitability.

We, and even an experienced third-party manufacturer, may encounter difficulties in production. Difficulties may include:

- costs and challenges associated with scale-up and attaining sufficient manufacturing yields;
- contracting with additional suppliers and validation/qualification of additional facilities to meet growing demand;

- supply chain issues, including coordination of multiple contractors in our supply chain and securing necessary licenses (such as export licenses);
- the timely availability and shelf-life requirements of raw materials and supplies;
- limited stability and product shelf life;
- equipment maintenance issues or failure;
- quality control and quality assurance issues;
- shortages of qualified personnel and capital required to manufacture large quantities of product;
- compliance with regulatory requirements that vary in each country where a product might be sold;
- capacity or forecasting limitations and scheduling availability in contracted facilities;
- natural disasters, such as pandemics, floods, storms, earthquakes, tsunamis, and droughts, or accidents such as fire, that affect facilities, possibly limit or postpone production, and increase costs; and
- failure to obtain license to proprietary starting materials.

FibroGen may also elect to transition its manufacturing responsibilities to another party. There may be risks underlying this manufacturing transition, as well as new risks that may emerge after the new organization takes over manufacturing, if that were to happen.

Regulatory authorities will do their own benefit risk analysis and may reach a different conclusion than we or our partners have, and these regulatory authorities may base their approval decision on different analyses, data, and statistical methods than ours.

Even if we believe we have achieved positive clinical results, regulatory authorities conduct their own benefit-risk analysis and may reach different conclusions. Regulatory authorities may use, among other things, different statistical methods, different endpoints or definitions thereof, and different patient populations or sub-populations. For example, the Precision Promise study employs a Bayesian statistical methodology for analysis of the study primary endpoint, and while PanCAN consulted with the FDA regarding the study design and statistical methodology, there is a risk that the FDA may employ different statistical methodologies in their review, and may not view positive study results as sufficient for regulatory approval. Furthermore, while we may seek regulatory advice or agreement in key commercial markets prior to and after application for marketing authorization, regulatory authorities may change their approvability criteria based on the data, their internal analyses and external factors, including discussions with expert advisors. Regulatory authorities may approve one of our product candidates for fewer or more limited indications than we request or may grant approval contingent on the performance of costly post-approval clinical trials. In addition, even if we are able to provide positive data with respect to certain analyses, regulatory authorities may not include such claims on any approved labeling. The failure to obtain regulatory approval, or any label, population or other approval limitations in any jurisdiction, may significantly limit or delay our ability to generate revenues, and any failure to obtain such approval for all of the indications and labeling claims we deem desirable could reduce our potential revenue.

We face substantial competition in the discovery, development and commercialization of product candidates.*

The development and commercialization of new pharmaceutical products is highly competitive. Our future success depends on our ability and/or the ability of our collaboration partners to achieve and maintain a competitive advantage with respect to the development and commercialization of our product candidates. Our objective is to discover, develop and commercialize new products with superior efficacy, convenience, tolerability, and safety.

We expect that in many cases, the products that we commercialize will compete with existing marketed products of companies that have large, established commercial organizations. We face competition from generics that could enter the market after expiry of our composition of matter patent. Our composition of matter patent in China expired in the second quarter of 2024, and as of June 30, 2024, the China Health Authority has accepted abbreviated new drug applications for over 20 generic roxadustat applicants and approved two for marketing.

In addition, we will likely face competition from other companies developing products in the same diseases or indications in which we are developing or commercializing products. We will also face competition for patient recruitment and enrollment for clinical trials.

The success of any or all of these potential competitive products may negatively impact the development and potential for success of our products.

Moreover, many of our competitors have significantly greater resources than we do. Large pharmaceutical companies have extensive experience, greater scale, and efficiency, in clinical testing, obtaining regulatory approvals, recruiting patients, manufacturing pharmaceutical products, and commercialization. If our collaboration partners and we are not able to compete effectively against existing and potential competitors, our business and financial condition may be materially and adversely affected.

Our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors, and others in the medical community necessary for commercial success.

Even if our product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, healthcare payors, and others in the medical community. Demonstrating safety and efficacy of our product candidates and obtaining regulatory approvals will not guarantee future revenue. The degree of market acceptance of any of our approved product candidates will depend on several factors, including:

- the efficacy of the product candidate as demonstrated in clinical trials;
- the safety profile and perceptions of safety of our product candidates relative to competitive products;
- acceptance of the product candidate as a safe and effective treatment by healthcare providers and patients;
- the clinical indications for which the product candidate is approved;
- the potential and perceived advantages of the product candidate over alternative treatments, including any similar generic treatments;
- the inclusion or exclusion of the product candidate from treatment guidelines established by various physician groups and the viewpoints of influential physicians with respect to the product candidate;
- the cost of the product candidate relative to alternative treatments;
- adequate pricing and reimbursement by third parties and government authorities as described below;
- the relative convenience and ease of administration;
- the frequency and severity of adverse events;
- the effectiveness of sales and marketing efforts; and
- any unfavorable publicity relating to the product candidate.

In addition, see the risk factor titled "*Our product candidates may cause or have attributed to them undesirable side effects or have other properties that delay or prevent their regulatory approval or limit their commercial potential*" above. If any product candidate is approved but does not achieve an adequate level of acceptance by such parties, we may not generate or derive sufficient revenue from that product candidate and may not become or remain profitable.

No or limited reimbursement or insurance coverage of our approved products, by third-party payors may render our products less attractive to patients and healthcare providers.

Market acceptance and sales of any approved products will depend significantly on reimbursement or coverage of our products by government or third-party payors and may be affected by existing and future healthcare reform measures or prices of related products for which the government or third-party reimbursement applies. Coverage and reimbursement by the government or a third-party payor may depend upon a number of factors, including the payor's determination that use of a product is:

- a covered benefit under applicable health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require us to provide supporting scientific, clinical and cost-effectiveness data for the use of our products to the payor, which we may not be able to provide. Furthermore, the reimbursement policies of governments and third-party payors may significantly change in a manner that renders our clinical data insufficient for adequate reimbursement or otherwise limits the successful marketing of our products. Even if we obtain coverage for our product candidates, the pricing may be subject to re-negotiations or third-party payors may not establish adequate reimbursement amounts, which may reduce the demand for, or the price of, our products.

Reference pricing is used by various Europe member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. In some countries, our partner or we may be required to conduct a clinical trial or other studies that compare the cost-effectiveness of our product candidates to other available products in order to obtain or maintain reimbursement or pricing approval. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unacceptable levels, our partner or we may elect not to commercialize our products in such countries, and our business and financial condition could be adversely affected.

Risks Related to Our Reliance on Third Parties

If our collaborations were terminated or if our partners were unwilling or unable to contribute or participate in the collaborations, our ability to successfully develop and commercialize the relevant product candidate would suffer.*

We have entered into an Evaluation Agreement with Fortis Therapeutics, Inc. ("Fortis") under which we rely, in part, on Fortis and its development partners, including University of California, San Francisco, for the continued development of FOR46 (now referred to as "FG-3246"). While we control development of FG-3246 up to the 4-year evaluation period, we will be doing so under our investigational new drug application that references Fortis's investigational new drug application. If Fortis were unable or unwilling to continue their development efforts or cooperate with ours, our ability to develop FG-3246 would be delayed.

While we have recently terminated the AstraZeneca U.S./RoW Agreement (except for South Korea), we have active collaboration agreements with respect to the development and commercialization of roxadustat with Astellas and with AstraZeneca in China and South Korea. These agreements provide for reimbursement of our development costs by our collaboration partners and also provide for the commercialization of roxadustat throughout the major territories of the world.

Our current agreements with Astellas and AstraZeneca provide them with the right to terminate their agreements with us upon the occurrence of negative clinical results, delays in the development and commercialization of our product candidates or adverse regulatory requirements or guidance. In addition, each of those agreements provides our partners the right to terminate any of those agreements upon written notice for convenience. The termination of any of our collaboration agreements would require us to fund and perform the further development and commercialization of roxadustat in the affected territory or pursue another collaboration, which we may be unable to do, either of which could have an adverse effect on our business and operations. Moreover, if Astellas or AstraZeneca, or any successor entity, were to determine that their collaborations with us are no longer a strategic priority, or if either of them or a successor were to reduce their level of commitment to their collaborations with us, our ability to commercialize roxadustat could suffer.

For instance, the AstraZeneca U.S./RoW Agreement was terminated on February 23, 2024 (except for South Korea). Although our ongoing collaboration agreement with AstraZeneca for the development and commercialization of roxadustat for the treatment of anemia in China (the "AstraZeneca China Agreement") continues in full force and is unaffected, this eliminates any additional potential milestones or other payments AstraZeneca would have made under the AstraZeneca U.S./RoW Agreement except for potentially in South Korea. Such payments were remote due to our withdrawal of the U.S. new drug application for chronic kidney disease anemia. And while we are now investigating new licensing opportunities for roxadustat, there can be no assurance that we will find such a partner or be able to agree to a license on reasonable terms.

In addition, if our collaboration partners are unsuccessful in their commercialization efforts (particularly in Europe and China), our results will be negatively affected.

If we do not establish and maintain strategic collaborations related to our product candidates, we will bear all of the risk and costs related to the development and commercialization of any such product candidate, and we may need to seek additional financing, hire additional employees and otherwise develop expertise at significant cost. This in turn may negatively affect the development of our other product candidates as we direct resources to our most advanced product candidates.

We may conduct proprietary research programs in specific disease areas that are not covered by our collaboration agreements. Our pursuit of such opportunities could, however, result in conflicts with our collaboration partners in the event that any of our collaboration partners take the position that our internal activities overlap with those areas that are exclusive to our collaboration agreements. Moreover, disagreements with our collaboration partners could develop over rights to our intellectual property, including the enforcement of those rights. In addition, our collaboration agreements may have provisions that give rise to disputes regarding the rights and obligations of the parties. Any conflict with our collaboration partners could lead to the termination of our collaboration agreements, delay collaborative activities, reduce our ability to renew agreements or obtain future collaboration agreements, or result in litigation or arbitration and would negatively impact our relationship with existing collaboration partners, as well as potentially impacting our commercial results.

Certain of our collaboration partners could also become our competitors in the future. If our collaboration partners develop competing products, fail to obtain necessary regulatory approvals, terminate their agreements with us prematurely, or fail to devote sufficient resources to the development and commercialization of our product candidates, the development and commercialization of our product candidates and products could be delayed.

If our preclinical and clinical trial contractors do not properly perform their agreed upon obligations, we may not be able to obtain or may be delayed in receiving regulatory approvals for our product candidates.

We rely heavily on university, hospital, and other institutions and third parties, including the principal investigators and their staff, to carry out our clinical trials in accordance with our clinical protocols and designs. We also rely on a number of third-party CROs to assist in undertaking, managing, monitoring and executing our ongoing clinical trials. We expect to continue to rely on CROs, clinical data management organizations, medical institutions and clinical investigators to conduct our development efforts in the future. We compete with many other companies for the resources of these third parties, and other companies may have significantly more extensive agreements and relationships with such third-party providers, and such third-party providers may prioritize these relationships over ours. The third parties on whom we rely may terminate their engagements with us at any time, which may cause delay in the development and commercialization of our product candidates. If any such third party terminates its engagement with us or fails to perform as agreed, we may be required to enter into alternative arrangements, which would result in significant cost and delay to our product development program. Moreover, our agreements with such third parties generally do not provide assurances regarding employee turnover and availability, which may cause interruptions in the research on our product candidates by such third parties.

Despite our reliance on third parties for certain development and management activities, such as clinical trials, we, as the sponsor, remain responsible for ensuring that these activities are conducted in accordance with the FDA and foreign regulatory authorities' investigational plans and protocols, including GCP requirements. Regulatory enforcement of GCP requirements can occur through periodic inspections of trial sponsors, principal investigators, and trial sites.

To ensure the quality and accuracy of our data remains uncompromised and reliable, our third-party service providers must comply with applicable GCP requirements, regulations, protocols, and agreements. Failures to do so by such third-party partners, or needing to replace such third-party service providers, may delay, suspend or terminate development of our product candidates, result in exclusion of patient data from approval applications, or require additional clinical trials before approval of marketing applications. Such events may ultimately prevent regulatory approval for our product candidates on a timely basis, at a reasonable cost, or at all.

We currently rely, and expect to continue to rely, on third parties to conduct many aspects of our product manufacturing and distribution, and these third parties may terminate these agreements or not perform satisfactorily.

We do not have operating manufacturing facilities at this time other than our roxadustat manufacturing facilities in China. We currently rely, and expect to continue to rely, on third parties to scale-up, manufacture and supply roxadustat and our other product candidates for drug product in Europe and other countries, and on our partner Astellas for drug product in Japan. We rely on third parties for distribution, including our collaboration partners and their vendors, except in China where we have established a jointly owned entity with AstraZeneca to manage most of the distribution in China. Risks arising from our reliance on third-party manufacturers include:

- reduced control and additional burdens of oversight as a result of using third-party manufacturers and distributors for all aspects of manufacturing activities, including regulatory compliance and quality control and quality assurance;
- termination of manufacturing agreements, termination fees associated with such termination, or nonrenewal of manufacturing agreements with third parties may negatively impact our planned development and commercialization activities;

- significant financial commitments we may be required to make with third-party manufacturers for early-stage clinical or pre-clinical programs that may fail to produce scientific results that would justify further development (without the ability to mitigate the manufacturing investments);
- the possible misappropriation of our proprietary technology, including our trade secrets and know-how;
- disruptions to the operations of our third-party manufacturers, distributors or suppliers unrelated to our product, including the merger, acquisition, or bankruptcy of a manufacturer or supplier or a catastrophic event, affecting our manufacturers, distributors or suppliers; and
- inability for FibroGen to meet timing and volume obligations to Astellas or other partners due to insufficient resources.

Any of these events could lead to development delays or failure to obtain regulatory approval or affect our ability to successfully commercialize our product candidates. Some of these events could be the basis for action by the FDA or another regulatory authority, including injunction, recall, seizure or total or partial suspension of production.

Considering we do not control our contract manufacturers' facilities and operations used to manufacture our product candidates, but are still responsible for cGMP adherence, if our contract manufacturers cannot successfully manufacture material that conforms to our or our collaboration partners' specifications, or the regulatory requirements, our development and commercialization plans and activities may be adversely affected. Although our longer-term agreements are expected to provide for requirements to meet our quantity and quality requirements (e.g., through audit rights) to manufacture our products candidates for clinical studies and commercial sale, we have limited or minimal direct control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If our contract manufacturers' facilities do not pass inspection, are not approved or have their approvals withdrawn by regulatory authorities, we would need to identify and qualify alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our products, if approved. Moreover, any failure of our third-party manufacturers, to comply with applicable regulations could result in legal sanctions/penalties being imposed on us or adverse regulatory consequences, which would be expected to significantly and adversely affect our product supplies.

If any third-party manufacturers terminate their engagements with us or fail to perform as agreed, we may be required to identify, qualify, and contract with replacement manufacturers (including entering into technical transfer agreements to share know-how), which process may result in significant costs and delays to our development and commercialization programs.

We may have shortfalls, delays, or excesses in manufacturing.*

We have made certain manufacturing and financial commitments to Samsung Biologics Co., Ltd. ("Samsung"), and we will no longer require the quantities of pamrevlumab we had expected given our termination of pamrevlumab development. There is a risk we will still be required to pay certain financial obligations to Samsung or that we are not able to mitigate these risks sufficiently.

In addition, our product candidates and any products that we may develop may compete with other product candidates and products for access and prioritization to manufacture. Certain third-party manufacturers may be contractually prohibited from manufacturing our product due to non-compete agreements with our competitors or a commitment to grant another party priority relative to our products. There are a limited number of third-party manufacturers that operate under cGMP and that might be capable of manufacturing to meet our requirements. Due to the limited number of third-party manufacturers with the contractual freedom, expertise, required regulatory approvals and facilities to manufacture our products on a commercial scale, identifying and qualifying a replacement third-party manufacturer would be expensive and time-consuming and may cause delay or interruptions in the production of our product candidates or products, which in turn may delay, prevent or impair our development and commercialization efforts. We also carry the risk that we may need to pay termination fees to Samsung or other manufacturers in the event that we have to manufacture lower volumes or not at all depending on the results of our clinical trials. We may be subject to payments to Samsung or other third-party manufacturers to cover portions or all of the committed manufacturing campaigns even if we do not need the material for clinical or commercial usage. In addition, third-party manufacturers tend to change their upfront fees or postponement/cancelation fees over time or upon initiation of additional contracts, and this may lead to unanticipated financial loss for FibroGen.

There may also be additional delays in importing or exporting products, intermediates, or raw materials between countries.

Certain components of our products are acquired from single-source suppliers or without long-term supply agreements. The loss of these suppliers, or their failure to supply, would materially and adversely affect our business.

Entering into new long-term commercial supply arrangements on commercially reasonable terms, could take significant time or may not be possible. We currently rely on our contract manufacturers to purchase from third-party suppliers some of the materials necessary to produce our product candidates. We do not have direct control over the acquisition of those materials by our contract manufacturers.

The logistics of our supply chain, which include shipment of materials and intermediates from countries such as China and India add additional time and risk (including risk of loss) to the manufacture of our product candidates. While we have in the past maintained sufficient inventory of materials, active pharmaceutical ingredient ("API"), and drug product to meet our and our collaboration partners' needs to date, the lead-time and regulatory approvals required to source from and into countries outside of the U.S. increase the risk of delay and potential shortages of supply.

In addition, one of our suppliers, Catalent, was recently acquired by a private company, which could add additional risk to our ability to manufacture at such supplier, including entering into new or extended agreements with this supplier.

Risks Related to Our Intellectual Property

If our efforts to protect our proprietary and exclusively licensed technologies are not adequate, we may not be able to compete effectively in our market.*

We rely upon a combination of patents, trade secret protection, and contractual arrangements to protect the intellectual property related to our technologies. We will only be able to protect our products and proprietary information and technology to the extent that our patents, trade secrets, contractual position, and governmental regulations and laws allow us to do so. Any unauthorized use or disclosure of our proprietary information or technology could compromise our competitive position.

We have in the past and may in the future be involved in initiating legal or administrative proceedings involving the product candidates and intellectual property of our competitors. Moreover, we are, have been, and may in the future be involved in legal proceedings initiated by third parties involving our intellectual property. These proceedings can result in significant costs and commitment of management time and attention, and there can be no assurance that our efforts would be successful in preventing or limiting the ability of our competitors to market competing products or defending our intellectual property.

Composition-of-matter patents are generally considered the strongest form of intellectual property protection for pharmaceutical products, as such patents provide protection not limited to any one method of use. Method-of-use patents protect the use of a product for the specified method(s), and do not prevent a competitor from making and marketing a product that is identical to our product for an indication that is outside the scope of the patented method. We rely on a combination of these and other types of patents to protect our product candidates, and there can be no assurance that our intellectual property will create and sustain the competitive position of our product candidates.

Biotechnology and pharmaceutical patents involve highly complex legal and scientific questions and can be uncertain. Any patent applications we own or license may fail to result in granted or issued patents. Even if patents do successfully issue from our applications, third parties may challenge their validity or enforceability, which may result in such patents being narrowed, invalidated, or held unenforceable. Even if our patents and patent applications are not challenged by third parties, those patents and patent applications may not prevent others from designing around our claims and may not otherwise adequately protect our product candidates. If the breadth or strength of protection provided by the patents and patent applications we hold with respect to our product candidates is threatened, generic manufacturers and competitors with significantly greater resources could threaten our ability to commercialize our product candidates.

Intellectual property protecting our roxadustat product is either being challenged or will expire at various times in the coming years, raising the possibility of generic competition. Our composition of matter patent in China expired in the second quarter of 2024 and the China Health Authority has approved two generic roxadustat applications for marketing. The introduction of generic competition for a patented branded medicine typically results in a significant and rapid reduction in net sales and operating income for the branded product because generic manufacturers typically offer their unpatented versions at sharply lower prices. Such competition can occur after successful challenges to intellectual property rights or the regular expiration of the term of the patent or other intellectual property rights. Such competition can also result from a Declaration of Public Interest or the compulsory licensing of our drugs by governments, or from a general weakening of intellectual property laws in certain countries around the world. In addition, generic manufacturers sometimes take an aggressive approach to challenging intellectual property rights, including conducting so-called "launches at risk" of products that are still under legal challenge for infringement before final resolution of legal proceedings. In China, numerous generic manufacturers have filed abbreviated new drug applications seeking marketing approval for generic versions of our EVRENZO™ product (爱瑞卓®, roxadustat). While we are taking steps to both defend our roxadustat patents and challenge these abbreviated new drug application filers, the outcome is uncertain.

Discoveries are generally published in the scientific literature well after their actual development, and patent applications in the U.S. and other countries are typically not published until 18 months after their filing, and in some cases are never published. Therefore, we cannot be certain that our licensors or we were the first to make the inventions claimed in our owned and licensed patents or patent applications, or that our licensors or we were the first to file for patent protection covering such inventions. Subject to meeting other requirements for patentability, for U.S. patent applications filed prior to March 16, 2013, the first to invent the claimed invention is entitled to receive patent protection for that invention while, outside the U.S., the first to file a patent application encompassing the invention is entitled to patent protection for the invention. The U.S. moved to a "first to file" system under the Leahy-Smith America Invents Act, effective March 16, 2013. This system also includes procedures for challenging issued patents and pending patent applications, which creates additional uncertainty. We have, are, and may again become involved in, *inter partes* review, opposition, invalidation, or interference proceedings challenging our patents and patent applications, or the patents and patent applications of others, and the outcome of any such proceedings are highly uncertain. An unfavorable outcome in any such proceedings could reduce the scope of or invalidate our patent rights, allow third parties to commercialize our technology and compete directly with us, or result in our inability to manufacture, develop or commercialize our product candidates without infringing the patent rights of others.

In addition to the protection afforded by patents, we seek to rely on trade secret protection and confidentiality agreements to protect proprietary know-how, information, or technology that is not covered by our patents. Although our agreements require employees to acknowledge ownership by us of inventions conceived as a result of employment from the point of conception and, to the extent necessary, perfect such ownership by assignment, and we require employees, consultants, advisors and third parties who have access to our trade secrets, proprietary know-how and other confidential information and technology to enter into appropriate confidentiality agreements, we cannot be certain that our trade secrets, proprietary know-how and other confidential information and technology will not be subject to unauthorized disclosure, use, or misappropriation or that our competitors will not otherwise gain access to or independently develop substantially equivalent trade secrets, proprietary know-how and other information and technology. Furthermore, the laws of some foreign countries, in particular China, where we have operations, do not protect proprietary rights to the same extent or in the same manner as the laws of the U.S. As a result, we may encounter significant problems in protecting and defending our intellectual property globally. If we cannot prevent unauthorized disclosure of our intellectual property related to our product candidates and technology to third parties, we may not establish or maintain a competitive advantage in our market, which could materially and adversely affect our business and operations.

Intellectual property disputes may be costly, time consuming, and may negatively affect our competitive position.*

Our commercial success may depend on our avoiding infringement of the patents and other proprietary rights of third parties as well as on enforcing our patents and other proprietary rights against third parties.

Our collaboration partners or we may be subject to patent infringement claims from third parties. We attempt to ensure that our product candidates do not infringe third-party patents and other proprietary rights. However, the patent landscape in competitive product areas is highly complex, and there may be patents of third parties of which we are unaware that may result in claims of infringement. Accordingly, there can be no assurance that our product candidates do not infringe proprietary rights of third parties, and parties making claims against us may seek and obtain injunctive or other equitable relief, which could potentially block further efforts to develop and commercialize our product candidates, including roxadustat or FG-3246. Any litigation involving defense against claims of infringement, regardless of the merit of such claims, would involve substantial litigation expense and would be a substantial diversion of management time.

We may consider administrative proceedings and other means for challenging third-party patents and patent applications. An unfavorable outcome in any such challenge could require us to cease using the related technology and to attempt to license rights to it from the prevailing third party, which may not be available on commercially reasonable terms, if at all, in which case our business could be harmed.

Third parties have challenged and may again challenge our patents and patent applications. In particular, patent challenges have been filed against our crystal form patents in Europe and China, and against our photostable formulations patent in Europe. While both our European Patent No. 3470397 (the "`397 Patent"), which claims formulations comprising the commercial crystalline form of roxadustat, and our European Patent No. 3003284 (the "`284 Patent"), which claims photostable formulations of roxadustat, were upheld in opposition, the opponents have appealed the decisions in both cases. In China, three roxadustat crystal form patents were revoked in first-round proceedings and the revocations were upheld on first appeal; however, all decisions currently remain on appeal. Final resolution of these proceedings in Europe and China will take time and we cannot be assured that these patents will survive these proceedings as originally granted or at all.

Furthermore, there is a risk that any public announcements concerning the status or outcomes of intellectual property litigation or administrative proceedings may adversely affect the price of our stock. If securities analysts or our investors interpret such status or outcomes as negative or otherwise creating uncertainty, our common stock price may be adversely affected.

Our reliance on third parties and agreements with collaboration partners requires us to share our trade secrets, which increases the possibility that a competitor may discover them or that our trade secrets will be misappropriated or disclosed.

Our reliance on third-party contractors to develop and manufacture our product candidates is based upon agreements that limit the rights of the third parties to use or disclose our confidential information, including our trade secrets and know-how. Despite the contractual provisions, the need to share trade secrets and other confidential information increases the risk that such trade secrets and information are disclosed or used, even if unintentionally, in violation of these agreements. In the highly competitive markets in which our product candidates are expected to compete, protecting our trade secrets, including our strategies for addressing competing products and generic competition, is imperative, and any unauthorized use or disclosure could impair our competitive position and may have a material adverse effect on our business and operations.

In addition, our collaboration partners are larger, more complex organizations than ours, and the risk of inadvertent disclosure of our proprietary information may be increased despite their internal procedures and contractual obligations that we have in place with them. Despite our efforts to protect our trade secrets and other confidential information, a competitor's discovery of such trade secrets and information could impair our competitive position and have an adverse impact on our business.

The cost of maintaining our patent protection is high and requires continuous review and diligence. We may not be able to effectively maintain our intellectual property position throughout the major markets of the world.

The U.S. Patent and Trademark Office and foreign patent authorities require maintenance fees and payments as well as continued compliance with a number of procedural and documentary requirements. Noncompliance may result in abandonment or lapse of the subject patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance may result in reduced royalty payments for lack of patent coverage in a particular jurisdiction from our collaboration partners or may result in competition, either of which could have a material adverse effect on our business.

We have made, and will continue to make, certain strategic decisions in balancing costs and the potential protection afforded by the patent laws of certain countries. As a result, we may not be able to prevent third parties from practicing our inventions in all countries throughout the world, or from selling or importing products made using our inventions in and into the U.S. or other countries. Third parties may use our technologies in territories in which we have not obtained patent protection to develop their own products and, further, may infringe our patents in territories which provide inadequate enforcement mechanisms, even if we have patent protection. Such third-party products may compete with our product candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

The laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the U.S., and we may encounter significant problems in securing and defending our intellectual property rights outside the U.S.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain countries. The legal systems of certain countries do not always favor the enforcement of patents, trade secrets, and other intellectual property rights, particularly those relating to pharmaceutical and biotechnology products, which could make it difficult for us to stop infringement of our patents, misappropriation of our trade secrets, or marketing of competing products in violation of our proprietary rights. In China, our intended establishment of significant operations will depend in substantial part on our ability to effectively enforce our intellectual property rights in that country. Proceedings to enforce our intellectual property rights in foreign countries could result in substantial costs and divert our efforts and attention from other aspects of our business, and could put our patents in these territories at risk of being invalidated or interpreted narrowly, or our patent applications at risk of not being granted, and could provoke third parties to assert claims against us. We may not prevail in all legal or other proceedings that we may initiate and, if we were to prevail, 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.

Intellectual property rights do not address all potential threats to any competitive advantage we may have.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and intellectual property rights may not adequately protect our business or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make compounds or independently develop similar or alternative technologies that are the same as or similar to our current or future product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed.
- Patent protection on our product candidates may expire before we are able to develop and commercialize the product, or before we are able to recover our investment in the product.
- Our competitors might conduct research and development activities in the U.S. and other countries that provide a safe harbor from patent infringement claims for such activities, as well as in countries in which we do not have patent rights, and may then use the information learned from such activities to develop competitive products for sale in markets where we intend to market our product candidates.

The existence of counterfeit pharmaceutical products in pharmaceutical markets may compromise our brand and reputation and have a material adverse effect on our business, operations and prospects.

Counterfeit products, including counterfeit pharmaceutical products, are a significant problem, particularly in China. Counterfeit pharmaceuticals are products sold or used for research under the same or similar names, or similar mechanism of action or product class, but which are sold without proper licenses or approvals, and are often lower cost, lower quality, different potency, or have different ingredients or formulations, and have the potential to damage the reputation for quality and effectiveness of the genuine product. Such products may be used for indications or purposes that are not recommended or approved or for which there is no data or inadequate data with regard to safety or efficacy. Such products divert sales from genuine products. If counterfeit pharmaceuticals illegally sold or used for research result in adverse events or side effects to consumers, we may be associated with any negative publicity resulting from such incidents. Consumers may buy counterfeit pharmaceuticals that are in direct competition with our pharmaceuticals, which could have an adverse impact on our revenues, business and results of operations. In addition, counterfeit products could be used in non-clinical or clinical studies, or could otherwise produce undesirable side effects or adverse events that may be attributed to our products as well, which could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the delay or denial of regulatory approval by the FDA or other regulatory authorities and potential product liability claims. With respect to China, although the government has recently been increasingly active in policing counterfeit pharmaceuticals, there is not yet an effective counterfeit pharmaceutical regulation control and enforcement system in China. As a result, we may not be able to prevent third parties from selling or purporting to sell our products in China. The existence of and any increase in the sales and production of counterfeit pharmaceuticals, or the technological capabilities of counterfeiters, could negatively impact our revenues, brand reputation, business and results of operations.

Risks Related to Government Regulation

The regulatory approval process is highly uncertain and we may not obtain regulatory approval for our product candidates.

The time required to obtain approval by the FDA and comparable foreign regulatory authorities is unpredictable, but typically takes many years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. It is possible that roxadustat will not obtain regulatory approval in additional countries or indications. It is possible that our other product candidates we may discover, in-license or acquire and seek to develop in the future, will not obtain regulatory approval in any particular jurisdiction.

Our current and future relationships with customers, physicians, and third-party payors are subject to healthcare fraud and abuse laws, false claims laws, transparency laws, and other regulations. If we are unable to comply with such laws, we could face substantial penalties.

Our current and future relationships with customers, physicians, and third-party payors are subject to health care laws and regulations, which may constrain the business or financial arrangements and relationships through which we research, as well as sell, market and distribute any products for which we obtain marketing approval. If we obtain approval in the U.S. for any of our product candidates, the regulatory requirements applicable to our operations, in particular our sales and marketing efforts, will increase significantly with respect to our operations and the potential for administrative, civil and criminal enforcement by the federal government and the states and foreign governments will increase with respect to the conduct of our business. The laws that may affect our operations in the U.S. include: the federal Anti-Kickback Statute; federal civil and criminal false claims laws and civil monetary penalty laws; the Health Insurance Portability and Accountability Act, including as amended by Health Information Technology for Economic and Clinical Health Act, and its implementing regulations; the federal physician sunshine requirements under the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act; and the Trade Agreement Act. In addition, foreign and state law equivalents of each of the above federal laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances.

If our operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to significant penalties, including administrative, civil and criminal penalties, damages, fines, imprisonment, disgorgement, the curtailment or restructuring of our operations, the exclusion from participation in federal and state healthcare programs and imprisonment, any of which could materially adversely affect our ability to operate our business and our financial results.

Even if resolved in our favor, litigation or other legal proceedings relating to healthcare laws and regulations may cause us to incur significant expenses and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. Such actions could have a substantial adverse effect on the price of our common shares and could have a material adverse effect on our operations.

We are subject to stringent and evolving U.S. and foreign laws, regulations, rules, contractual obligations, industry standards, policies and other obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation (including class claims) and mass arbitration demands; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse business consequences*.

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share confidential, proprietary, and sensitive information, including personal data, business data, trade secrets, intellectual property, information we collect about trial participants in connection with clinical trials, sensitive third-party data, business plans, transactions, and financial information.

Our data processing activities may subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contractual requirements, and other obligations relating to data privacy and security.

In the U.S., there are State data privacy and security laws, including data breach notification laws, personal data privacy laws, consumer protection laws (e.g., Section 5 of the Federal Trade Commission Act), and the Federal Health Insurance Portability and Accountability Act, and other similar laws (e.g., wiretapping laws). For example, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, "CCPA") applies to personal data of consumers, business representatives, and employees, and requires businesses to provide specific disclosures in privacy notices and honor requests of California residents to exercise certain privacy rights. The CCPA provides for civil penalties of up to $7,500 per violation and allows private litigants affected by certain data breaches to recover significant statutory damages. In addition, the California Privacy Rights Act of 2020 expands the CCPA's requirements, including by adding a new right for individuals to correct their personal data and establishing a new regulatory agency to implement and enforce the law. Although the CCPA exempts some data processed in the context of clinical trials, the CCPA increases compliance costs and potential liability. Similar laws are being considered in several other states, as well as at the federal and local levels, and we expect more states to pass similar laws in the future. These developments further complicate compliance efforts and increase legal risk and compliance costs for us and the third parties upon whom we rely.

Outside the U.S., laws, regulations, and industry standards govern data privacy and security. For example, the European Union's General Data Protection Regulation ("GDPR"), the United Kingdom's GDPR, Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) (Law No. 13,709/2018), and China's Personal Information Protection Law ("PIPL") impose strict requirements for processing personal data, including health-related information. For example, under the European Union GDPR, companies may face fines of up to 20 million Euros or 4% of annual global revenue, whichever is greater; or private litigation related to processing of personal data brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests. We also target customers in Asia and have operations in China and are subject to new and emerging data privacy regimes in Asia, including China's PIPL, Japan's Act on the Protection of Personal Information, and Singapore's Personal Data Protection Act.

Additionally, companies that transfer personal data out of the European Economic Area and the United Kingdom to other jurisdictions are subject to scrutiny from regulators, individual litigants, and activities groups.

Our employees and personnel could use generative artificial intelligence ("AI") technologies to perform certain work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. Governments have passed and are likely to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits.

We are also bound by contractual obligations related to data privacy and security, and our efforts to comply with such obligations may not be successful. We publish privacy policies, marketing materials and other statements, regarding data privacy and security. If these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Preparing for and complying with these obligations requires us to devote resources and may necessitate changes to our services, information technologies, systems, and practices and to those of any third parties that process personal data on our behalf.

If we or the third parties on which we rely fail, or are perceived to have failed, to address or comply with applicable data privacy and security obligations, we could face significant consequences, including but not limited to: government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class-action claims); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data. Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations including clinical trials; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or substantial changes to our business model or operations.

We are subject to laws and regulations governing corruption, which require us to maintain costly compliance programs.

We must comply with a wide range of laws and regulations to prevent corruption, bribery, and other unethical business practices, including the U.S. Foreign Corrupt Practices Act ("FCPA"), anti-bribery and anti-corruption laws in other countries, particularly China. The implementation and maintenance of compliance programs is costly and such programs may be difficult to enforce, particularly where reliance on third parties is required.

Compliance with these anti-bribery laws is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the anti-bribery laws present particular challenges in the pharmaceutical industry because in many countries including China, hospitals are state-owned or operated by the government, and doctors and other hospital employees are considered foreign government officials. Furthermore, in certain countries (China in particular), hospitals and clinics are permitted to sell pharmaceuticals to their patients and are primary or significant distributors of pharmaceuticals. Certain payments to hospitals in connection with clinical studies, procurement of pharmaceuticals and other work have been deemed to be improper payments to government officials that have led to vigorous anti-bribery law enforcement actions and heavy fines in multiple jurisdictions, particularly in the U.S. and China.

It is not always possible to identify and deter violations, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations.

In the pharmaceutical industry, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by the hospitals and medical practitioners from pharmaceutical manufacturers, distributors or their third-party agents in connection with the prescription of certain pharmaceuticals. If our employees, partners, affiliates, subcontractors, distributors or third-party marketing firms violate these laws or otherwise engage in illegal practices with respect to their sales or marketing of our products or other activities involving our products, we could be required to pay damages or heavy fines by multiple jurisdictions where we operate, which could materially and adversely affect our financial condition and results of operations. The Chinese government has also sponsored anti-corruption campaigns from time to time, which could have a chilling effect on any future marketing efforts by us to new hospital customers. There have been recent occurrences in which certain hospitals have denied access to sales representatives from pharmaceutical companies because the hospitals wanted to avoid the perception of corruption. If this attitude becomes widespread among our potential customers, our ability to promote our products to hospitals may be adversely affected.

Considering our current presence and potential expansion in international jurisdictions, the creation, implementation, and maintenance of anti-corruption compliance programs is costly and such programs are difficult to enforce, particularly where reliance on third parties is required. Violation of the FCPA and other anti-corruption laws can result in significant administrative and criminal penalties for us and our employees, including substantial fines, suspension or debarment from government contracting, prison sentences, or even the death penalty in extremely serious cases in certain countries. The U.S. Securities and Exchange Commission (“SEC”) also may suspend or bar us from trading securities on U.S. exchanges for violation of the FCPA’s accounting provisions. Even if we are not ultimately punished by government authorities, the costs of investigation and review, distraction of our personnel, legal defense costs, and harm to our reputation could be substantial and could limit our profitability or our ability to develop or commercialize our product candidates. In addition, if any of our competitors are not subject to the FCPA, they may engage in practices that will lead to their receipt of preferential treatment from foreign hospitals and enable them to secure business from foreign hospitals in ways that are unavailable to us.

If we fail to maintain an effective system of internal control, it may result in material misstatements in our financial statements.*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. As a public company, we are required to comply with the Sarbanes-Oxley Act and other rules that govern public companies.

We implemented an enterprise resource planning system in the first quarter of 2023, which replaced our existing operating and financial systems, to improve the efficiency of certain financial and transactional processes. If we experience material weaknesses or otherwise fail to maintain an effective system of internal control over financial reporting, the accuracy and timing of our financial reporting and subsequently our liquidity and our access to capital markets may be adversely affected, we may be unable to maintain or regain compliance with applicable securities laws and the Nasdaq Stock Market LLC listing requirements, we may be subject to regulatory investigations and penalties, investors may lose confidence in our financial reporting, and our stock price may decline. In addition, if our internal control over financial reporting is deemed ineffective, efforts required to remediate an ineffective system of control over financial reporting may place a significant burden on management and add increased pressure on our financial resources and processes.

The impact of U.S. healthcare reform may adversely affect our business model.

In the U.S. and some foreign jurisdictions, there have been, and continue to be, several legislative and regulatory changes and proposed changes regarding the healthcare system that could affect our operations. In particular, the commercial potential for our approved products could be affected by changes in healthcare spending and policy in the U.S. and abroad. We operate in a highly regulated industry and new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations, or decisions, related to healthcare availability, the method of delivery or payment for healthcare products and services could negatively impact our business, operations and financial condition.

Further, in the U.S. there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several presidential executive orders, Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under government payor programs, and review the relationship between pricing and manufacturer patient programs. For example, in July 2021, the Biden administration released an executive order that included multiple provisions aimed at prescription drugs. In response to Biden's executive order, on September 9, 2021, the U.S. Department of Health and Human Services ("HHS") released a Comprehensive Plan for Addressing High Drug Prices that outlines principles for drug pricing reform. The plan sets out a variety of potential legislative policies that Congress could pursue as well as potential administrative actions HHS can take to advance these principles. In addition, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law, which among other things, extends enhanced subsidies for individuals purchasing health insurance coverage in Affordable Care Act marketplaces through plan year 2025. The IRA also eliminates the "donut hole" under the Medicare Part D program beginning in 2025 by significantly lowering the beneficiary maximum out-of-pocket cost and creating a new manufacturer discount program. Further, the IRA (1) directs HHS to negotiate the price of certain single-source drugs or biologics covered under Medicare, and (2) imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation. These provisions take effect progressively starting in fiscal year 2023, although the Medicare drug price negotiation program is currently subject to legal challenges. HHS has and will continue to issue and update guidance as these programs are implemented. It is currently unclear how the IRA will be implemented but is likely to have a significant impact on the pharmaceutical industry. Further, on February 14, 2023, HHS released a report outlining three new models for testing by the Centers for Medicare & Medicaid ("CMS") Innovation Center which will be evaluated on their ability to lower the cost of drugs, promote accessibility, and improve quality of care. It is unclear whether the models will be utilized in any health reform measures in the future. Further, on December 7, 2023, the Biden administration announced an initiative to control the price of prescription drugs through the use of march-in rights under the Bayh-Dole Act. On December 8, 2023, the National Institute of Standards and Technology published for comment a Draft Interagency Guidance Framework for Considering the Exercise of March-In Rights which for the first time includes the price of a product as one factor an agency can use when deciding to exercise march-in rights. While march-in rights have not previously been exercised, it is uncertain if that will continue under the new framework. At the state level, individual states are increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products if approved or additional pricing pressures, or otherwise adversely affect our business.

Roxadustat is considered a Class 2 substance on the 2019 World Anti-Doping Agency Prohibited List that could limit sales and increase security and distribution costs for our partners and us.

Roxadustat is considered a Class 2 substance on the World Anti-Doping Agency Prohibited List. There are enhanced security and distribution procedures we and our collaboration partners and third-party contractors will have to take to limit the risk of loss of product in the supply chain. As a result, our distribution, manufacturing and sales costs for roxadustat, as well as for our partners, will be increased which will reduce profitability. In addition, there is a risk of reduced sales due to patient access to this drug.

Our employees may engage in misconduct or improper activities, which could result in significant liability or harm our reputation.

We are exposed to the risk of employee fraud or other misconduct, including intentional failure to:

- comply with FDA regulations or similar regulations of comparable foreign regulatory authorities;
- provide accurate information to the FDA or comparable foreign regulatory authorities;
- comply with manufacturing standards we have established;

- comply with data privacy and security laws protecting personal data;
- comply with federal and state healthcare fraud and abuse laws and regulations and similar laws and regulations established and enforced by comparable foreign regulatory authorities;
- comply with the FCPA and other anti-bribery laws;
- report financial information or data accurately; or
- disclose unauthorized activities to us.

Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions, delays in clinical trials, or serious harm to our reputation. We have adopted a code of conduct for our directors, officers and employees, but it is not always possible to identify and deter employee misconduct. The precautions we take to detect and prevent this activity may not be effective in protecting us from the negative impacts of governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. An unfavorable outcome or settlement in connection with a governmental investigation or other action or lawsuit may result in a material adverse impact on our business, results of operations, financial condition, prospects, and stock price. Regardless of the outcome, litigation and governmental investigations can be costly, time-consuming, and disruptive to our business, results of operations, financial condition, reputation, and prospects.

If we fail to comply with environmental, health or safety laws and regulations, we could incur fines, penalties or other costs.

We are subject to 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 operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological, hazardous or radioactive materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations applicable to our operations in the U.S. and foreign countries. These current or future laws and regulations may impair our research, development or manufacturing efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Risks Related to Our International Operations

We have established operations in China and are seeking approval to commercialize our product candidates outside of the U.S., and a number of risks associated with international operations could materially and adversely affect our business.

A number of risks related to our international operations, many of which may be beyond our control, include: different regulatory requirements in different countries, including for drug approvals, manufacturing, and distribution; potential liability resulting from development work conducted by foreign distributors; economic weakness, including inflation, or foreign currency fluctuations, which could result in increased operating costs and expenses and reduced revenues, and other obligations incident to doing business in another country; workforce uncertainty in countries where labor unrest is more common than in the U.S.; compliance with tax, employment, immigration and labor laws for employees living or traveling abroad; political instability in particular foreign economies and markets; and business interruptions resulting from geopolitical actions specific to an international region, including war and terrorism, or natural disasters, including pandemics.

The pharmaceutical industry in China is highly regulated and such regulations are subject to change.

The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. In recent years, many aspects of pharmaceutical industry regulation have undergone significant reform, and reform may continue. For example, the Chinese government implemented regulations that impact distribution of pharmaceutical products in China, where at most two invoices may be issued throughout the distribution chain, a change that required us to change our distribution paradigm. Any regulatory changes or amendments may result in increased compliance costs to our business or cause delays in or prevent the successful development or commercialization of our product candidates in China. Any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China.

The China-operations portion of our audit is conducted by PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm headquartered in China.

The majority of audit work incurred for the audit report included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 26, 2024, was performed by the U.S.-based independent registered public accounting firm we have retained, PricewaterhouseCoopers LLP, which is headquartered in the U.S. and was not identified in the report issued by the PCAOB on December 16, 2021.

However, we estimate that between 20% and 30% of the total audit hours for our December 31, 2023 audit were provided by PricewaterhouseCoopers Zhong Tian LLP located in China.

On December 18, 2020, the Holding Foreign Companies Accountable Act (the "HFCAA") was signed into law. The HFCAA requires that the SEC identify issuers that retain an auditor that has a branch or office that is located in a foreign jurisdiction and that the PCAOB determines it is unable to inspect or investigate completely because of a position taken by an authority in that foreign jurisdiction. Among other things, the HFCAA requires the SEC to prohibit the securities of any issuer from being traded on any of the U.S. national securities exchanges, such as The Nasdaq Global Select Market, or on the U.S. "over-the-counter" markets, if the auditor of the issuer's financial statements is not subject to PCAOB inspections for three consecutive "non-inspection" years after the law became effective (such period further reduced to two years by the enactment of the Accelerating Holding Foreign Companies Accountable Act (the "AHFCAA") on December 29, 2022).

The HFCAA does not apply to registrants that retain a principal accountant that is headquartered in the U.S. and subject to PCAOB inspection. On December 2, 2021, the SEC adopted final amendments to its rules implementing the HFCAA and established procedures to identify issuers and prohibit the trading of the securities of certain registrants as required by the HFCAA. This rule stated that only the principal accountant, as defined by Rule 2-05 of Regulation S-X and PCAOB AS 1205, is "deemed 'retained' for purposes of Section 104(i) of the Sarbanes-Oxley Act and the Commission's determination of whether the registrant should be a Commission Identified Issuer." The principal accountant, as defined, that we have retained is PricewaterhouseCoopers LLP. Accordingly, the HFCAA does not currently apply to us.

Although the PCAOB issued a report on December 16, 2021 on its determination that it was unable to inspect or investigate completely PCAOB-registered accounting firms headquartered in China and in Hong Kong, such as PricewaterhouseCoopers Zhong Tian LLP, on December 15, 2022, it announced that it was able to conduct inspections and investigations of such accounting firms in 2022 and vacated its previous 2021 determinations accordingly. While vacating those determinations, however, the PCAOB noted that, should it encounter any impediment to conducting an inspection or investigation of auditors in mainland China or Hong Kong as a result of a position taken by any authority there, the PCAOB would act to immediately reconsider the need to issue new determinations consistent with the HFCAA and PCAOB's Rule 6100.

Even though we currently view the likelihood to be remote, if our operations fundamentally change in a way that requires our independent registered public accounting firm be located in China or Hong Kong in order to comply with the standards of the PCAOB regarding principal auditor, then the HFCAA would apply to us, which consequences could include the potential delisting of our stock from the Nasdaq Global Select Market and prohibition from trading in the over-the counter market in the U.S. Such a restriction would negatively impact our ability to raise capital. Additionally, we cannot rule out the possibility that in the future Congress could amend the HFCAA or the SEC could modify its regulations to apply the restrictions, including trading prohibitions and delisting, under the HFCAA in situations in which an independent registered public accounting firm in China or Hong Kong performs part of the audit such as in our current situation.

Changes in U.S. and China relations, as well as relations with other countries, and/or regulations may adversely impact our business.

The U.S. government, including the SEC, has made statements and taken certain actions that have led to changes to U.S. and international relations, and will impact companies with connections to the U.S. or China, including imposing several rounds of tariffs affecting certain products manufactured in China, imposing certain sanctions and restrictions in relation to China, and issuing statements indicating enhanced review of companies with significant China-based operations. It is unknown whether and to what extent new legislation, executive orders, tariffs, laws or regulations will be adopted, or the effect that any such actions would have on companies with significant connections to the U.S. or to China, our industry or on us. We conduct contract manufacturing and development activities and have business operations both in the U.S. and China. Any unfavorable government policies on cross-border relations and/or international trade, including increased scrutiny on companies with significant China-based operations, capital controls or tariffs, may affect the competitive position of our drug products, the hiring of scientists and other research and development personnel, the demand for our drug products, the import or export of products and product components, our ability to raise capital, the market price of our common stock, or prevent us from commercializing and selling our drug products in certain countries.

While we do not operate in an industry that is currently subject to foreign ownership limitations in China, China could decide to limit foreign ownership in our industry, in which case there could be a risk that we would be unable to do business in China as we are currently structured. In addition, our periodic reports and other filings with the SEC may be subject to enhanced review by the SEC and this additional scrutiny could affect our ability to effectively raise capital in the U.S.

If any new legislation, executive orders, tariffs, laws and/or regulations are implemented, if existing trade agreements are renegotiated or if the U.S. or Chinese governments take retaliatory actions due to the recent U.S.-China tension, such changes could have an adverse effect on our business, financial condition and results of operations, our ability to raise capital and the market price of our common stock.

We use our own manufacturing facilities in China to produce roxadustat API and drug product for the market in China. There are risks inherent to operating commercial manufacturing facilities, and with these being our single source suppliers, we may not be able to continually meet market demand.

We have two manufacturing facilities in China, with one located in Beijing and the other in Cangzhou, Hebei.

We are obligated to comply with cGMP requirements but there can be no assurance that we will maintain all of the appropriate licenses required to manufacture our product candidates for clinical and commercial use in China. In addition to our product suppliers, we must continually spend time, money and effort in production, record-keeping and quality assurance and appropriate controls in order to ensure that any products manufactured in our facilities meet applicable specifications and other requirements for product safety, efficacy and quality but there can be no assurance that our efforts will continue to be successful in meeting these requirements.

Manufacturing facilities in China are subject to periodic unannounced inspections by the National Medical Products Administration and other regulatory authorities. We expect to depend on these facilities for our product candidates and business operations in China, and we do not yet have a secondary source supplier for either roxadustat API or drug product in China. Consequently, we also carry single source supplier risk for all countries we or our partners are selling in, other than China. Natural disasters or other unanticipated catastrophic events, including power interruptions, water shortages, storms, fires, pandemics, earthquakes, terrorist attacks, government appropriation of our facilities, and wars, could significantly impair our ability to operate our manufacturing facilities. Certain equipment, records and other materials located in these facilities would be difficult to replace or would require substantial replacement lead-time that would impact our ability to successfully commercialize our product candidates in China.

There is a risk of manufacturing disruption due to geopolitical tensions in China and related to U.S. legislation impacting WuXi AppTec and WuXi Biologics.*

The climate of geopolitical tensions in China affecting global supply chains may impact our ability to continually meet market demand. For example, certain U.S. lawmakers have encouraged sanctions and introduced legislation that could affect WuXi AppTec (Hong Kong) Limited and our current supplier of FG-3246, WuXi Biologics (Hong Kong) Limited ("WuXi Biologics") and companies that do business with WuXi Biologics. Shanghai SynTheAll Pharmaceutical Co., Ltd. ("WuXi STA"), our supplier of roxadustat drug substance, is also included in this legislation since it is a branch of WuXi Apptec. This can impact the FG-3246 program as we source the linker and payload from WuXi STA and we manufacture antibody, antibody drug conjugate drug substance and antibody drug conjugate drug product at WuXi Biologics. This legislation is being developed and it is possible that the content in the legislation continues to change prior to becoming law. There are also risks that new legislation comes up in the future that imposes further restrictions on our ability to source FG-3246 from WuXi Biologics and WuXi STA for U.S. based clinical and commercial demand. This legislation may prevent us from launching FG-3246 in the U.S. or conducting clinical trials after the period specified in the legislation. This may also force us to consider alternative suppliers for which additional time, money and resources may be required without a guarantee of producing comparable product in a timely fashion. The occurrence of any such event could materially and adversely affect our business, financial condition, results of operations, timing of supply deliveries, cash flows and prospects.

We may experience difficulties in successfully growing and sustaining sales of roxadustat in China.

AstraZeneca and we have a profit-sharing arrangement with respect to roxadustat in China and any difficulties we may experience in growing and sustaining sales will affect our bottom line. Difficulties may be related to competition and our ability to maintain reasonable pricing and reimbursement, obtain and maintain hospital listing, or other difficulties related to distribution, marketing, and sales efforts in China. Roxadustat's recent inclusion in the 2023 National Reimbursement Drug List came with a limited 7% price reduction. Such reimbursement pricing for China is effective for a standard two-year period (between January 1, 2024, and December 31, 2025). However, after four generics are approved in China, there is a substantial risk of being subject to the country's volume-based purchasing program whereby a national tender could be called for roxadustat. If a tender is called for roxadustat, our access to the market as the originator drug would be significantly constrained and our price would be further reduced.

Sales of roxadustat in China may also be limited due to the complex nature of the healthcare system, low average personal income, pricing controls, still developing infrastructure, and potentially rapid competition from other products.

The retail prices of any product candidates that we develop will be subject to pricing control in China and elsewhere.

The price of pharmaceutical products is highly regulated in China, both at the national and provincial level. Price controls may reduce prices to levels significantly below those that would prevail in less regulated markets or limit the volume of products that may be sold, either of which may have a material and adverse effect on potential revenues from sales of roxadustat in China. Moreover, the process and timing for the implementation of price restrictions are unpredictable, which may cause potential revenues from the sales of roxadustat to fluctuate from period to period.

FibroGen (China) Medical Technology Development Co., Ltd. ("FibroGen Beijing") would be subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.*

We plan to conduct all of our business in China through FibroGen China Anemia Holdings, Ltd., FibroGen Beijing and its branch offices, and our joint venture distribution entity, Beijing Falikang Pharmaceutical Co., Ltd. ("Falikang"). We may in the future rely on dividends and royalties paid by FibroGen Beijing for a portion of our cash needs, including the funds necessary to service any debt we may incur and to pay our operating costs and expenses. The payment of dividends by FibroGen Beijing is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with applicable accounting standards and regulations in China. FibroGen Beijing is not permitted to distribute any profits until losses from prior fiscal years have been recouped and, in any event, must maintain certain minimum capital requirements. FibroGen Beijing is also required to set aside at least 10.0% of its after-tax profit based on Chinese accounting standards each year to its statutory reserve fund until the cumulative amount of such reserves reaches 50.0% of its registered capital. Statutory reserves are not distributable as cash dividends. In addition, if FibroGen Beijing incurs debt on its own behalf in the future, the agreements governing such debt may restrict its ability to pay dividends or make other distributions to us. As of June 30, 2024, approximately $39.3 million of our cash and cash equivalents is held in China.

Any capital contributions from us to FibroGen Beijing must be approved by the Ministry of Commerce in China, and failure to obtain such approval may materially and adversely affect the liquidity position of FibroGen Beijing.

The Ministry of Commerce in China or its local counterpart must approve the amount and use of any capital contributions from us to FibroGen Beijing, and there can be no assurance that we will be able to complete the necessary government registrations and obtain the necessary government approvals on a timely basis, or at all. If we fail to do so, we may not be able to contribute additional capital or find suitable financing alternatives within China to fund our Chinese operations, and the liquidity and financial position of FibroGen Beijing may be materially and adversely affected.

We may be subject to currency exchange rate fluctuations and currency exchange restrictions with respect to our operations in China as well as our partner's operations in Japan and Europe, which could adversely affect our financial performance.

Most of our and our partner's product sales will occur in local currency and our operating results will be subject to volatility from currency exchange rate fluctuations. To date, we have not hedged against the risks associated with fluctuations in exchange rates and, therefore, exchange rate fluctuations could have an adverse impact on our future operating results. Changes in the value of the Renminbi, Euro or Yen against the U.S. dollar and other currencies are affected by, among other things, changes in political and economic conditions. Any significant currency exchange rate fluctuations may have a material adverse effect on our business and financial condition.

In addition, the Chinese government imposes controls on the convertibility of the Renminbi into foreign currencies and the remittance of foreign currency out of China for certain transactions. Shortages in the availability of foreign currency may restrict the ability of FibroGen Beijing to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. Under existing Chinese foreign exchange regulations, payments of current account items, including profit distributions, interest payments and balance of trade, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from the State Administration of Foreign Exchange or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The Chinese government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our operational requirements, our liquidity and financial position may be materially and adversely affected.

Because FibroGen Beijing's funds are held in banks that do not provide insurance, the failure of any bank in which FibroGen Beijing deposits its funds could adversely affect our business.

Banks and other financial institutions in China do not provide insurance for funds held on deposit. As a result, in the event of a bank failure, FibroGen Beijing may not have access to funds on deposit. Depending upon the amount of money FibroGen Beijing maintains in a bank that fails, its inability to have access to cash could materially impair its operations.

We may be subject to tax inefficiencies associated with our offshore corporate structure.

The tax regulations of the U.S. and other jurisdictions in which we operate are extremely complex and subject to change. New laws, new interpretations of existing laws, such as the Base Erosion Profit Shifting project initiated by the Organization for Economic Co-operation and Development, and any legislation proposed by the relevant taxing authorities, or limitations on our ability to structure our operations and intercompany transactions may lead to inefficient tax treatment of our revenue, profits, royalties, and distributions, if any are achieved. For example, the Biden administration has proposed to increase the U.S. corporate income tax rate from 21%, increase the U.S. taxation of our international business operations and impose a global minimum tax, although the recently enacted Inflation Reduction Act of 2022 omitted to include any of these proposals but included only a minimum tax on certain large corporations and a tax on certain repurchases of stock on the corporations doing those repurchases. Such proposed changes, as well as regulations and legal decisions interpreting and applying these changes, may adversely impact our effective tax rate.

In addition, our foreign subsidiaries and we have various intercompany transactions. We may not be able to obtain certain benefits under relevant tax treaties to avoid double taxation on certain transactions among our subsidiaries. If we are not able to avail ourselves to the tax treaties, we could be subject to additional taxes, which could adversely affect our financial condition and results of operations.

On December 22, 2017, the Tax Cuts and Jobs Act was enacted which instituted various changes to the taxation of multinational corporations. Since inception, various regulations and interpretations have been issued by governing authorities and we continue to examine the impacts to our business, which could potentially have a material adverse effect on our business, results of operations or financial conditions.

Our foreign operations, particularly those in China, are subject to significant risks involving the protection of intellectual property.

We seek to protect the products and technology that we consider important to our business by pursuing patent applications in China and other countries, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. We note that the filing of a patent application does not mean that we will be granted a patent, or that any patent eventually granted will be as broad as requested in the patent application or will be sufficient to protect our technology. There are a number of factors that could cause our patents, if granted, to become invalid or unenforceable or that could cause our patent applications not to be granted, including known or unknown prior art, deficiencies in the patent application, or lack of originality of the technology. Furthermore, the terms of our patents are limited. The patents we hold and the patents that may be granted from our currently pending patent applications have, absent any patent term adjustment or extension, a twenty-year protection period starting from the date of application.

Intellectual property rights and confidentiality protections in China may not be as effective as those in the U.S. or other countries for many reasons, including lack of procedural rules for discovery and evidence, low damage awards, and lack of judicial independence. Implementation and enforcement of China intellectual property laws have historically been deficient and ineffective and may be hampered by corruption and local protectionism. Policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability and validity of our proprietary rights or those of others. The experience and capabilities of China courts in handling intellectual property litigation varies and outcomes are unpredictable. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business.

Uncertainties with respect to the China legal system and regulations could have a material adverse effect on us.

The legal system of China is a civil law system primarily based on written statutes. Our financial condition and results of operations may be adversely affected by government control, perceived government interference and/or changes in tax, cyber and data security, capital investments, cross-border transactions and other regulations that are currently or may in the future be applicable to us. In 2022, Chinese regulators announced regulatory actions aimed at providing China's government with greater oversight over certain sectors of China's economy, including the for-profit education sector and technology platforms that have a quantitatively significant number of users located in China. Although the biotech industry is already highly regulated in China and while there has been no indication to date that such actions or oversight would apply to companies that are similarly situated as us and that are pursuing similar portfolios of drug products and therapies as us, China's government may in the future take regulatory actions that may materially adversely affect the business environment and financial markets in China as they relate to us, our ability to operate our business, our liquidity and our access to capital.

Unlike in a common law system, prior court decisions may be cited for reference but are not binding. Because the China legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. Moreover, decision makers in the China judicial system have significant discretion in interpreting and implementing statutory and contractual terms, which may render it difficult for FibroGen Beijing to enforce the contracts it has entered into with our business partners, customers and suppliers. Different government departments may have different interpretations of certain laws and regulations, and licenses and permits issued or granted by one government authority may be revoked by a higher government authority at a later time. Furthermore, new laws or regulations may be passed, in some cases with little advance notice, that affect the way we or our collaboration partner do business in China (including the manufacture, sale, or distribution of roxadustat in China). Our business may be affected if we rely on laws and regulations that are subsequently adopted or interpreted in a manner different from our understanding of these laws and regulations. Navigating the uncertainty and change in the China legal and regulatory systems will require the devotion of significant resources and time, and there can be no assurance that our contractual and other rights will ultimately be maintained or enforced.

Changes in China's economic, governmental, or social conditions could have a material adverse effect on our business.

Chinese society and the Chinese economy continue to undergo significant change. Changes in the regulatory structure, regulations, and economic policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could adversely affect our ability to conduct business in China. The Chinese government continues to adjust economic policies to promote economic growth. Some of these measures benefit the overall Chinese economy but may also have a negative effect on us. For example, our financial condition and results of operations in China may be adversely affected by government control over capital investments or changes in tax regulations. Recently, Chinese regulators announced regulatory actions aimed at providing China's government with greater oversight over certain sectors of China's economy, including the for-profit education sector and technology platforms that have a quantitatively significant number of users located in China. Although the biotech industry is already highly regulated in China and while there has been no indication to date that such actions or oversight would apply to companies that are similarly situated as us and that are pursuing similar portfolios of drug products and therapies as us, China's government may in the future take regulatory actions that may materially adversely affect the business environment and financial markets in China as they relate to us. As the Chinese pharmaceutical industry grows and evolves, the Chinese government may also implement measures to change the regulatory structure and structure of foreign investment in this industry. We are unable to predict the frequency and scope of such policy changes and structural changes, any of which could materially and adversely affect FibroGen Beijing's development and commercialization timelines, liquidity, access to capital, and its ability to conduct business in China. Any failure on our part to comply with changing government regulations and policies could result in the loss of our ability to develop and commercialize our product candidates in China. In addition, the changing government regulations and policies could result in delays and cost increases to our development, manufacturing, approval, and commercialization timelines in China.

We may be subject to additional Chinese requirements, approvals or permissions in the future.

We are incorporated in the state of Delaware. To operate our general business activities currently conducted in China, each of our Chinese subsidiaries (and our joint venture with AstraZeneca, Falikang) is required to and does obtain a business license from the local counterpart of the State Administration for Market Regulation. Such business licenses list the business activities we are authorized to carry out and we would be noncompliant if we act outside of the scope of business activities set forth under the relevant business license.

Due to China's regulatory framework in general and for the pharmaceutical industry specifically, we are required to apply for and maintain many approvals or permits specific to many of our business activities, including but not limited to manufacturing, distribution, environment protection, workplace safety, cybersecurity, from both national and local government agencies. For example, FibroGen Beijing is required to maintain a Drug Product Production Permit that allows it to manufacture API and roxadustat capsules. Falikang, our joint venture with AstraZeneca, is required to maintain a Drug Product Distribution Permit in order to be able to distribute our drug product roxadustat in China. For certain of our clinical trials conducted in China, we need to obtain, through the clinical sites, permits from the Human Genetic Resources Administration of China to collect samples that include human genetic resources, such as blood samples.

We may also be required to obtain certain approvals from Chinese authorities before transferring certain scientific data abroad or to foreign parties or entities established or actually controlled by them.

None of our subsidiaries or our joint venture in China are required to obtain approval or prior permission from the China Securities Regulatory Commission, Cyberspace Administration of China, or any other Chinese regulatory authority under the Chinese laws and regulations currently in effect to issue securities to our investors. However, the approvals and permits we do have to comply with are numerous and there are uncertainties with respect to the Chinese legal system and changes in laws, regulations and policies, including how those laws and regulations will be interpreted or implemented. For further information, see the risk factor titled "*Uncertainties with respect to the China legal system and regulations could have a material adverse effect on us.*" There can be no assurance that we will not be subject to new or changing requirements, approvals or permissions in the future in order to operate in China.

If we are unable to obtain the necessary approvals or permissions in order to operate our business in China, if we inadvertently conclude that such approvals or permissions are not required, or if we are subject to additional requirements, approvals, or permissions, it could have an adverse effect on our business, financial condition and results of operations, our ability to raise capital and the market price of our common stock.

If the Chinese government determines that our corporate structure does not comply with Chinese regulations, or if Chinese regulations change or are interpreted differently in the future, the value of our common stock may decline.

In July 2021, the Chinese government provided new guidance on China-based companies raising capital outside of China, including through arrangements called variable interest entities. We do not employ a variable interest entity structure for purposes of replicating foreign investment in Chinese-based companies where Chinese law prohibits direct foreign investment. We do not operate in an industry that is currently subject to foreign ownership limitations in China. However, there are uncertainties with respect to the Chinese legal system and there may be changes in laws, regulations and policies, including how those laws and regulations will be interpreted or implemented. For further information, see the risk factor titled "*Uncertainties with respect to the China legal system and regulations could have a material adverse effect on us.*" If in the future the Chinese government determines that our corporate structure does not comply with Chinese regulations, or if Chinese laws or regulations change or are interpreted differently from our understanding of these laws and regulations, the value of our common stock may decline.

Our operations in China subject us to various Chinese labor and social insurance laws, and our failure to comply with such laws may materially and adversely affect our business, financial condition and results of operations.

We are subject to China Labor Contract Law, which provides strong protections for employees and imposes many obligations on employers. The Labor Contract Law places certain restrictions on the circumstances under which employers may terminate labor contracts and require economic compensation to employees upon termination of employment, among other things. In addition, companies operating in China are generally required to contribute to labor union funds and the mandatory social insurance and housing funds. Any failure by us to comply with Chinese labor and social insurance laws may subject us to late fees, fines and penalties, or cause the suspension or termination of our ability to conduct business in China, any of which could have a material and adverse effect on business, results of operations and prospects.

Risks Related to the Operation of Our Business

We have incurred significant losses since our inception and anticipate that we will continue to incur losses for the foreseeable future and may never achieve or sustain profitability. We may require additional financing in order to fund our operations, which may be dilutive to our shareholders, restrict our operations or require us to relinquish rights to our intellectual property or product candidates. If we are unable to raise capital when needed or on acceptable terms, we may be forced to delay, reduce or eliminate our research and development programs and/or our commercialization efforts.*

We are a biopharmaceutical company with two lead product candidates in clinical development, roxadustat for chemotherapy-induced anemia in China, and FG-3246 for metastatic castration-resistant prostate cancer. Most of our revenue generated to date has been based on our collaboration agreements and we have limited commercial drug product sales to date. We continue to incur significant research and development and other expenses related to our ongoing operations. Our net loss for the years ended December 31, 2023, 2022 and 2021 were $284.2 million, $293.7 million and $290.0 million, respectively. As of June 30, 2024, we had an accumulated deficit of $1.9 billion. As of June 30, 2024, we had capital resources from cash and cash equivalents of $140.7 million. In addition, as of June 30, 2024, we had $6.4 million of accounts receivable in our current assets. Despite contractual development and cost coverage commitments from our collaboration partners, AstraZeneca and Astellas, and the potential to receive milestone and other payments from these partners, and despite commercialization efforts for roxadustat for the treatment of anemia caused by chronic kidney disease, we anticipate we will continue to incur losses on an annual basis for the foreseeable future. If we do not successfully develop and continue to obtain regulatory approval for our existing or any future product candidates and effectively manufacture, market and sell the product candidates that are approved, we may never achieve or sustain profitability on a quarterly or annual basis. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' equity (deficit) and working capital. Our failure to become and remain profitable would depress the market price of our common stock and could impair our ability to raise capital, expand our business, diversify our product offerings or continue our operations.

We believe that we will continue to expend substantial resources for the foreseeable future as we continue our operations in China and continue our clinical development efforts on FG-3246. These expenditures will include costs associated with research and development, conducting preclinical trials and clinical trials, obtaining regulatory approvals in various jurisdictions, and manufacturing and supplying products and product candidates for our partners and ourselves. The outcome of any clinical trial and/or regulatory approval process is highly uncertain and we are unable to fully estimate the actual costs necessary to successfully complete the development and regulatory approval process for our compounds in development and any future product candidates. Based on our current operating plan, which contemplates the maintenance of a minimum balance of $30 million of unrestricted cash and cash equivalents held in accounts in the U.S., as required under the debt covenants associated with the senior secured term loan facilities, we believe that our existing cash and cash equivalents and accounts receivable, cash flows from commercial sales and sales of drug product, and expected third-party collaboration revenues will allow us to fund our operating plans through at least 12 months from the date of issuance of these consolidated financial statements. However, we may need additional capital to fund our operations, and our liquidity assumptions may materially differ (including assumptions with respect to our research and development expenses, revenue expectations, contractual obligations, ability to repatriate cash from China, partnering or monetization of assets, and others). Our operating plans or third-party collaborations may change as a result of many factors, including the success of our development and commercialization efforts, operations costs (including manufacturing and regulatory), competition, and other factors that may not currently be known to us, and we therefore may need to seek additional funds sooner than planned, through offerings of public or private securities, debt financing or other sources, such as revenue interest monetization or other structured financing. Future sales of equity or debt securities may result in dilution to stockholders, imposition of debt covenants and repayment obligations, or other restrictions that may adversely affect our business. We may also seek additional capital due to favorable market conditions or strategic considerations even if we currently believe that we have sufficient funds for our current or future operating plans.

Accordingly, we may seek additional funds sooner than planned. Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize any of our product candidates. We cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all or that we will be able to satisfy the performance, financial and other obligations in connection with any such financing. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. We could also be required to seek funds through additional collaborations, partnerships, licensing arrangements with third parties or otherwise at an earlier stage than would be desirable and we may be required to relinquish rights to intellectual property, future revenue streams, research programs, product candidates or to grant licenses on terms that may not be favorable to us, any of which may have a material adverse effect on our business, operating results and prospects.

In addition, the terms of any financing may adversely affect the holdings or the rights of our stockholders. If we raise additional funds by issuing equity securities, dilution to our existing stockholders will result. In addition, as a condition to providing additional funding to us, future investors may demand, and may be granted, rights superior to those of existing stockholders. Moreover, any debt financing, if available, may involve restrictive covenants that could limit our flexibility in conducting future business activities and, in the event of insolvency, would be paid before holders of equity securities received any distribution of corporate assets. For example, in 2022 we entered into a Revenue Interest Financing Agreement (“RIFA”) with an affiliate of NovaQuest Capital Management (“NovaQuest”) and in 2023 we entered into a debt financing agreement with investment funds managed by Morgan Stanley Tactical Value, each of which imposes certain performance and financial obligations on our business. Our ability to satisfy and meet any future debt service obligations will depend upon our future performance, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control.

If we are unable to obtain funding, we could delay, reduce or eliminate research and development programs, product portfolio development or future commercialization efforts which could adversely affect our business prospects.

We may be required to recognize an impairment of our long-lived assets, which could adversely affect our financial performance.

Our long-lived assets group is subject to an impairment assessment at least annually, or when certain triggering events or circumstances indicate that its carrying value may be impaired. Prolonged market declines or other factors negatively impacting the performance of our businesses could adversely affect our evaluation of the recoverability of our long-lived assets. If, as a result of the impairment test, we determine that the fair value of our long-lived asset group is less than its carrying amount, we may incur an impairment charge, which could materially and adversely affect our results of operations or financial position.

Our non-dilutive transactions with Morgan Stanley Tactical Value and NovaQuest could limit cash flow available for our operations, expose us to risks that could adversely affect our business, financial condition and results of operations, and contain various covenants and other provisions, which, if violated, could result in the acceleration of payments due in connection with such transaction or the foreclosure on security interest.

On November 4, 2022, we entered into a $50 million RIFA financing with NovaQuest with respect to our revenues from Astellas' sales of roxadustat in Europe, Japan and the other Astellas territories.

As material inducement for NovaQuest to enter into the RIFA, we granted NovaQuest a security interest over our rights, title and interest in and to the revenue interest payments and intellectual property related to roxadustat and the Astellas territories.

In addition, the RIFA includes customary reporting obligations and events of default by us. Upon the occurrence of an event of default, NovaQuest may exercise all remedies available to it at law or in equity in respect of the security interest.

On April 29, 2023, we entered into a financing agreement ("Financing Agreement") with a $75 million senior secured term loan with investment funds managed by Morgan Stanley Tactical Value, as lenders, and Wilmington Trust, National Association, as the administrative agent.

Our Financing Agreement with Morgan Stanley Tactical Value requires us to maintain a minimum balance of $30 million of unrestricted cash and cash equivalents held in accounts in the U.S. and, while any portion of the term loans or any other obligations under the Financing Agreement remain outstanding, we must comply with certain customary affirmative and negative covenants set forth in the Financing Agreement and related loan documents. The Financing Agreement also provides for customary events of default triggers. Upon an event of default, the administrative agent under the Financing Agreement may, and at the direction of the majority lenders shall, accelerate all of our outstanding obligations under the Financing Agreement and related loan documents, terminate all outstanding funding commitments and/or exercise remedies available at law or equity or under contract for secured creditors. The term loans are secured by substantially all of our and our non-Chinese subsidiaries' assets, subject to customary exceptions.

For additional details about these financing transactions, see Note 6, *Senior Secured Term Loan Facilities* and Note 7, *Liability Related to Sale of Future Revenues*, to the condensed consolidated financial statements.

Our obligations under these financing transactions could have significant negative consequences for our shareholders, and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional non-dilutive financing or enter into collaboration or partnership agreements of a certain size;
- requiring the dedication of a portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business; and
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital.

Our ability to comply with the above covenants may be affected by events beyond our control, and future breaches of any of the covenants could result in a default under the RIFA, the Financing Agreement, or any future financing agreements. If not waived, future defaults could cause all of the outstanding indebtedness under either financing transaction to become immediately due and payable and NovaQuest or Morgan Stanley Tactical Value could seek to enforce their security interest in assets that secure such indebtedness.

To the extent we incur additional debt, the risks described above could increase. A default in one of such agreements could trigger a default in the other. Any of the above risks would negatively impact our ability to operate our business and obtain additional debt or equity financing on favorable terms.

Most of our recent revenue has been earned through our roxadustat collaborations.

If either our Astellas collaboration or our AstraZeneca China collaboration were to be terminated, we could have a sudden decrease of revenue and require significant additional capital in order to help fund our operations. If adequate funds or partners are not available to us on a timely basis or on favorable terms, we may be required to delay, limit, reduce or terminate development or commercialization efforts.

We may encounter difficulties in managing our growth and expanding our operations, successfully.

As we seek to advance our product candidates through clinical trials and commercialization, we will need to expand our development, regulatory, manufacturing, commercialization and administration capabilities or contract with third parties to provide these capabilities for us. As our operations expand, we expect that we will need to increase the responsibilities of management. Our failure to accomplish any of these steps could prevent us from successfully implementing our strategy and maintaining the confidence of investors in us.

Loss of senior management and key personnel could adversely affect our business.

We are highly dependent on members of our senior management team. The loss of the services of any of our senior management could significantly impact the development and commercialization of our products and product candidates and our ability to successfully implement our business strategy.

Recruiting and retaining qualified commercial, development, scientific, clinical, and manufacturing personnel are and will continue to be critical to our success. Furthermore, replacing executive officers and key employees 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 develop, gain regulatory approval of and commercialize product candidates. We may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the intense competition among numerous biopharmaceutical companies for similar personnel.

There is also significant competition, in particular in the San Francisco Bay Area, for the hiring of experienced and qualified personnel, which increases the importance of retention of our existing personnel.

On July 14, 2023 and December 11, 2023, FibroGen approved a reduction to its U.S. workforce of approximately 32% and 7.4% to lower its operating expenses, causing the loss of valuable skills, experience, and productivity. Furthermore, employee turnover and other risks described above may be exacerbated by the restructuring as well as recent stock performance.

If we are unable to continue to attract and retain personnel with the quality and experience applicable to our product candidates, our ability to pursue our strategy will be limited and our business and operations would be adversely affected.

We are exposed to the risks associated with litigation, investigations, regulatory proceedings, and other legal matters, any of which could have a material adverse effect on us.

We are currently and may in the future face legal, administrative and regulatory proceedings, claims, demands, investigations and/or other dispute-related matters involving, among other things, our products, product candidates, or other issues relating to our business as well as allegations of violation of U.S. and foreign laws and regulations relating to intellectual property, competition, securities, consumer protection, and the environment.

For example, we and certain of our current and former executive officers have been named as defendants in a consolidated putative class action lawsuit ("Securities Class Action Litigation") and certain of our current and former executive officers and directors have been named as defendants in several derivative lawsuits ("Derivative Litigation"). The complaint filed in the Securities Class Action Litigation alleges violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements about our Phase 3 clinical studies data and prospects for FDA approval. The complaints filed in the Derivative Litigation asserts claims based on some of the same alleged misstatements and omissions as the Securities Class Action Litigation and seeks, among other things, unspecified damages. We intend to vigorously defend the claims made in the Securities Class Action Litigation and Derivative Litigation; however, the outcome of these matters cannot be predicted, and the claims raised in these lawsuits may result in further legal matters or actions against us, including, but not limited to, government enforcement actions or additional private litigation. In the fourth quarter of 2021, FibroGen received a subpoena from the SEC requesting documents related to roxadustat's pooled cardiovascular safety data. We have been fully cooperating with the SEC's investigation.

Our Board of Directors also received litigation demands from our purported shareholders, asking the Board of Directors to investigate and take action against certain current and former officers and directors of ours for alleged wrongdoing based on the same allegations in the pending derivative and securities class action lawsuits. We may in the future receive such additional demands.

We cannot predict whether any particular legal matter will be resolved favorably or ultimately result in charges or material damages, fines or other penalties, government enforcement actions, bars against serving as an officer or director, or civil or criminal proceedings against us or certain members of our senior management. For additional information regarding our pending litigation and SEC investigation, see Note 10, *Commitments and Contingencies*, to the condensed consolidated financial statements.

Legal proceedings in general, and securities and class action litigation and regulatory investigations in particular, regardless of their merits or their ultimate outcomes, are costly, divert management's attention and may materially adversely affect our business, results of operations, financial condition, prospects, and stock price. In addition, such legal matters could negatively impact our reputation among our customers, collaboration partners or our shareholders. Furthermore, publicity surrounding legal proceedings, including regulatory investigations, even if resolved favorably for us, could result in additional legal proceedings or regulatory investigations, as well as damage to our reputation.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may have to limit commercial operations.

We face an inherent risk of product liability as a result of the clinical testing, manufacturing and commercialization of our product candidates. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in a product, negligence, strict liability or breach of warranty. Claims could also be asserted under state consumer protection acts. If we are unable to obtain insurance coverage at levels that are appropriate to maintain our business and operations, or if we are unable to successfully defend ourselves against product liability claims, we may incur substantial liabilities or otherwise cease operations. Product liability claims may result in:

- termination of further development of unapproved product candidates or significantly reduced demand for any approved products;
- material costs and expenses to defend the related litigation;
- a diversion of time and resources across the entire organization, including our executive management;
- product recalls, product withdrawals or labeling restrictions;
- termination of our collaboration relationships or disputes with our collaboration partners; and
- reputational damage negatively impacting our other product candidates in development.

If we fail to obtain and retain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims, we may not be able to continue to develop our product candidates. We maintain product liability insurance in a customary amount for the stage of development of our product candidates. Although we believe that we have sufficient coverage based on the advice of our third-party advisors, there can be no assurance that such levels will be sufficient for our needs. Moreover, our insurance policies have various exclusions, and we may be in a dispute with our carrier as to the extent and nature of our coverage, including whether we are covered under the applicable product liability policy. If we are not able to ensure coverage or are required to pay substantial amounts to settle or otherwise contest the claims for product liability, our business and operations would be negatively affected.

Our business and operations would suffer in the event of computer system failures.

Despite implementing security measures, our internal computer systems, and those of our CROs, collaboration partners, and other third parties on which we rely, are vulnerable to damage from computer viruses, unauthorized access, natural disasters, fire, terrorism, war and telecommunication and electrical failures. We upgraded our disaster and data recovery capabilities in 2022 and continue to maintain and upgrade these capabilities. However, to the extent that any disruption or security breach, in particular with our partners' operations, results in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and it could result in a material disruption and delay of our drug development programs. For example, the loss of clinical trial data from completed, ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data.

If our information technology systems or data, or those of third parties upon which we rely, are or were compromised by a cybersecurity incident, we could experience adverse consequences resulting from such compromise, including but not limited to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; and other adverse consequences.*

In the ordinary course of our business, we and the third parties upon which we rely process confidential, proprietary, and sensitive data, and, as a result, we and the third parties upon which we rely face a variety of evolving threats, including but not limited to ransomware attacks, which could cause security incidents. Cyber-attacks, malicious internet-based activity, online and offline fraud, and other similar activities threaten the confidentiality, integrity, and availability of our confidential, proprietary, and sensitive data and information technology systems, and those of the third parties upon which we rely. Such threats are prevalent and continue to rise, are increasingly difficult to detect, and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized criminal threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors.

Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our services.

We and the third parties upon which we rely are subject to a variety of evolving cybersecurity threats, including but not limited to social-engineering attacks (including through phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats.

In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, loss of confidential, proprietary, and sensitive data and income, reputational harm, and diversion of funds. While it is possible that extortion payments may alleviate the negative impact of a ransomware attack, we may be unwilling or unable to make such payments.

In addition, our reliance on third-party service providers could introduce new cybersecurity risks and vulnerabilities, including supply-chain attacks, and other threats to our business operations. We rely on third-party service providers and technologies to operate critical business systems to process confidential, proprietary, and sensitive data in a variety of contexts, including, without limitation, CROs, CMOs, cloud-based infrastructure, data center facilities, encryption and authentication technology, employee email, content delivery to customers, and other functions. We also rely on third-party service providers to provide other products, services, parts, or otherwise to operate our business. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. In addition, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties' infrastructure in our supply chain or our third-party partners' supply chains have not been compromised.

Any of the previously identified or similar threats could cause a security incident or other interruption that could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our confidential, proprietary, and sensitive data or our information technology systems, or those of the third parties upon whom we rely. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our services.

We may expend significant resources or modify our business activities to try to protect against security incidents. Additionally, certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures to protect our information technology systems and confidential, proprietary, and sensitive data.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We take steps designated to detect and remediate vulnerabilities, but we may not be able to detect and remediate all vulnerabilities because the threats and techniques used to exploit the vulnerability change frequently and are often sophisticated in nature. Therefore, such vulnerabilities could be exploited but may not be detected until after a security incident has occurred. These vulnerabilities pose material risks to our business. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, such as governmental authorities, partners, and affected individuals, of security incidents. Such disclosures may involve inconsistent requirements and are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences.

If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing confidential, proprietary, and sensitive data (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); delays in our development or other business plans; financial loss; and other similar harms. Security incidents and attendant consequences may cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business.

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

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveal competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Our headquarters are located near known earthquake fault zones.

We and some of the third-party service providers on which we depend for various support functions are vulnerable to damage from catastrophic events, such as power loss, natural disasters, terrorism and similar unforeseen events beyond our control. Our corporate headquarters and other facilities are located in the San Francisco Bay Area, which in the past has experienced severe earthquakes and fires.

After a comprehensive earthquake risk analysis conducted by Marsh Risk, we decided not to purchase earthquake or flood insurance. Based upon (among other factors) the Marsh Risk analysis, the design and construction of our building, the expected potential loss, and the costs and deductibles associated with earthquake and flood insurance, we chose to self-insure. However, earthquakes or other natural disasters could severely disrupt our operations, or have a larger cost than expected, and have a material adverse effect on our business, results of operations, financial condition and prospects.

If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, damaged critical infrastructure, or otherwise disrupted operations, all critical systems and services can be accessible from the disaster recovery site, but it may be difficult or, in certain cases, impossible for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans are in draft and are unlikely to provide adequate protection in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, particularly when taken together with our lack of earthquake insurance, could have a material adverse effect on our business.

Furthermore, integral parties in our supply chain are operating from single sites, increasing their vulnerability to natural disasters or other sudden, unforeseen and severe adverse events. If such an event were to affect our supply chain, it could have a material adverse effect on our business.

Risks Related to Our Common Stock

The market price of our common stock may be highly volatile, and you may not be able to resell your shares at or above your purchase price.*

The market price of our common stock has at times experienced price volatility and may continue to be volatile. For example, during the 12-month period ended June 30, 2024, the closing price of our common stock on The Nasdaq Global Select Market has ranged from $0.38 per share to $2.83 per share. In general, pharmaceutical, biotechnology and other life sciences company stocks have been highly volatile in the current market. The volatility of pharmaceutical, biotechnology and other life sciences company stocks is sometimes unrelated to the operating performance of particular companies, and biotechnology and life science companies' stocks often respond to trends and perceptions rather than financial performance. In particular, the market price of shares of our common stock could be subject to wide fluctuations in response to the following factors:

- results of clinical trials of our product candidates;
- the timing of the release of results of and regulatory updates regarding our clinical trials;
- the level of expenses related to any of our product candidates or clinical development programs;
- results of clinical trials of our competitors' products;
- safety issues with respect to our product candidates or our competitors' products;
- regulatory actions with respect to our product candidates and any approved products or our competitors' products;
- fluctuations in our financial condition and operating results, which will be significantly affected by the manner in which we recognize revenue from the achievement of milestones under our collaboration agreements;
- adverse developments concerning our collaborations and our manufacturers;
- the termination of a collaboration or the inability to establish additional collaborations;
- the inability to obtain adequate product supply for any approved drug product or inability to do so at acceptable prices;
- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- changes in legislation or other regulatory developments affecting our product candidates or our industry;
- fluctuations in the valuation of the biotechnology industry and particular companies perceived by investors to be comparable to us;
- speculation in the press or investment community;
- announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us;
- activities of the government of China, including those related to the pharmaceutical industry as well as industrial policy generally;
- performance of other U.S. publicly traded companies with significant operations in China;
- changes in market conditions for biopharmaceutical stocks; and
- the other factors described in this "*Risk Factors*" section.

As a result of fluctuations caused by these and other factors, comparisons of our operating results across different periods may not be accurate indicators of our future performance. Any fluctuations that we report in the future may differ from the expectations of market analysts and investors, which could cause the price of our common stock to fluctuate significantly. Moreover, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. We are currently subject to such litigation, and it has diverted, and could continue to result in diversions of, our management's attention and resources and it could result in significant expense, monetary damages, penalties or injunctive relief against us. For a description of our pending litigation and SEC investigation, see Note 10, *Commitments and Contingencies*, to the condensed consolidated financial statements.

We may engage in acquisitions that could dilute stockholders and harm our business.

We may, in the future, make acquisitions of or investments in companies that we believe have products or capabilities that are a strategic or commercial fit with our present or future product candidates and business or otherwise offer opportunities for us. In connection with these acquisitions or investments, we may:

- issue stock that would dilute our existing stockholders' percentage of ownership;
- incur debt and assume liabilities; and
- incur amortization expenses related to intangible assets or incur large and immediate write-offs.

We may not be able to complete acquisitions on favorable terms, if at all. If we do complete an acquisition, we cannot assure you that it will ultimately strengthen our competitive position or that it will be viewed positively by customers, financial markets or investors. Furthermore, future acquisitions could pose numerous additional risks to our operations, including:

- problems integrating the purchased business, products or technologies, or employees or other assets of the acquisition target;
- increases to our expenses;
- disclosed or undisclosed liabilities of the acquired asset or company;
- diversion of management's attention from their day-to-day responsibilities;
- reprioritization of our development programs and even cessation of development and commercialization of our current product candidates;
- harm to our operating results or financial condition;
- entrance into markets in which we have limited or no prior experience; and
- potential loss of key employees, particularly those of the acquired entity.

We may not be able to complete any acquisitions or effectively integrate the operations, products or personnel gained through any such acquisition.

Provisions in our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others and may prevent attempts by our stockholders to replace or remove our current directors or management.

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may have the effect of discouraging, delaying or preventing a change in control of us or changes in our management. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, these provisions:

- authorize "blank check" preferred stock, which could be issued by our Board of Directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- create a classified Board of Directors whose members serve staggered three-year terms;
- specify that special meetings of our stockholders can be called only by our Board of Directors pursuant to a resolution adopted by a majority of the total number of directors;
- prohibit stockholder action by written consent;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our Board of Directors;
- provide that our directors may be removed prior to the end of their term only for cause;

- provide that vacancies on our Board of Directors may be filled only by a majority of directors then in office, even though less than a quorum;
- require a supermajority vote of the holders of our common stock or the majority vote of our Board of Directors to amend our bylaws; and
- require a supermajority vote of the holders of our common stock to amend the classification of our Board of Directors into three classes and to amend certain other provisions of our certificate of incorporation.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management.

Moreover, because we are incorporated in Delaware, we are governed by certain anti-takeover provisions under Delaware law which may discourage, delay or prevent someone from acquiring us or merging with us whether or not it is desired by or beneficial to our stockholders. We are subject to the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, our amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Changes in our tax provision or exposure to additional tax liabilities could adversely affect our earnings and financial condition.

As a multinational corporation, we are subject to income taxes in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are intercompany transactions and calculations where the ultimate tax determination is uncertain. Our income tax returns are subject to audits by tax authorities. Although we regularly assess the likelihood of adverse outcomes resulting from these examinations to determine our tax estimates, a final determination of tax audits or tax disputes could have an adverse effect on our results of operations and financial condition.

We are also subject to non-income taxes, such as payroll, withholding, excise, customs and duties, sales, use, value-added, net worth, property, gross receipts, and goods and services taxes in the U.S., state and local, and various foreign jurisdictions. We are subject to audit and assessments by tax authorities with respect to these non-income taxes and the determination of these non-income taxes is subject to varying interpretations arising from the complex nature of tax laws and regulations. Therefore, we may have exposure to additional non-income tax liabilities, which could have an adverse effect on our results of operations and financial condition.

The tax regulations in the U.S. and other jurisdictions in which we operate are extremely complex and subject to change. Changes in tax regulations could have an adverse effect on our results of operations and financial condition.

Tariffs imposed by the U.S. and those imposed in response by other countries could have a material adverse effect on our business.

Changes in U.S. and foreign governments' trade policies have resulted in, and may continue to result in, tariffs on imports into and exports from the U.S. Throughout 2018 and 2019, the U.S. imposed tariffs on imports from several countries, including China. In response, China has proposed and implemented their own tariffs on certain products, which may impact our supply chain and our costs of doing business. If we are impacted by the changing trade relations between the U.S. and China, our business and results of operations may be negatively impacted. Continued diminished trade relations between the U.S. and other countries, including potential reductions in trade with China and others, as well as the continued escalation of tariffs, could have a material adverse effect on our financial performance and results of operations.

Our certificate of incorporation designates courts located in Delaware as the sole forum for certain proceedings, 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, subject to limited exceptions, the Court of Chancery of the State of Delaware is the sole and exclusive forum for the following types of actions or proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated by-laws, or (4) any other action asserting a claim against us that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. While the Delaware courts determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than that designated in the exclusive forum provisions. For example, one of the Derivative Litigation was brought in federal court in California, despite the exclusive forum provision. We are currently moving to dismiss that lawsuit on the basis of improper forum and we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation in any additional litigations that are brought in a venue other than that designated in the exclusive forum provision. 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.

This choice of forum provision 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 such lawsuits against us and our directors, officers and employees. If a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

We do not plan to pay dividends. Capital appreciation will be your sole possible source of gain, which may never occur.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any cash dividends to holders of our common stock in the foreseeable future and investors seeking cash dividends should not purchase our common stock. We plan to retain any earnings to invest in our product candidates and maintain and expand our operations. Therefore, capital appreciation, or an increase in your stock price, which may never occur, may be the only way to realize any return on your investment.

Our business or our share price could be negatively affected as a result of shareholder proposals or actions.

Public companies are facing increasing attention from stakeholders relating to environmental, social and governance matters, including corporate governance, executive compensation, environmental stewardship, social responsibility, and diversity and inclusion. Key stakeholders may advocate for enhanced environmental, social and governance disclosures or policies or may request that we make corporate governance changes or engage in certain corporate actions that we believe are not currently in the best interest of FibroGen or our stockholders. Responding to challenges from stockholders, such as proxy contests or media campaigns, could be costly and time consuming and could have an adverse effect on our reputation, which could have an adverse effect on our business and operational results, and could cause the market price of our common stock to decline or experience volatility.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Rule 10b5-1 Trading Arrangements

None.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of FibroGen, Inc.	8-K	001-36740	3.1	11/21/2014
3.2	Amended and Restated Bylaws of FibroGen, Inc.	S-1/A	333-199069	3.4	10/23/2014
4.1	Form of Common Stock Certificate.	8-K	001-36740	4.1	11/21/2014
4.2	Common Stock Purchase Agreement by and between FibroGen, Inc. and AstraZeneca AB, dated as of October 20, 2014.	S-1/A	333-199069	4.17	10/24/2014
10.1	FibroGen, Inc. 2024 Equity Incentive Plan.	8-K	001-36740	10.1	6/7/2024
10.2*†	First Amended and Restated Evaluation Agreement by and between FibroGen, Inc. and Fortis Therapeutics, Inc., dated June 6, 2024.	—	—	—	—
10.3*†	First Amended and Restated Option Agreement and Plan of Merger by and among FibroGen, Inc., Fortis Therapeutics, Inc. and Shareholder Representative Services LLC, as Sellers' Representative, dated June 6, 2024.	—	—	—	—
10.4*	Form of Restricted Stock Unit Grant Notice and Award Agreement.	—	—	—	—
10.5*	Form of Stock Option Grant Notice and Option Agreement.	—	—	—	—
31.1*	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a).	—	—	—	—
31.2*	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a).	—	—	—	—
32.1*	Certification of Principal Executive Officer and Principal Financial Officer, as required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350)(1)).	—	—	—	—
101.INS	Inline XBRL Instance Document: the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	—	—	—	—
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.	—	—	—	—
104	Cover Page formatted as inline XBRL and contained in Exhibits 101.	—	—	—	—

* Filed herewith.

† Portions of this exhibit (indicated by asterisks) have been omitted as the Company has determined that (i) the omitted information is not material and (ii) the omitted information would likely cause competitive harm if publicly disclosed or is the type of information the Company treats as confidential.

+ Indicates a management contract or compensatory plan.

Table of Contents

SIGNATURES

Pursuant to the requirements 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.

FibroGen, Inc.

Date: August 6, 2024

By: /s/ Thane Wettig
Thane Wettig
Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2024

By: /s/ Juan Graham
Juan Graham
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Exhibit 10.2

FIRST AMENDED AND RESTATED

EVALUATION AGREEMENT

BY AND BETWEEN

FIBROGEN, INC.

AND

FORTIS THERAPEUTICS, INC.

JUNE 6, 2024

FIRST AMENDED AND RESTATED

EVALUATION AGREEMENT

This **First Amended and Restated Evaluation Agreement** (this "Agreement") is entered into as of June 6, 2024 (the "Restatement Effective Date") by and between **FIBROGEN, INC.,** a Delaware corporation, with its principal place of business at 409 Illinois Street, San Francisco, California 94158 ("FibroGen"), and **FORTIS THERAPEUTICS, INC.**, having an address at 11099 North Torrey Pines Road, Suite 290, La Jolla, CA 92037 ("Fortis"). FibroGen and Fortis may be referred to herein individually as a "Party", or collectively as the "Parties".

RECITALS

Whereas, FibroGen and Fortis are parties to an Option Agreement and Plan of Merger dated as of May 5, 2023, as amended and restated concurrently with the amendment and restatement of this Agreement (the "Option and Merger Agreement") pursuant to which Fortis granted to FibroGen an option to consummate the Merger (as defined below), pursuant to the terms of the Option and Merger Agreement;

Whereas, in order to evaluate whether FibroGen will exercise its Option (as defined below), FibroGen and Fortis entered into an evaluation agreement (the "Original Agreement") dated May 5, 2023 (the "Effective Date"), pursuant to which the Parties agreed to conduct certain activities for the development of certain drug candidates, including FOR46, and for the evaluation by FibroGen of existing Fortis assets including the Products, pursuant to the terms and conditions of this Agreement;

Whereas, as of the Effective Date, Fortis and UCSF (as defined below) have entered into the Fourth UCSF Amendment (as defined below) to amend certain terms of the UCSF License (as defined below) as they apply with respect to this Agreement; and

Whereas, the Parties desire to amend and restate the Original Agreement to clarify the Parties' understanding regarding certain data transfer and regulatory obligations of FibroGen by entering into this Agreement, which shall supersede and replace the Original Agreement in its entirety effective upon the Restatement Effective Date.

Now, therefore, in consideration of the foregoing and the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1DEFINITIONS

1.1 "Affiliate" means, with respect to a particular Party, any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Party, wherein "control" means the power to direct or cause the direction of the management or policies of a Party or Person, whether through ownership of more than fifty percent (50%) voting securities of such Party or Person, by contract, by board of director membership or representation, or otherwise. Subject to the foregoing, a Person shall only be deemed an Affiliate of a Party under this Agreement solely for the period it qualifies as an Affiliate under this definition. For purposes hereof, with respect to any investor in Fortis that is an Affiliate of Fortis, the portfolio companies of that investor shall not be deemed to be an Affiliate of Fortis solely by virtue of the fact that Fortis and such other portfolio companies are deemed to be under the common control of such investor.

1.2 "Agreement" is defined in the preamble hereto.

1.3 "Alliance Manager" is defined in Section 3.1(a).

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

1.4 "Applicable Law" means any applicable federal, state, territorial, foreign or local law, common law, statute, ordinance, judicial decision, rule, regulation or code of any Governmental Authority, including, as applicable, the FFDCA, Public Health Service Act (42 U.S.C. § 262 et seq.), U.S. Patent Act (35 U.S.C. §1 et seq.), Federal Civil False Claims Act (31 U.S.C. §3729 et seq.), and the Anti-Kickback Statute (42 U.S.C. §1320a-7b et seq.), all as amended from time to time, together with any rules, regulations, and compliance guidance promulgated thereunder.

1.5 "Assignable Subcontractor Agreement" means an agreement between FibroGen or any of its Affiliates and a Subcontractor that (a) relates solely to the performance of Development Activities under the Study Plan, (b) where the Subcontractor is [*], and (c) [*].

1.6 "Bankruptcy Laws" is defined in Section 11.4(b).

1.7 "BLA" means a Biologics License Application or supplement thereto submitted to FDA under 42 U.S.C. §262 and the regulations promulgated thereunder.

1.8 "Breaching Party" is defined in Section 11.3(a).

1.9 "Business Day" means a day other than Saturday, Sunday or any other day on which commercial banks located in San Francisco or San Diego, California, U.S.A. are authorized or obligated by Applicable Law to close.

1.10"Calendar Quarter" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31, during the Term, or the applicable part thereof during the first or last calendar quarter of the Term.

1.11"Calendar Year" means any calendar year ending on December 31, or the applicable part thereof during the first or last year of the Term.

1.12"CD46 Agent" means any CD46-targeting agents or antibodies Controlled by Fortis [*], as further described in Schedule 1.12.

1.13"CDA" means that certain Mutual Confidential Disclosure Agreement [*] between the Parties.

1.14"CDR" means [*].

1.15"Claim" is defined in Section 13.1.

1.16"Clinical Study Report" means a report containing the results of a Clinical Trial of a pharmaceutical product that is consistent in content and format with Applicable Law and regulatory guidance and with the guidelines of the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH) on Structure and Content of Clinical Study Reports.

1.17"Clinical Trial" means any human clinical study or trial of a pharmaceutical product.

1.18"COI" means COI Pharmaceuticals Inc.

1.19"COI STA Agreement" means that certain Master Services Agreement [*], between STA Pharmaceutical Hong Kong Limited and COI.

1.20"Collaboration Data" is defined in Section 8.3(a).

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

1.21"Collaboration IP" means, collectively, the Collaboration Patent Rights and the Collaboration Know-How.

1.22"Collaboration Know-How" means any Know-How, other than FibroGen Other Collaboration Know-How, that is discovered, developed, invented, created or generated by or on behalf of either Party (including through its Affiliates or Subcontractors), either solely or jointly, in the course of conducting activities under this Agreement or otherwise in the course of the research and use of the Products during the Term.

1.23"Collaboration Patent Right" means any Patent Right that claims any invention included in Collaboration Know-How.

1.24"Commercialize" or "Commercialization" means, with respect to a product, all activities, whether initiated or conducted prior to or following Regulatory Approval for such product, undertaken in support of the promotion, marketing, sale and distribution (including importing, exporting, transporting, customs clearance, warehousing, invoicing, handling and delivering product to customers) of such product, including: (a) sales force efforts, detailing, advertising, marketing and promotional materials, sales and distribution, pricing, contracting managed markets and medical affairs, including publications, medical education, medical information, clinical science liaison activities, investigator initiated sponsored research programs and health economics and outcomes research, (b) the preparation, filing, and maintenance of Regulatory Materials, including the filing of annual updates, but excluding any such activities relating to obtaining the first, and only the first, Regulatory Approval for such product, (c) post-approval Clinical Trials and (d) other similar activities directly relating to such product. "Commercialize" means to engage in Commercialization activities.

1.25"Commercially Reasonable Efforts" means, [*].

1.26"Complaining Party" is defined in Section 12.1(b).

1.27"Complete," "Completed," or "Completion" means, with respect to a Clinical Trial, the point in time at which database lock for such trial has occurred and, if such trial has a statistical analysis plan, the primary endpoint and key safety data (including tables, listings and figures generated based on that database lock) under the statistical analysis plan for such trial are available.

1.28"Confidential Information" means all non-public or proprietary information disclosed by a Party to the other Party under this Agreement, which may include ideas, inventions, discoveries, concepts, compounds, compositions, formulations, formulas, practices, procedures, processes, methods, knowledge, know-how, trade secrets, technology, inventories, machines, techniques, development, designs, drawings, computer programs, skill, experience, documents, apparatus, results, clinical and regulatory strategies, regulatory documentation, information and submissions pertaining to, or made in association with, filings with any Regulatory Authority, data, including pharmacological, toxicological and clinical data, analytical and quality control data, manufacturing data and descriptions, patent and legal data, market data, financial data or descriptions, devices, assays, chemical formulations, specifications, material, product samples and other samples, physical, chemical and biological materials and compounds (including Materials), and the like, without regard as to whether any of the foregoing is marked "confidential" or "proprietary," or disclosed in oral, written, graphic, or electronic form. Confidential Information includes all "Confidential Information" as defined under the CDA between the Parties and disclosed pursuant to the CDA prior to the Effective Date.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

1.29"Control" means, with respect to any Know-How, Patent Right or other intellectual property right, possession (through ownership, exclusive license/sublicense right or otherwise) by a Party, including its Controlled Affiliates, of the ability (without taking into account any rights granted by one Party to the other Party under the terms of this Agreement) to grant access, a license or a sublicense to such Know-How, Patent Right or other intellectual property right without violating the terms of any agreement or other arrangement with, or necessitating the consent of, any Third Party, at such time as the Party would be first required under this Agreement to grant the other Party such access, license or sublicense.

1.30"Controlled Affiliate" means, with respect to a party to this Agreement, any other Person that is controlled (as such term is defined in Section 1.1) by such Party.

1.31"CREATE Act" means the Cooperative Research and Technology Enhancement Act of 2004, 35 U.S.C. § 103(c)(2)-(c)(3).

1.32"Cure Period" is defined in Section 11.3(a).

1.33"Development" means, with respect to a product, all non-clinical and clinical drug development activities, including research, discovery, toxicology, pharmacology, and other non-clinical efforts, statistical analysis, formulation development, delivery system development, manufacturing development, statistical analysis, the performance of Clinical Trials, including the Manufacturing of such product for use in the Clinical Trials, or other activities reasonably necessary in order to obtain, but not maintain, Regulatory Approval of such product. "Development" will exclude all Commercialization activities. When used as a verb, "Develop" means to engage in Development activities.

1.34"Development Activities" is defined in Section 5.1.

1.35"Development Costs" is defined in Section 11.6(b).

1.36"Development Fee Schedule" is defined in Section 7.1.

1.37"Development Fees" is defined in Section 7.1.

1.38"Development Force Majeure Event" means a Force Majeure Event causing the failure or delay in the achievement of any Development Activities under the Study Plan or any related, Manufacturing activities that are reasonably necessary, based on the design of the then-current Study Plan, (i) [*], or (ii) [*].

1.39"Disclosing Party" is defined in Section 10.1.

1.40"Dispute Notice" is defined in Section 12.1(b).

1.41"Dispute(s)" is defined in Section 12.1(a).

1.42"Effective Date" is defined in the recitals hereto.

1.43"EMA" means the European Medicines Agency or any successor agency or authority having substantially the same function.

1.44"EOP1 Meeting" means a Type B meeting with the FDA [*], to review the data from such Phase 1 Clinical Trial and reach agreement on plans for Phase 2 Clinical Trials program.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

1.45"EOP2 Meeting" means a Type B meeting with the FDA [*], to evaluate the plans for the Phase 3 Clinical Trial program and protocols, and to identify any additional information necessary to support a marketing application for the uses under investigation.

1.46"EU" means all of the European Union member states as of the applicable time during the Term.

1.47"Evaluation Activities" is defined in Section 5.1.

1.48"Executive Officers" is defined in Section 12.1(b).

1.49"Existing Inventory" is defined in Section 5.10(a).

1.50"Exploit" or "Exploitation" means to research, make, have made, distribute, import, export, use, have used, sell, have sold, or offer for sale, including to Develop, Commercialize, register, modify, enhance, improve, Manufacture, have Manufactured or otherwise dispose of.

1.51"FDA" means the U.S. Food and Drug Administration, or any successor agency thereto.

1.52"FFDCA" means the United States Federal Food, Drug, and Cosmetic Act, as amended.

1.53"FibroGen" is defined in the preamble hereto.

1.54"FibroGen Background IP" means, collectively, the FibroGen Background Patent Rights and the FibroGen Background Know-How.

1.55"FibroGen Background Know-How" means any Know-How, excluding all FibroGen Other Collaboration Know-How and Collaboration Know-How, that is Controlled by FibroGen on the Effective Date or that comes into the Control of FibroGen during the Term (other than through the grant of a license by Fortis under this Agreement) independent of its activities under this Agreement.

1.56"FibroGen Background Patent Right" means any Patent Right, excluding all FibroGen Other Collaboration Patent Rights and Collaboration Patent Rights, that is Controlled by FibroGen on the Effective Date or that comes into the Control of FibroGen during the Term (other than through the grant of a license by Fortis) independent of its activities under this Agreement.

1.57"FibroGen Clinical Studies" means (a) a Phase 2 Clinical Trial or any portion of the Phase 2/3 Clinical Trial of a Product that is a PET-driven mCRPC study investigating FOR46 and PET46, and (b) a Phase 1b Clinical Trial that is a tumor expansion study investigating FOR46.

1.58"FibroGen Indemnitee" is defined in Section 13.2.

1.59"FibroGen Other Collaboration Data" is defined in Section 8.3(b).

1.60"FibroGen Other Collaboration IP" means, collectively, the FibroGen Other Collaboration Patent Rights and the FibroGen Other Collaboration Know-How.

1.61"FibroGen Other Collaboration Know-How" means any Know-How that (a) is discovered, developed, invented, created or generated solely by or on behalf of FibroGen (including through its Affiliates or Subcontractors) in the course of conducting activities under this Agreement or otherwise in the course of the research and use of the Products during the Term, and (b) is not [*] related to any of the Products or Modified Products.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

1.62"FibroGen Other Collaboration Patent Right" means any Patent Right that claims any invention included in FibroGen Other Collaboration Know-How.

1.63"Field" means all fields.

1.64"FOR46" means a CD46-targeting antibody drug conjugate Controlled by Fortis, as further described in Schedule 1.64.

1.65"Force Majeure Event" means act of God, plague, pandemic or any escalation or worsening or subsequent waves thereof, epidemic, hurricane, tornado, tsunami, flood, volcanic eruption, earthquake, nuclear incident, war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest, national or regional emergency or other natural or man-made disaster, or similar event or condition beyond the reasonable control, and not the result of the fault or negligence, of the affected Party or Person and such Party had been unable to overcome such act or event with the exercise of due diligence.

1.66"Fortis" is defined in the preamble hereto.

1.67"Fortis Additional Product Requirement" is defined in Section 5.10(a).

1.68"Fortis Background IP" means, collectively, the Fortis Background Patent Rights and the Fortis Background Know-How.

1.69"Fortis Background Know-How" means any Know-How, other than Collaboration Know-How, that is Controlled by Fortis on the Effective Date or that comes into the Control of Fortis during the Term (other than through the grant of a license by FibroGen under this Agreement) independent of its activities under this Agreement.

1.70"Fortis Background Patent Right" means any Patent Right, other than a Collaboration Patent Right, that (a) is Controlled by Fortis on the Effective Date or that comes into the Control of Fortis during the Term (other than through the grant of a license by FibroGen under this Agreement) independent of its activities under this Agreement.

1.71"Fortis Clinical Studies" means (a) NCT03575819, a Phase 1 Study of FOR46 in Patients with Metastatic Castration Resistant Prostate Cancer (mCRPC) (also known as FOR46-001), (b) NCT05011188, FOR46 in Combination with Enzalutamide in Patients with Metastatic Castration Resistant Prostate Cancer, and (c) NCT05245006, PET Imaging Study of 89Zr-DFO-YS5 ("PET Technical Study") (each of (b) and (c), a "UCSF Study").

1.72"Fortis Development Activities" is defined in Section 11.6(a).

1.73"Fortis Indemnitee" is defined in Section 13.1.

1.74"Fortis In-License" means each license agreement set forth in Schedule 1.74.

1.75"Fortis IP" means, collectively, the Fortis Know-How and the Fortis Patent Rights.

1.76"Fortis Know-How" means, collectively, the Fortis Background Know-How and the Collaboration Know-How.

1.77[*].

1.78"Fortis IP Infringement" is defined in Section 8.7(a).

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1.79"Fortis IP Infringement Action" is defined in Section 8.7(b)(i).

1.80"Fortis Patent Enforcing Party" is defined in Section 8.7(b)(ii).

1.81"Fortis Patent Non-Enforcing Party" is defined in Section 8.7(b)(ii).

1.82"Fortis Patent Rights" means, collectively, the Fortis Background Patent Rights and the Collaboration Patent Rights.

1.83"Fourth UCSF Amendment" is defined in Section 1.142.

1.84"FTE" means, with respect to a Party and the performance of an activity, the work carried out by one or more qualified employees, contractors or consultants of such Party or its Affiliates devoted to or in direct support of such activity, where the work of an FTE shall be considered full-time based on [*] and, in the case of work that is less than full-time, will be pro-rated based on the actual number of hours expended by such FTE.

1.85"FTE Cost" means, with respect to a Party and the performance of an activity, the amount calculated by multiplying the FTE Rate by the number of FTEs expended by such Party or its Affiliates over the course of such activity.

1.86"FTE Rate" means a rate of [*] per full-time FTE per Calendar Year; provided that such rate shall be increased or decreased [*], or an alternative methodology that is mutually agreed to by both Parties.

1.87"Good Clinical Practices," "GCP" or "cGCP" means, with respect to any applicable jurisdiction, the then-current standards, practices and procedures for clinical trials for pharmaceuticals promulgated or endorsed by the applicable Regulatory Authority in such jurisdiction as set forth in the Applicable Laws of such jurisdiction, including, with respect to the United States, 21 C.F.R. Parts 11, 50, 54, 56 and 312, the guidelines titled "Guidance for Industry E6 Good Clinical Practice: Consolidated Guidance" and related regulatory requirements imposed by the FDA, and with respect to jurisdictions outside the United States, comparable regulatory standards, practices and procedures promulgated by the EMA, PMDA or other Regulatory Authority, as applicable, including any applicable quality guidelines promulgated under the International Conference on Harmonization ("ICH"), in each case as they may be updated from time to time.

1.88"Good Laboratory Practices," "GLP" or "cGLP" means, with respect to any applicable jurisdiction, the then-current standards, practices and procedures for laboratory activities for pharmaceuticals promulgated or endorsed by the applicable Regulatory Authority in such jurisdiction as set forth in the Applicable Laws of such jurisdiction, including, with respect to the United States, 21 C.F.R. Part 58 and related regulatory requirements imposed by the FDA, and with respect to jurisdictions outside the United States, comparable regulatory standards, practices and procedures promulgated by the EMA, PMDA or other Regulatory Authority, as applicable, including any applicable quality guidelines promulgated under the ICH, in each case as they may be updated from time to time.

1.89"Good Manufacturing Practices," "GMP" or "cGMP" means, with respect to any applicable jurisdiction, the then-current good manufacturing practices for the methods to be used in, and the facilities or controls to be used for, the manufacture, processing, packing, and holding pharmaceutical materials required by the applicable Regulatory Authority in such jurisdiction as set forth in the Applicable Laws of such jurisdiction, including, with respect to the United States, 21 C.F.R. Parts 210 and 211 and related regulatory requirements imposed by the FDA and with respect to applicable jurisdictions outside the United States, the guidelines promulgated by the ICH designated ICH Q7A, titled "Q7A Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients" and the regulations promulgated thereunder, in each case as they may be updated from time to time.

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1.90"Governmental Authority" means any instrumentality, subdivision, court, administrative agency, commission, official or other authority of any country, state, province, prefect, municipality, locality or other government or political subdivision thereof, or any multinational organization or authority, or any quasi-governmental, private body or arbitral body exercising any executive, legislative, judicial, quasi-judicial, regulatory, taxing, importing, administrative or other governmental or quasi-governmental authority.

1.91"ICH" is defined in Section 1.87.

1.92"IND" means an Investigational New Drug application as defined in the FFDCA, as amended, and applicable regulations promulgated hereunder by the FDA, or a clinical trial authorization application for a product filed with a Regulatory Authority in any other regulatory jurisdiction outside the United States, the filing of which is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.93"Indemnifying Party" is defined in Section 13.4(a).

1.94"Indemnitee" is defined in Section 13.4(a).

1.95"Indirect Tax" is defined in Section 7.4(f).

1.96"Joint Steering Committee" and "JSC" is defined in Section 3.2(a).

1.97"Judgment" means any writ, judgment, injunction, order, decree, stipulation determination or award entered by or with any Governmental Authority.

1.98"Know-How" means information (including confidential information), know-how, inventions, discoveries, compositions, formulations, formulas, practices, procedures, processes, methods, knowledge, trade secrets, technology, techniques, designs, drawings, correspondence, computer programs, documents, apparatus, results, strategies, regulatory documentation, correspondence and submissions, and information pertaining to, or made in association with, filings with any Regulatory Authority or patent office, data (including pharmacological, toxicological, non-clinical, pre-clinical and clinical data, analytical and quality control data, manufacturing data and descriptions, market data, financial data or descriptions), devices, assays, specifications, physical, chemical and biological materials and compounds, and the like, in written, electronic, oral or other tangible or intangible form, now known or hereafter developed, whether or not patentable.

1.99"Losses" is defined in Section 13.1.

1.100"Manufacture" means, with respect to a product, all activities related to the manufacturing of such product, or any ingredient or component thereof, including manufacturing of finished product for Development and Commercialization, labeling, packaging, in-process and finished product testing, release of product or any component or ingredient thereof, quality assurance activities related to manufacturing and release of product, ongoing stability tests and regulatory activities to perform any of the foregoing activities.

1.101"Materials" means all biological materials or chemical compounds provided by a Party for use by the other Party to conduct activities pursuant to this Agreement, including Products, Clinical Trial samples, cell lines, compounds, lipids and assays so provided.

1.102"Merger" means the merger contemplated in the Option and Merger Agreement.

1.103"Modified Product" means [*].

1.104"Non-Breaching Party" is defined in Section 11.3(a).

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1.105"Ongoing Clinical Study" is defined in Section 11.7(e).

1.106"Ongoing Clinical Study Payment" means, with respect to an Ongoing Clinical Study, an amount equal to (a) [*], including for clarity, all payments paid or accrued under Assignable Subcontractor Agreements and other agreements in connection with such Ongoing Clinical Study, *multiplied by* (b) [*].

1.107"Option" is defined in the Option and Merger Agreement.

1.108"Option and Merger Agreement" is defined in the recitals hereto.

1.109"Option Exercise Deadline" means the date that is [*] the Option Exercise Deadline may be extended to such date as is mutually agreed in writing by FibroGen and Fortis in each Party's sole discretion.

1.110"Original Agreement" is defined in the preamble hereto.

1.111"Outside Date" is defined in Section 1.109.

1.112"Party" and "Parties" is defined in the preamble hereto.

1.113"Patent Rights" means any and all (a) issued patents, (b) pending patent applications, including all provisional applications, substitutions, continuations, continuations-in-part, divisions and renewals, and all patents granted thereon, (c) patents-of-addition, reissues, reexaminations and extensions or restorations by existing or future extension or restoration mechanisms, including patent term adjustments, Patent Term Extensions, supplementary protection certificates or the equivalent thereof, (d) inventor's certificates, (e) other forms of government-issued rights substantially similar to any of the foregoing and (f) United States and foreign counterparts of any of the foregoing.

1.114"Patent Term Extension" means any term extensions, supplementary protection certificates and equivalents thereof offering patent protection beyond the initial term with respect to any issued patents.

1.115"Person" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a Governmental Authority.

1.116"PET Technical Study" is defined in Section 1.71.

1.117"PET46" means a CD46-targeting PET agent Controlled by Fortis, as further described in Schedule 1.117.

1.118"Phase 1 Clinical Trial" means any Clinical Trial as described in 21 C.F.R. §312.21(a) (as amended or any successor regulation thereto), or, with respect to a jurisdiction other than the United States, a similar Clinical Trial, that generally provides for the first introduction into humans of a pharmaceutical product with the primary purpose of determining safety, metabolism and pharmacokinetic properties and clinical pharmacology of such product, in a manner that is generally consistent with 21 CFR § 312.21(a).

1.119"Phase 1b Clinical Trial" means any Phase 1 Clinical Trial that includes criteria analyzing pharmacodynamics and clinical effect.

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1.120"Phase 2 Clinical Trial" means any Clinical Trial as described in 21 C.F.R. §312.21(b) (as amended or any successor regulation thereto), or, with respect to a jurisdiction other than the United States, a similar Clinical Trial, the principal purpose of which is to make a preliminary determination as to whether a pharmaceutical product is safe for its intended use and to obtain sufficient information about such product's efficacy, in a manner that is generally consistent with 21 CFR § 312.21(b), to permit the design of further Clinical Trials.

1.121"Phase 2 Data Submission Date" is defined in Section 1.109.

1.122"Phase 3 Clinical Trial" means any Clinical Trial as described in 21 C.F.R. §312.21(c) (as amended or any successor regulation thereto), or, with respect to a jurisdiction other than the United States, a similar Clinical Trial. For clarity, for purposes of this Agreement, where the data from Phase 2 Clinical Trials serves as the basis for obtaining Regulatory Approval for a Product, such Phase 2 Clinical Trials will not be deemed a Phase 3 Clinical Trial for purposes of this Agreement.

1.123"PMDA" means Japan's Pharmaceuticals and Medical Devices Agency and any successor agency(ies) or authority having substantially the same function.

1.124"Product" means any product containing, constituting or incorporating one or more of the following: (i) FOR46, (ii) CD46 Agent(s), or (iii) PET46.

1.125"Receiving Party" is defined in Section 10.1.

1.126"Regulatory Approval" means, with respect to a given product, all technical, medical and scientific licenses, registrations, authorizations and approvals (including approvals of BLAs, supplements and amendments, pre- and post- approvals, and labeling approvals) of any Regulatory Authority in a particular jurisdiction that is necessary for the Commercialization of such product in such jurisdiction in accordance with Applicable Laws.

1.127"Regulatory Authority" means any applicable Governmental Authority involved in granting Regulatory Approval in a country or jurisdiction, including, in the United States, the FDA and any other applicable Governmental Authority in the United States having jurisdiction over any product; in the EU, the EMA or any competent Governmental Authority in the EU; in Japan, the PMDA; and any other applicable Governmental Authority having jurisdiction over products.

1.128"Regulatory Materials" means regulatory applications, submissions, notifications, registrations, Regulatory Approvals or other submissions, including any written correspondence or meeting minutes, made to, made with, or received from a Regulatory Authority relating to any Product in a particular country or jurisdiction. Regulatory Materials include INDs and drug approval applications for any product, and amendments and supplements for any of the foregoing.

1.129"Response" is defined in Section 12.1(b).

1.130"Responsible Party" is defined in Section 6.1.

1.131"Restatement Effective Date" is defined in the preamble hereto.

1.132"Safety Data Exchange Agreement" is defined in Section 6.3.

1.133"Study Plan" is defined in Section 5.1.

1.134"Subcontractor" is defined in Section 5.5.

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1.135"Term" is defined in Section 11.1.

1.136"Territory" means worldwide.

1.137"TFL" means, with respect to a Clinical Trial, the tables, figures and listings for each Clinical Study Report for such Clinical Trial.

1.138"Third Party" means a Person other than Fortis, FibroGen and their respective Affiliates.

1.139"Third Party Source" is defined in Section 5.10(b).

1.140"Transfer Costs" is defined in Section 11.6(b).

1.141"UCSF" means The Regents of the University of California.

1.142"UCSF License" means [*] (the "Fourth UCSF Amendment").

1.143"UCSF Data Use Agreement" means [*].

1.144"UCSF Study" is defined in Section 1.71.

1.145"United States" means the United States of America, its territories and possessions, including Puerto Rico.

1.146"Upstream Payments" is defined in Section 7.3.

1.147"Virtual Data Room" means the electronic data room made available by Fortis to FibroGen through Microsoft SharePoint in connection with the negotiation of this Agreement, as constituted on or prior to the Effective Date.

1.148"Withholding Tax Action" is defined in Section 7.4(e).

1.149"YS5" or "YS5FL" means [*].

ARTICLE 2OVERVIEW OF COLLABORATION

Under this Agreement, (a) the Parties will collaborate for the purpose of the Development of FOR46 [*], and (b) FibroGen will conduct certain evaluation and exploratory research activities with respect to the Products to determine whether FibroGen will exercise the Option pursuant to and in accordance with the Option and Merger Agreement, in each case ((a) and (b)), through the performance of activities set forth in the Study Plan.

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ARTICLE 3GOVERNANCE

3.1.**Alliance Managers**.

(a) **Appointment**. Each Party will appoint a representative of such Party to act as its alliance manager under this Agreement (each, an "Alliance Manager"). Each Party will notify the other of its Alliance Manager within [*]. Each Party may replace its Alliance Manager at any time upon notice to the other Party.

(b) **Specific Responsibilities**. Unless the Parties otherwise agree, the Alliance Managers will attend meetings of the JSC. The Alliance Managers will serve as the primary contact point between the Parties for the purpose of providing each Party with information regarding the other Parties' activities pursuant to this Agreement and will have the following responsibilities:

(i) schedule meetings of the JSC and circulate draft written minutes as provided in Section 3.2(c)(ii);

(ii) facilitate the flow of information and otherwise promote communication, coordination and collaboration between the Parties;

(iii) provide a forum of communication between the Parties regarding activities under this Agreement; and

(iv) perform such other functions as requested by the JSC.

3.2.**Joint Steering Committee**.

(a) **Formation**. Within [*], Fortis and FibroGen will establish a joint steering committee (the "Joint Steering Committee" or "JSC") to oversee and coordinate activities under the Study Plan. The JSC will be comprised of [*] representatives from each of Fortis and FibroGen, which representatives will have the appropriate experience, expertise and seniority to enable them to fulfill the JSC's responsibilities hereunder. In addition, each of Fortis and FibroGen may invite a reasonable number of additional representatives to participate in discussions and meetings of the JSC solely in non-voting capacities. From time to time each Party may replace its JSC representatives by written notice to the other Party specifying the prior representative(s) and their replacement(s). Each Party's representatives on a JSC and all other individuals participating in discussions and meetings of the JSC on behalf of a Party will be subject to confidentiality and non-use obligations with respect to information disclosed at such meetings that are no less restrictive than the provisions of Article 10. The JSC will conduct its responsibilities hereunder in good faith and with reasonable care and diligence. The purpose of the JSC will be to provide its members periodic updates regarding the progress of activities pursuant to the Study Plan and to address the matters set forth in Section 3.2(b).

(b) **Responsibilities**. The JSC will be responsible for:

(i) overseeing the conduct, progress, and direction of the Study Plan activities;

(ii) reviewing and discussing results of the Study Plan activities;

(iii) reviewing and discussing regulatory matters concerning the Products;

(iv) overseeing the transfers of Know-How and Materials required under Section 5.8 and Section 5.9;

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(v) reviewing and approving amendments to the Study Plan; and

(vi) performing such other duties as are specifically assigned to the JSC under this Agreement.

(c) Meetings; Minutes.

(i) The JSC will meet (with videoconferencing or teleconferencing being sufficient) [*] on such dates and at such times and places as agreed to by the members of the JSC. Each Party will be responsible for its own expenses relating to attendance at, or participation in, JSC meetings.

(ii) The FibroGen Alliance Manager will provide the members of the JSC with draft written minutes for approval from each meeting [*] after each such meeting. If the minutes of any meeting of the JSC are not approved by the JSC (with each Party's representatives on the JSC [*]) [*] after the meeting, the objecting Party will append a notice of objection with the specific details of the objection to the proposed minutes, and the Parties shall agree on the final minutes [*].

(d) **Decision-Making**. Each Party's representatives on the JSC will [*] on all matters within the scope of the JSC's responsibilities. The JSC's members will use [*] to reach agreement on any and all JSC matters. If the JSC is unable to reach consensus with respect to a particular matter for which it is responsible within [*] after the matter is first presented to the JSC, then, at either Party's request, the matter will be escalated for consideration by Executive Officers pursuant to Section 12.1(b). If Executive Officers do not reach mutual agreement with respect to such matter within [*], then the matter will be decided in accordance with the following:

(i) [*];

(ii) subject to clause (i) above, [*]; and

(iii) subject to clause (i) and clause (ii) above, [*];

provided that, in each case ((ii) and (iii)), notwithstanding anything to the contrary set forth in this Agreement, neither Party will have the authority to make any final decision that: (1) [*]; or (2) would reasonably be expected to require the other Party to take any action that the other Party reasonably believes would require the other Party to (x) violate any Applicable Law, including the requirements of any Regulatory Authority, (y) breach or otherwise violate any agreement with any Third Party entered into by the other Party (including, with respect to Fortis, the UCSF License), or (z) infringe or misappropriate any intellectual property rights of any Third Party.

In addition, and notwithstanding anything to the contrary in this Agreement, the JSC will not have the right to decide matters that are not expressly within the authority of the JSC, including the right to resolve disputes involving the breach or alleged breach of diligence obligations (which will be instead resolved in accordance with Article 12), modifications to final decision-making rights of the JSC, or amendments to this Agreement (other than amendments to the Study Plan in accordance with this Agreement).

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ARTICLE 4LICENSE GRANTS; EXCLUSIVITY

4.1.**Licenses**.

(a) **FibroGen Research and Development License**. Subject to the terms and conditions of this Agreement, Fortis will grant and hereby grants to FibroGen an exclusive, non-sublicensable (except to Affiliates and Subcontractors, and to Fortis as set forth below), non-transferable (except in compliance with Section 14.4), worldwide, irrevocable during the term of this Agreement (except as expressly set forth in Article 11) license under the Fortis Background IP and Collaboration IP to perform Development Activities allocated to FibroGen under the Study Plan, and to perform Evaluation Activities in the Field in the Territory during the Term and to otherwise perform FibroGen's obligations under this Agreement. For clarity, the foregoing license expressly excludes the right for FibroGen to file for Regulatory Approval for any of the Products or Modified Products, and any right to Commercialize any of the Products or Modified Products.

(b) **Fortis Research and Development License**. Subject to the terms and conditions of this Agreement, FibroGen will grant and hereby grants to Fortis a non-exclusive, non-sublicensable (except to Subcontractors), non-transferable (except in compliance with Section 14.4), worldwide, irrevocable during the term of this Agreement (except as expressly set forth in Article 11), (i) license under the FibroGen Other Collaboration IP, and (ii) sublicense back under the Fortis Background IP and Collaboration IP (which are exclusively licensed to FibroGen under clause (a) above), in each case ((i) and (ii)), solely as necessary to perform Development Activities allocated to Fortis under the Study Plan in the Field in the Territory during the Term and to otherwise perform Fortis's obligations under this Agreement.

(c) **No Implied Licenses**. No license or other right is or will be created or granted hereunder by implication, estoppel, or otherwise. All licenses and rights are or will be granted only as expressly provided in this Agreement. All rights not expressly granted by FibroGen or Fortis to the other Party under this Agreement are reserved and may not be used by the other Party for any purpose.

4.2.**Fortis In-Licenses**. Notwithstanding anything to the contrary in this Agreement, FibroGen acknowledges and agrees that the rights, licenses, and sublicenses granted by Fortis to FibroGen in this Agreement (including any right to sublicense) are subject to the terms and conditions of the Fortis In-Licenses, and the rights granted to Third Parties thereunder, the scope of the licenses granted to Fortis thereunder and the rights retained by such Third Parties and any other Third Parties (including Governmental Authorities) set forth therein. FibroGen agrees to comply with the terms and conditions of the provisions of the Fortis In-Licenses that are applicable to FibroGen as a sublicensee, with respect to sublicenses granted by Fortis to FibroGen under Section 4.1(a) under such Fortis In-Licenses. FibroGen shall not take or omit to take any action, or permit its Affiliates or Subcontractors to take or omit to take any action, that could be construed as a violation of such applicable terms and conditions under any such Fortis In-License. [*] For clarity, any such material breach under the UCSF License shall be deemed a material breach of this Agreement by the Party causing such material breach. FibroGen shall [*] provide to Fortis all necessary information in FibroGen's possession relating to FibroGen's performance as a sublicensee of Fortis under the Fortis In-Licenses for Fortis to comply with its obligations thereunder.

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ARTICLE 5RESEARCH, DEVELOPMENT, MANUFACTURE

5.1.**Study Plan**. During the Term, FibroGen and Fortis will conduct the collaboration activities in accordance with a study plan ("Study Plan"). The Study Plan will include and be limited to (a) research, CMC, non-clinical development, clinical development, and regulatory activities to be conducted by each Party in support of Development of the Products to achieve the objectives in Article 2 (such activities in the Study Plan, "Development Activities") and (b) other research and development activities to evaluate the Products and derivatives of the Products (including Modified Products) that FibroGen elects to perform (such activities in the Study Plan, the "Evaluation Activities"), and (c) the allocation of responsibility, as between the Parties, and any timelines with respect to the activities in clause (a) and (b). The current Study Plan is attached hereto as Exhibit A. The Parties will only be permitted to perform Development activities with respect to the Products and Modified Products to the extent included in or otherwise described within the Study Plan. Either Party may submit proposed amendments to the Study Plan from time to time for review and approval by the JSC, and will be effective [*] and incorporated into this Agreement.

5.2.**Performance of Development Activities**. Each Party will perform the Development Activities for which such Party is responsible under the Study Plan and will use Commercially Reasonable Efforts to perform such activities in accordance with the timelines set forth therein; provided that Fortis's performance of its Development Activities will be subject to FibroGen's compliance with its funding obligations with respect to the Development Fees. Each Party will use Commercially Reasonable Efforts to cooperate with the other Party in carrying out the Development Activities in accordance with the Study Plan. Each Party will, and will require its Affiliates and Subcontractors to, comply with all Applicable Laws in its and their conduct of the Development Activities under the Study Plan, including where appropriate GMP, GCP and GLP (or similar standards). [*]. [*].

5.3.**Performance of Evaluation Activities**. The Evaluation Activities set forth in the Study Plan are discretionary and FibroGen will have the right, but not the obligation, to perform any of the Evaluation Activities described in the Study Plan; provided that, for clarity, FibroGen will only be permitted to perform Evaluation activities with respect to the Products and Modified Products during the Term to the extent described in the Study Plan. Upon request by FibroGen, Fortis will reasonably cooperate with FibroGen as necessary or useful in connection with FibroGen's performance of the Evaluation Activities, [*]. FibroGen will, and will require its Affiliates and Subcontractors to, comply with all Applicable Laws in its and their conduct of the Evaluation Activities under the Study Plan, including where appropriate GMP, GCP and GLP (or similar standards).

5.4.**Deliverables.** The Study Plan will set forth the deliverables to be provided by each Party in connection with the Development Activities**.** Without limiting the foregoing, with respect to each Fortis Clinical Study other than the UCSF Studies, Fortis will (a) provide to FibroGen all data (including all raw data), results, analyses and TFLs as soon as reasonably practicable after Fortis's receipt thereof [*], and (b) use [*]. With respect to the UCSF Studies, Fortis will provide to FibroGen all data, results, TFLs and Clinical Study Reports received from UCSF pursuant to the applicable agreement with UCSF relating to the UCSF Study [*], and will [*] to cause UCSF to provide such data, results, TFLs and Clinical Study Reports [*], and consistent with UCSF's obligation to provide such data, TFLs and Clinical Study Reports under the applicable agreement with UCSF. Without limiting the first sentence of this Section 5.4, with respect to any FibroGen Clinical Studies, FibroGen will (a) provide to Fortis all data (including all raw data), results, analyses and TFLs [*], and (b) use [*].

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5.5.**Subcontractors**. Each Party may engage consultants, subcontractors or other vendors to perform activities under a Study Plan (each, a "Subcontractor"), provided that (a) Fortis will obtain FibroGen's written consent prior to engaging any Subcontractor that is not identified in the then-current Study Plan as performing such activities, provided that all Subcontractors of Fortis [*], as set forth in Schedule 5.5, [*]; and (b) [*]. Each Party will ensure that it enters a written agreement with its Subcontractor that (i) is consistent with the provisions of this Agreement, including confidentiality and non-use obligations with respect to Confidential Information that are no less restrictive than the provisions of Article 10 and intellectual property ownership provisions consistent with Article 8, and (ii) does not [*]. FibroGen shall [*] and, subject to Section 11.7(d) and Section 11.7(e), such provision does not [*]. Each Party will be responsible for the effective and timely management of and payment of its Subcontractors. The engagement of any Subcontractor in compliance with this Section 5.5 will not relieve the applicable Party of its obligations under this Agreement or the Study Plan and except as expressly provided in this Agreement, [*].

5.6.**Records**. Each Party will maintain, and cause its Affiliates and Subcontractors to maintain, records of its Development Activities and Evaluation Activities under the Study Plan in sufficient detail and in good scientific manner appropriate for scientific, patent and regulatory purposes, which will be complete and accurate in all material respects and will fully and properly reflect all work done, data and developments made, and results achieved.

5.7.**Progress Updates**. [*] each Party will present an update to the JSC at each meeting of the JSC, on such Party's progress under the Study Plan with respect to the performance of the Development Activities and Evaluation Activities [*], including a summary of any results and data generated by such Party under the Study Plan [*].

5.8.**Materials Transfer**. To facilitate the conduct of activities under the Study Plan, each Party will provide any Materials required by the Study Plan to be transferred to the other Party. All Materials (a) will remain the sole property of the supplying Party, (b) will be used only in the fulfillment of the receiving Party's obligations or exercise of rights under this Agreement, (c) will remain solely under the control of the receiving Party unless otherwise provided in the Study Plan, (d) will not be used or delivered by the receiving Party to or for the benefit of any Third Party (other than for use by a permitted Subcontractor for activities under the Study Plan) without the prior written consent of the supplying Party and (e) except with respect to any Materials provided for use in a Clinical Trial under this Agreement, will not be used in research or testing involving human subjects, unless expressly agreed by the supplying Party in writing. Except as expressly provided in this Agreement (including Section 5.10(c)), all Materials supplied under this Section 5.8 are supplied "as is," with no warranties of fitness for a particular purpose, and must be used with prudence and appropriate caution in any experimental work, since not all of their characteristics may be known.

5.9.**Fortis Know-How Transfer**. [*], Fortis will make available and deliver to FibroGen (or a designated Affiliate thereof) all Fortis Know-How in Fortis's possession or control, and in the format and form such Fortis Know-How exists, that has not been previously provided under this Agreement, including for clarity, any Collaboration Know-How newly developed by or on behalf of Fortis that has not yet been made available or delivered to FibroGen, for use in accordance with the terms of FibroGen's exclusive license under Section 4.1(a). To assist with the transfer of such Fortis Know-How, Fortis will make its personnel reasonably available to FibroGen and its designated Affiliates during normal business hours for the transfer of such Fortis Know-How. [*].

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5.10.**Manufacturing**.

(a) Fortis will use its existing inventory of Products as of the Effective Date ("Existing Inventory") to supply all Products necessary to conduct the Fortis Clinical Studies and for any other purposes set forth in the Study Plan that is to be supplied from the Existing Inventory. Fortis will not use the Existing Inventory for any other purpose unless approved by the JSC. To the extent that the Existing Inventory is insufficient for the requirements of the Fortis Clinical Studies or any other Study Plan activities meant to be supplied from the Existing Inventory, then FibroGen will be responsible for supplying any additional Products required to meet such outstanding requirement ("Fortis Additional Product Requirement") at its cost.

(b) Within [*], the Parties will meet in good faith to discuss the establishment of a Third Party supply of Products to FibroGen meeting any quantity and quality requirements of the applicable Study Plan activities, meeting the necessary timeframe required by the Study Plan, and on commercially reasonable terms (whether using Fortis's existing supplier of Products or another Third Party supplier) ("Third Party Source"). The Parties will use Commercially Reasonable Efforts to cooperate and establish a Third Party Source to FibroGen within the timelines and in the quantities set forth in the Study Plan, which efforts by Fortis will include, solely if requested by FibroGen: (i) Fortis entering into an amendment to one or more supply agreements [*] to permit FibroGen to order, and to oversee and authorize all aspects of CMC (including Manufacturing) with respect to, such Products or related components, packaging or labeling, as applicable, under such supply agreements, in order to meet FibroGen's obligations under this Agreement [*], provided that [*] to meet FibroGen's obligations under this Agreement, at FibroGen's [*].

(c) FibroGen will be responsible for the supply of any Products necessary for the FibroGen Clinical Studies, any Evaluation Activities under the Study Plan and the Fortis Additional Product Requirements, at its cost. All Products supplied by FibroGen pursuant to Fortis Additional Product Requirements (i) shall be manufactured in accordance with GMP and applicable specifications for such Products, shall not be adulterated or misbranded, and shall be free and clear of any liens or encumbrances, and (ii) shall otherwise comply with any quality agreement that the Parties may enter into with respect to the Products.

(d) Fortis will use [*] to cause COI to assign the COI STA Agreement to Fortis [*].

ARTICLE 6REGULATORY

6.1.**Responsibility**. [*], each Party will prepare, file and maintain Regulatory Materials with respect to the Products, and will be solely responsible for managing further regulatory interactions with the Regulatory Authorities, to the extent such activities are allocated to such Party in the Study Plan (such Party, the "Responsible Party"). To the extent a Responsible Party is responsible for filing and maintaining Regulatory Materials or is responsible for interactions with Regulatory Authorities under this Agreement, but the other Party is legally responsible for such filings and maintenance or interactions under Applicable Law (including applicable regulatory rules), then such legally responsible Party will cooperate and assist the Responsible Party with such filings and maintenance or interactions as reasonably directed by the Responsible Party, [*]. The Responsible Party will provide the other Party with advance drafts of any material Regulatory Materials or correspondence it is responsible for, and that it plans to submit to the applicable Regulatory Authority, as such drafts are prepared and in all cases sufficiently in advance so as to afford the other Party a meaningful opportunity to review such Regulatory Materials or correspondence. The non-Responsible Party may provide comments regarding such Regulatory Materials or correspondence, prior to their submission, and the Responsible Party will consider any such comments in good faith. The Responsible Party will also provide the other Party with final copies of all Regulatory Materials that it submits to, and all material correspondence it receives from, a Regulatory Authority pertaining to the Products, [*] after such submission or receipt, [*]. Each Party will have the right to have at [*] representative attend all meetings (including the EOP1 Meeting and EOP2 Meeting, and other meetings by telephone), conferences and discussions between the other Party and the Regulatory Authorities pertaining to the Products to the extent permitted by each such Regulatory Authority.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

6.2.**Ownership**. Ownership of all rights, title and interests in and to any and all Regulatory Materials for any Product, including all INDs (other than INDs for the UCSF Studies), will be held in the name of Fortis, *provided* that FibroGen may file INDs in its own name upon Fortis's prior written approval. Each Party hereby grants to the other Party the right to reference such Party's Regulatory Materials for the Product solely as necessary to develop, or obtain or maintain Regulatory Approval for, the Product.

6.3.**Pharmacovigilance**. The Parties will cooperate with each other to ensure the reporting and handling of safety information involving the Products complies with Applicable Laws regarding pharmacovigilance and clinical safety. Prior to the submission of proposed protocols for a FibroGen Clinical Study, the Parties will negotiate in good faith and enter into a separate safety data exchange agreement which will define the pharmacovigilance responsibilities of the Parties (a "Safety Data Exchange Agreement"). The Safety Data Exchange Agreement will set forth responsibilities, guidelines and procedures for (i) the receipt, investigation, recording, review, communication, reporting and exchange between the Parties of adverse event reports, (ii) communication with Regulatory Authorities regarding adverse events, and (iii) the maintenance of a global safety database with respect to the Products. Notwithstanding anything to the contrary set forth in any such Safety Data Exchange Agreement, nothing will restrict either Party's ability to take any action that it deems to be appropriate or necessary to comply with its obligations under Applicable Law.

6.4.**Recalls of Products**. Each Party will promptly notify the other Party [*] upon making a determination that any event, incident, or circumstance has occurred that may result in the need for a recall, withdrawal, removal, or field alert of or concerning a Product. Prior to initiating any recall, withdrawal, removal, or field alert, the Parties will use [*] to consult with each other regarding the reasons for such action and the scope of activities to be conducted thereunder. Except as otherwise agreed by the Parties, [*]. Except as otherwise agreed by the Parties, [*].

6.5.**Clinical Holds**. Each Party will notify the other Party [*], except that with respect to a UCSF Study, as soon as practicable after Fortis receives the applicable notice from UCSF) in the event that any Clinical Trial for a Product is suspended, placed on clinical hold, or terminated prior to completion as a result of any action by a Regulatory Authority, institutional review board, or ethics committee.

6.6.**Regulatory Audit**. If a Regulatory Authority notifies a Party that it plans to conduct an inspection or audit of such Party's facility or a Subcontractor of such Party (to the extent permitted under the applicable agreement with such Subcontractor) with regard to any Product, then such Party will notify the other Party [*] of such notification of such audit or inspection and provide such other Party with copies of any materials provided to it by the applicable Regulatory Authority, provided that the first Party will not be required to notify the other Party of audits or inspections that do not relate to any Product, except where such audits result in communications or actions of such Regulatory Authority which have an impact upon any Product. In addition, if a Regulatory Authority conducts an unannounced inspection or audit of a Party or a Subcontractor or such Party (to the extent permitted under the applicable agreement with such Subcontractor) with regard to any Product, then such Party will notify the other Party [*]. The inspected Party will cooperate, and will [*] to cause the applicable Subcontractor to cooperate, with such Regulatory Authority during such inspection or audit. Without limiting Section 6.1, following any such inspection or audit, (a) such Party will provide the other Party with a copy of any inspection or audit observations of such Regulatory Authority, [*] upon its receipt thereof, and copies of any other written communications received from Regulatory Authorities with respect to such inspections or audits (to the extent such written communications relate to any Product or the Manufacture thereof) in a timely manner after its receipt thereof, and (b) such Party will provide the other Party with a copy of any proposed response to any such observations or communications and will implement such other Party's reasonable comments with respect to such proposed response. The inspected Party agrees to conform its activities under this Agreement to any commitments made in such a response.

6.7.**UCSF Data Use Agreement**. Each Party will use [*] to enter the UCSF Data Use Agreement [*] (or if the Parties cannot enter such agreement [*], provided that [*].

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ARTICLE 7PAYMENT

7.1.**Development Fees**.

(a) As compensation to Fortis for its costs and expenses with respect to the Fortis's Development Activities under the Study Plan, FibroGen previously paid the following non-refundable, non-creditable amounts ("Development Fees") to Fortis in accordance with the following schedule (the "Development Fee Schedule") and in accordance with the process set forth in the Original Agreement:

Date	Development Fee Payment
[*]	$1,250,000
[*]	$1,250,000
[*]	$1,250,000
[*]	$1,250,000

(b) For clarity, [*] unless agreed by the Parties in writing or expressly set forth in this Agreement.

7.2.**Other Costs**. Except as provided in this Article 7 or otherwise expressly set forth in this Agreement, [*].

7.3.**Fortis In-License Payments**. [*] the "Upstream Payments"). FibroGen will pay Fortis the amounts of any Upstream Payment [*].

7.4.**Taxes**.

(a) **Cooperation and Coordination.** The Parties acknowledge and agree that it is their mutual objective and intent to appropriately calculate, and to the extent feasible and legal, minimize taxes payable with respect to their collaborative efforts under this Agreement and that they will use [*] to cooperate and coordinate with each other to achieve such objective.

(b) **Payment of Tax.** Except as otherwise provided in this Section 7.4, a Party receiving a payment pursuant to this Article 7 will pay any and all income taxes levied on such payment. If Applicable Laws require that taxes be deducted and withheld from a payment made pursuant to this Article 7 and such taxes cannot be reduced or eliminated under an applicable tax treaty or otherwise, the remitting Party will (i) deduct those taxes from the payment; (ii) pay the taxes to the proper taxing authority; (iii) remit the remaining amount of such payment to the recipient, and (iv) promptly send evidence of the obligation together with proof of payment to the other Party following that payment.

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(c) **Tax Residence Certificate.** A Party receiving a payment pursuant to this Article 7 will provide the remitting Party appropriate certification from relevant revenue authorities that such Party is a tax resident of that jurisdiction, if such receiving Party wishes to claim the benefits of an income tax treaty to which that jurisdiction is a party. The paying Party shall use [*] to inform the Party receiving payment of any forms, certificates or other items necessary to do so and provide the payee a reasonable opportunity to provide such forms, certificate or other items. Upon the receipt thereof, any deduction and withholding of taxes will be made at the appropriate treaty tax rate.

(d) **Assessment**. Either Party may, at its own expense, protest any assessment, proposed assessment, or other claim by any Governmental Authority for any additional amount of taxes, interest or penalties or seek a refund of such amounts paid if permitted to do so by Applicable Law. The Parties will cooperate with each other in any protest by providing records and such additional information as may reasonably be necessary for a Party to pursue such protest.

(e) **Redomicile, Assignment or Sublicense**. If a Party that owes a payment under this Agreement takes any action, including without limitation, redomiciling, assigning, or sublicensing its rights and obligations to any Person under this Agreement (including by an assignment of this Agreement as permitted under this Agreement) (each a "Withholding Tax Action"), and such Withholding Tax Action leads to the imposition or increase of withholding tax liability on a payment due to the other Party that would not have been imposed or increased in the absence of such Withholding Tax Action by the paying Party, then [*]. [*].

(f) **Indirect Taxes**. Notwithstanding anything to the contrary in this Agreement, all amounts stated herein are exclusive of any transfer, documentary, sales, use, stamp, registration, value-added, goods and services tax or other similar tax (each an "Indirect Tax"). [*]. [*].

(g) **Foreign Derived Intangible Income**. The Parties shall use [*] to provide, and to cause their respective Affiliates, subcontractors, sublicenses, customers, and applicable Third Parties to provide, any information and documentation reasonably requested by the other Party to obtain the benefits of (i) Section 250 of the Internal Revenue Code of 1986, as amended and the applicable Treasury Regulations and/or (ii) any new U.S. tax legislation enacted during the term of this agreement that could provide a material tax benefit to either Party.

ARTICLE 8INTELLECTUAL PROPERTY MATTERS

8.1.**Ownership of Background IP**. FibroGen will own and retain all of its rights, title and interests in and to the FibroGen Background IP and Fortis will own and retain all of its rights, title and interests in and to the Fortis Background IP, in each case subject to any assignments, rights or licenses expressly granted by one Party to the other Party under this Agreement.

8.2.**Collaboration IP; FibroGen Other Collaboration IP**.

(a) **Collaboration IP**. Regardless of inventorship, as between the Parties, [*]. To the extent any rights, title or interest in or to the Collaboration IP vests in FibroGen (other than through the grant of a license by Fortis), FibroGen will assign, and hereby assigns to Fortis all of its rights, title and interest in and to the Collaboration IP.

(b) **FibroGen Other Collaboration IP**. As between the Parties, [*], and will retain all of its rights, title and interests therein and thereto, subject to any assignments, rights or licenses expressly granted by FibroGen to Fortis under this Agreement.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(c) **Inventorship**. Except as provided under Section 8.2(a) and 8.2(b), the ownership of all other intellectual property rights will be based on inventorship. Inventorship under this Agreement will be determined in accordance with United States patent laws.

(d) **Disclosure; Assignment**. Each Party will promptly disclose to the other Party in writing, and will cause its Affiliates to so disclose, the discovery, development, invention or creation of any new Fortis Background IP or Collaboration IP, or FibroGen Other Collaboration IP necessary to Exploit any Product or any Modified Product, under this Agreement. (i) Fortis will ensure that employees or agents of Fortis, its Affiliates and their Subcontractors that are conducting Development Activities have entered into employment or contracting agreements whereby their entire right, title and interest in and to Know-How and Patent Rights that are Collaboration IP has been assigned to Fortis as of the date of invention; and (ii) FibroGen will ensure that employees or agents of FibroGen, its Affiliates and their Subcontractors that are conducting activities under this Agreement have entered into employment or contracting agreements whereby their entire right, title and interest in and to Know-How and Patent Rights that are Collaboration IP or FibroGen Other Collaboration IP has been assigned to FibroGen as of the date of invention, in each case (i) and (ii) as is necessary to enable such Party to fully effect the ownership of such Collaboration IP and FibroGen Other Collaboration IP as provided for in Section 8.2(a) and Section 8.2(b). Each Party shall, and shall cause its Affiliates, employees, agents, and Subcontractors to, cooperate with such other Party and take all reasonable additional actions and execute such agreements, instruments and documents as may be reasonably required to perfect such other Party's right, title and interest in and to Collaboration IP as set forth in Section 8.2(a).

8.3.**Data**.

(a) **Collaboration Data**. All data (including any raw data, clinical data, non-clinical data, and any related information, analyses, and reports as available), other than the FibroGen Other Collaboration Data, generated by or on behalf of either Party during the performance of Development Activities and Evaluation Activities under the Study Plan ("Collaboration Data") will be solely owned by Fortis and will be deemed to be Collaboration Know-How.

(b) **FibroGen Other Collaboration Data**. All data generated by or on behalf of FibroGen during the performance of Evaluation Activities under the Study Plan that is not specifically related to any of the Products or Modified Products (the "FibroGen Other Collaboration Data") will be solely owned by FibroGen and will be deemed to be FibroGen Other Collaboration Know-How.

(c) **Disclosure**. Each Party will regularly provide to the JSC a summary of all Collaboration Data and, solely with respect to FibroGen, any FibroGen Other Collaboration Data related to any of the Products or Modified Products, that was generated by or on behalf of such Party. Upon FibroGen's request, Fortis will provide to FibroGen a copy of all Collaboration Data that is generated by or on behalf of Fortis that Fortis has not previously provided to FibroGen. FibroGen will provide to Fortis (i) all Collaboration Data and (ii) upon Fortis's request, any FibroGen Other Collaboration Data related to any of the Products or Modified Products, in each case (i) and (ii) that was generated by or on behalf of FibroGen that FibroGen has not previously provided to Fortis. The Parties will mutually agree on an electronic transfer format for the data transfers under this Section 8.3(c).

8.4.**Prosecution of Patent Rights**.

(a) **FibroGen Patent Rights**. As between the Parties, FibroGen will have the sole right and authority to prepare, file, prosecute and maintain the FibroGen Background Patent Rights and the FibroGen Other Collaboration Patent Rights in the name of FibroGen on a worldwide basis at its sole discretion and expense.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) **Fortis Patent Rights**. [*], as between the Parties, [*] to prepare, file, prosecute and maintain the Fortis Patent Rights in the name of Fortis on a worldwide basis (including by timely making all filings and paying all fees required to be filed or paid in connection with the continued prosecution and maintenance of the Fortis Patent Rights), [*]; provided, however, that FibroGen will have the right to cease prosecution and maintenance of any Fortis Patent Right, subject to the last two sentences of this Section 8.4(b). FibroGen will provide Fortis an opportunity to review and comment on such efforts regarding the Fortis Patent Rights, including by promptly providing Fortis with a copy of all communications from or relating to any patent authority regarding such Fortis Patent Right, and by providing drafts of all material filings or responses to be made to such patent authorities and instructions relating thereto reasonably in advance and [*] to submitting such filings, responses or instructions (to the extent reasonably practicable) to give Fortis an opportunity to review and comment. FibroGen will consider all comments from Fortis in good faith regarding such communications and drafts and will consider all timely reasonable requests by Fortis for FibroGen to file one or more continuations, continuations-in-part, divisionals, national stage applications or direct applications in any country, include one or more additional jurisdictions among the jurisdictions in which FibroGen will seek to file (and thereafter prosecute and maintain) any Fortis Patent Right. Notwithstanding the foregoing, if FibroGen determines, in its sole discretion, to not file a patent application requested by Fortis or cease prosecution and maintenance of any Fortis Patent Right(s) that is being prosecuted or maintained by FibroGen, then FibroGen will provide Fortis with written notice of such determination within a period of time reasonably sufficient to allow Fortis to determine, [*] its interest in prosecuting and maintaining such Fortis Patent Right(s) (which notice by FibroGen will be given no later than [*] prior to the final deadline for any application filing, pending action or response that may be due with respect to such Fortis Patent Right(s) with the applicable patent authority). In the event Fortis provides written notice expressing its interest in prosecuting and maintaining such Fortis Patent Right(s), and (i) such Fortis Patent Right(s) shall be excluded in the license granted by Fortis to FibroGen under Section 4.1(a); and (ii) [*], to prepare, file, prosecute and maintain such Fortis Patent Right(s) [*]; provided that if FibroGen makes a decision to not file or continue the prosecution of a Fortis Patent Right based upon a good faith, *bona fide* rationale made for strategic reasons in the best interest of the Fortis Patent Right portfolio [*].

(c) **Cooperation in Prosecution**. Each Party will provide the other Party all reasonable assistance and cooperation in the patent prosecution efforts provided above in this Section 8.4, including providing any necessary powers of attorney and executing any other required documents or instruments for such prosecution, as well as further actions as set forth below, at the cost of the Party requesting such assistance. In the case of inventions that are prosecuted by FibroGen pursuant to Section 8.4(b), such cooperation will include, in response to requests by FibroGen, cooperation in providing Know-How Controlled by Fortis relating to such Patent Rights to the extent necessary for the preparation, filing and maintenance of such Patent Rights.

(i) As used herein, "prosecution" of such Patent Rights will include all communication and other interaction with inside or outside patent counsel, any patent office or patent authority having jurisdiction over a patent application in connection with pre-grant proceedings.

(ii) All communications between the Parties relating to the preparation, filing, prosecution or maintenance of the Patent Rights under this Agreement, including copies of any draft or final documents or any communications received from or sent to outside patent counsel, patent offices or patenting authorities with respect to such Patent Rights, will be considered Confidential Information and subject to the confidentiality provisions of Article 10. In addition, the Parties acknowledge and agree that, with regard to the preparation, filing, prosecution or maintenance of the Patent Rights under this Agreement, the interests of the Parties are aligned and are legal in nature. The Parties further acknowledge and agree that they have not waived, and nothing in this Agreement constitutes a waiver of, any legal privilege concerning the Patent Rights, including privilege under the common interest doctrine and similar or related doctrines.

(iii) Each Party acknowledges that the other Party does not guarantee the issuance, validity or enforceability of any Patent Rights or any claim resulting from its efforts under this Section 8.4.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

8.5.**CREATE Act**. Notwithstanding anything to the contrary in this Article 8, no Party will have the right to make an election under the CREATE Act when exercising its rights under this Article 8 without the prior written consent of the other Party, which will not be unreasonably withheld, conditioned or delayed. With respect to any such permitted election, the Parties will use reasonable efforts to cooperate and coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a "joint research agreement" as defined in the CREATE Act.

8.6.**Unitary Patent System**. FibroGen will have the first right to opt in or opt out of the EU Unitary Patent System for all Fortis Patent Rights. Without limiting the generality of the foregoing, unless a Party or its Affiliate has expressly opted in to the EU Unitary Patent System with respect to a given Patent Right, the other Party will not initiate any action under the EU Unitary Patent System without such Party's prior written approval, such approval to be granted or withheld in such Party's sole discretion.

8.7.**Infringement of Patents by Third Parties**.

(a) **Notification**. Each Party will promptly notify the other Party in writing of any existing, alleged or threatened (i) infringement of the Fortis Patent Rights or (ii) misappropriation of Fortis Know-How ("Fortis IP Infringement") of which it becomes aware, and will provide all information in such Party's possession or control demonstrating such Fortis IP Infringement.

(b) Infringement of Fortis Patent Rights.

(i) FibroGen will have the first right, but not the obligation, to bring an appropriate suit or other action against any Third Party engaged in any existing, alleged or threatened Fortis IP Infringement (a "Fortis IP Infringement Action"), subject to the terms of this Section 8.7(b).

(ii) FibroGen will notify Fortis of its election to undertake or not to undertake a Fortis IP Infringement Action in accordance with Section 8.7(b)(i) within the earlier of: (x) [*]. In the event FibroGen elects not to or otherwise fails to undertake a Fortis IP Infringement Action within the applicable time period set forth in the immediately preceding sentence, Fortis will have the right, but not the obligation, to undertake a Fortis IP Infringement Action against the Third Party perpetrating the Fortis IP Infringement. If one Party elects to take a Fortis IP Infringement Action in accordance with this Section 8.7(b)(ii) (the "Fortis Patent Enforcing Party"), then it will take such Fortis IP Infringement Action at its expense; provided that the other Party (the "Fortis Patent Non-Enforcing Party") will have the right, prior to commencement of the Fortis IP Infringement Action, to join any such Fortis IP Infringement Action [*]; and provided further, that if FibroGen makes a decision to not undertake a Fortis IP Infringement Action upon a good faith, *bona fide* rationale for strategic reasons in the best interest of the Fortis Patent Right portfolio [*].

(iii) The Fortis Patent Non-Enforcing Party will provide to the Fortis Patent Enforcing Party reasonable assistance in undertaking any Fortis IP Infringement Action, [*] including joining such Fortis IP Infringement Action as a party plaintiff if required by Applicable Law to pursue such Fortis IP Infringement Action. The Fortis Patent Enforcing Party will keep the Fortis Patent Non-Enforcing Party regularly informed of the status and progress of its efforts with respect to the applicable Fortis IP Infringement Action, will reasonably consider the Fortis Patent Non-Enforcing Party's comments on any such efforts, and will obtain Fortis Patent Non-Enforcing Party's consent in any important aspects of such Fortis IP Infringement Action, including determination of litigation strategy and filing of important papers to the competent court, which consent will not be unreasonably withheld, delayed or conditioned.

(iv) The Fortis Patent Non-Enforcing Party will be entitled to separate representation by counsel of its own choice and at its own expense, subject to the first sentence of clause (iii) above.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(v) The Fortis Patent Enforcing Party will not settle any Fortis IP Infringement Action without the prior written consent of the Fortis Patent Non-Enforcing Party, which consent will not be unreasonably withheld, delayed or conditioned.

(vi) Subject to the first sentence of clause (iii) above, [*].

(c) **Allocation of Proceeds**. If either Party recovers monetary damages from any Third Party in a suit or action brought under Section 8.7(b), or any royalties or other payments from a license agreement with a Third Party related to any alleged infringement of a Fortis Patent Right, [*].

(d) **Infringement of FibroGen Patent Rights**. As between the Parties, FibroGen will have the sole right and authority to bring a suit or take other action against any Third Party engaged in any existing, alleged or threatened infringement of the FibroGen Background Patent Rights and the FibroGen Other Collaboration Patent Rights on a worldwide basis at its sole discretion and expense.

8.8. **Infringement of Third Party Rights**.

(a) **Notification**. If the manufacture, use, import or sale of any Product or Modified Product becomes the subject of a claim or assertion of infringement of a Third Party's Patent Right or misappropriation of a Third Party's Know-How, then the Party first having notice of the claim or assertion will promptly notify the other Party, the Parties will agree on and enter into an "identity of interest agreement" wherein such Parties agree to their shared, mutual interest in the outcome of such potential dispute, and thereafter, the Parties will promptly meet to consider the claim or assertion and the appropriate course of action.

(b) **Defense**. FibroGen will have the first right, but not the obligation, to defend any such Third Party claim or assertion of infringement or misappropriation of a Patent Right or Know-How as described in Section 8.8(a) above, [*]. If FibroGen does not commence actions to defend such claim within [*] to Fortis as required by Section 8.8(a)), then Fortis will have the right, but not the obligation, to control the defense of such claim by counsel of its choice, [*]. The non-defending Party will, at the defending Party's expense, reasonably cooperate with the Party conducting the defense of the claim or assertion, including if required to conduct such defense, furnishing a power of attorney.

(c) **Settlement; Licenses**. Neither Party will enter into any settlement of any claim described in this Section 8.8 that affects the other Party's rights or interests with respect to any Product or Modified Product without such other Party's written consent, which consent will not be unreasonably withheld, delayed or conditioned. Each Party will have the right to decline to defend or to tender defense of any such claim to the other Party upon reasonable notice, including if the other Party fails to agree to a settlement that such Party proposes. In the event that it is determined by any court of competent jurisdiction that the Exploitation of a Product as it exists [*] infringes or misappropriates, or either Party reasonably determines that such activities are likely to infringe or misappropriate, any Patent Right, copyright, trademark, data exclusivity right or Know-How of any Third Party, upon either Party's request, the Parties will use [*] to: (i) procure from such Third Party, [*], a license authorizing the Parties to continue to conduct such activities; or (ii) modify such activities so as to render them non-infringing or non-misappropriating, in each case ((i) and (ii)) subject to the Parties' consent rights with respect to settlements as set forth in the first sentence of this Section 8.8.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

8.9.**Patent Oppositions and Other Proceedings**.

(a) **Third-Party Patent Rights**. If either Party desires to bring an opposition, action for declaratory judgment, nullity action, interference, inter partes review, post-grant review, declaration for non-infringement, reexamination or other attack upon the validity, title or enforceability of a Patent Right owned or controlled by a Third Party and having one or more claims that covers or might cover any Product or Modified Product, or the use, sale, offer for sale or importation of any Product or Modified Product (except insofar as such action is a counterclaim to or defense of, or accompanies a defense of, a Third Party's claim or assertion of infringement under Section 8.8, in which case the provisions of Section 8.8 will govern), such Party will so notify the other Party and the Parties will promptly confer to determine whether to bring such action or the manner in which to settle such action. Neither Party will commence any such proceeding without the prior written consent of the other Party. In the event that a Party commences any proceeding pursuant to this Section 8.9(a), the commencing Party will provide the other Party a reasonable opportunity to review and comment on the commencing Party's activities with respect to such proceeding, including by promptly providing the other Party with a copy of all communications from or relating to any patent authority with respect to such proceeding, and by providing drafts of all filings or responses to be made to such patent authorities and instructions relating thereto reasonably [*] to submitting such filings, responses or instructions to give the other Party an opportunity to review and comment. The commencing Party will reasonably consider all reasonable comments from the other Party in good faith regarding such communications and drafts and will comply with any timely reasonable requests by the other Party to the commencing Party with respect to such proceeding.

(b) **Parties' Patent Rights**. If any Fortis Patent Right becomes the subject of any proceeding commenced by a Third Party in connection with an inter partes review, post-grant review, opposition, reexamination request, action for declaratory judgment, nullity action, interference or other attack upon the validity, title or enforceability thereof (except insofar as such action is a counterclaim to or defense of, or accompanies a defense of, an action for infringement against a Third Party under Section 8.8, in which case the provisions of Section 8.8 will govern), then the Party responsible for filing, preparing, prosecuting and maintaining such Patent Right as set forth in Section 8.4 hereof, [*]. If such Party decides that it does not wish to defend against such action, then the other Party [*]; provided, that if FibroGen is the Party filing, preparing, prosecuting and maintaining such Patent Right and makes a decision to not defend such action upon a good faith, *bona fide* rationale for strategic reasons in the best interest of the Fortis Patent Right portfolio [*]. The controlling Party will permit the non-controlling Party to participate in the proceeding to the extent permissible under Applicable Law, and to be represented by its own counsel in such proceeding, [*]. Without limiting the foregoing, the controlling Party will provide the non-controlling Party a reasonable opportunity to review and comment on the controlling Party's activities with respect to such proceeding, including by promptly providing the non-controlling Party with a copy of all communications from or relating to any patent authority or court with respect to such proceeding, and by providing drafts of all filings or responses to be made to such patent authorities and instructions relating thereto [*] to submitting such filings, responses or instructions to give the non-controlling Party an opportunity to review and comment. The controlling Party will implement all reasonable comments from the non-controlling Party regarding such communications and drafts and will comply with any timely reasonable requests by the non-controlling Party to the controlling party with respect to such proceeding.

ARTICLE 9REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1.**Mutual Representations, Warranties and Covenants**. Each of the Parties hereby represents and warrants, as of the Effective Date, and covenants, as applicable, to the other Party that:

(a) **Organization**. As of the Effective Date, it is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform this Agreement.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) **Binding Agreement**. As of the Effective Date, this Agreement is a legal and valid obligation binding upon such Party and enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity).

(c) **Authorization**. As of the Effective Date, the execution, delivery, and performance of this Agreement by such Party have been duly authorized by all necessary corporate action and do not conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it is bound, nor violate any Applicable Laws or Judgment presently in effect applicable to such Party.

(d) **No Further Approval**. As of the Effective Date, it is not aware of any government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, under any Applicable Laws, currently in effect, necessary for, or in connection with, the transactions contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement and such other agreements (except for Regulatory Approvals and similar authorizations from Regulatory Authorities necessary for the Exploitation of the Products as contemplated hereunder).

(e) **No Inconsistent Obligations**. As of the Effective Date, it is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would impede the diligent and complete fulfillment of its obligations hereunder.

(f) **Non-Contravention Covenant**. During the Term, neither Party nor its Affiliates will grant any right to any Third Party that would conflict with the rights granted to the other Party hereunder.

(g) **Compliance with Applicable Law**. Each Party will perform its obligations and conduct its assigned activities under this Agreement (including under the Study Plan) in compliance with Applicable Law.

9.2. **Additional Representations, Warranties and Covenants of Fortis**. Fortis represents and warrants, [*] except as set forth on Schedule 9.2, and covenants to FibroGen as set forth in Sections 9.2(h), 9.2(r) and 9.2(s), that:

(a) With the exception of Fortis Know-How licensed to Fortis on a non-exclusive basis pursuant to the UCSF License or any other agreement to which Fortis is a party and pursuant to which Fortis is granted any non-exclusive license or other rights ancillary to the provision of services by any Third Party, Fortis is the sole and exclusive owner or exclusive licensee of the Fortis IP existing [*], and [*] all of such Fortis IP is free and clear of any liens, charges and encumbrances (except for non-exclusive licenses or right to use such Fortis IP granted to an academic collaborator or clinical site for research, education and patient care purposes), and, [*], neither any license granted by Fortis or its Affiliates to any Third Party, nor any agreement between any Third Party and Fortis or its Affiliates, conflicts with the licenses or other rights granted to FibroGen hereunder in any material respect and Fortis is entitled to grant all rights and licenses (or sublicenses, as the case may be) it purports to grant to FibroGen under this Agreement. [*] without any obligation to conduct any investigation, no (i) Affiliate of Fortis that is not a Controlled Affiliate or (ii) any portfolio company of an investor of Fortis that is an Affiliate of Fortis, in each case ((i) and (ii)) controls any Patent Rights or Know-How that are necessary to (A) Develop the Products [*] as contemplated under the Study Plan, or (B) to make, use, sell, offer for sale or import the Products as existing [*].

(b) Fortis has disclosed to FibroGen in Schedule 9.2(b) all Fortis Patent Rights existing [*] and such disclosure indicates whether each such Patent Right is owned by Fortis or licensed by Fortis from a Third Party and if so licensed, identifies the licensor or sublicensor from which the Patent Rights is licensed and Fortis has provided FibroGen with a true and complete copy of each such license agreement.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(c) The Fortis Patent Rights existing [*] are subsisting and, [*], are, or upon issuance, will be, valid and enforceable patents, and [*], no Third Party has challenged in writing the extent, validity or enforceability of such Patent Rights (including by way of example through the institution or written threat of institution of interference, nullity or similar invalidity proceedings before the United States Patent and Trademark Office or any analogous foreign Governmental Authority).

(d) [*], no Third Party is infringing or threatening to infringe any of the Fortis Patent Rights or misappropriating or threatening to misappropriate any Fortis Know-How, in each case, [*].

(e) [*], Fortis and its licensors of Fortis Background Patent Rights necessary or useful to Exploit the Products [*] have complied with all Applicable Laws in material respects, including any material disclosure requirements of the United States Patent and Trademark Office under 37 C.F.R. §§1.97-1.98 or any analogous foreign Governmental Authority, in connection with the prosecution and maintenance of the Fortis Patent Rights existing [*] necessary or useful to Exploit the Products as existing as of the Effective Date (but excluding any Fortis Background Patent Rights licensed to Fortis on a non-exclusive basis ancillary to the provision of services by any Third Party), and has timely paid all filing and renewal fees payable with respect to any such Patent Rights for which it controls prosecution and maintenance.

(f) Fortis has obtained assignments from the inventors of all inventorship rights relating to the Fortis Patent Rights owned or purported to be owned by Fortis, and all such assignments of inventorship rights relating to such Patent Rights are valid and enforceable.

(g) Except for the Fortis In-Licenses, there is no agreement that is in effect between Fortis or any of its Controlled Affiliates and any Third Party pursuant to which Fortis or its Controlled Affiliate has acquired Control of any of the Fortis Background IP necessary or useful to Exploit the Products. All Fortis In-Licenses are in full force and effect. Fortis has provided true and complete copies of all such Fortis In-Licenses to FibroGen. [*], neither Fortis nor its Affiliates nor the Third Party licensor in a Fortis In-License is in material breach of, or in default with respect to a material obligation under, such Fortis In-License and neither such party has claimed or [*], has grounds upon which to claim that the other party is in material breach of, or in default with respect to a material obligation under, any Fortis In-License.

(h) [*], Fortis will maintain and not breach, and will cause its Affiliates to maintain and not breach, any Fortis In-License, provided that Fortis shall not be responsible or liable for any breach to the extent caused by any act or omission of FibroGen or any of its Affiliates or Subcontractors. Fortis will promptly notify FibroGen in writing of any material breach by Fortis or its Affiliate or a Third Party of any Fortis In-License, and will promptly notify FibroGen in writing if Fortis or its Affiliate sends or receives a notice of material breach of any Fortis In-License, and in the event of a breach by Fortis or its Affiliate, will permit FibroGen to cure such breach on Fortis's or its Affiliate's behalf upon FibroGen's request. Fortis will not, and will cause its Affiliates not to, amend, modify or terminate any Fortis In-License in a manner that would materially and adversely affect FibroGen's rights hereunder without first obtaining FibroGen's written consent, which consent may be withheld in FibroGen's sole discretion.

(i) Other than the UCSF License, Fortis does not owe and will not owe any royalties or milestone payments to any Person in consideration for any license or right to use any intellectual property owned by such Person; and (ii) Fortis does not receive any amounts, including royalties, from anyone with respect to any Fortis IP.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(j) Fortis and its Affiliates have taken, and have obligated their Subcontractors to take, commercially reasonable measures consistent with industry practices to protect the secrecy, confidentiality and value of all Fortis Know-How that constitutes trade secrets under Applicable Law (including requiring all employees, consultants and independent contractors to execute written agreements requiring all such employees, consultants and independent contractors to maintain the confidentiality of such Fortis Know-How) and, [*], such Fortis Know-How has not been used or disclosed to any Third Party except pursuant to such confidentiality agreements and there has not been a material breach to such confidentiality agreements by any party to such confidentiality agreements.

(k) Other than the Patent Rights licensed to Fortis pursuant to the UCSF License, no Fortis Patent Rights existing as of the Effective Date is subject to any funding agreement with any government or governmental agency.

(l) [*], (i) the making, using, offering for sale, selling or importing of a Product and (ii) the performance of the Development Activities under the Study Plan, in each case ((i) and (ii)), does not infringe or misappropriate any issued Patent Right or Know-How of any Third Party or, if and when issued, any claim within any patent application of any Third Party.

(m) Fortis and its Affiliates have conducted, and their respective Subcontractors and consultants have conducted, all Development of the Products prior to the Effective Date in accordance with Applicable Laws in all material respects. No Clinical Trials or nonclinical studies conducted by or on behalf of Fortis with respect to any Product has been placed on clinical hold, suspended or terminated prior to completion, and [*], no Regulatory Authority has any reasonable grounds for such action.

(n) The Manufacture of the Products by or on behalf of Fortis, including all Existing Inventory, has been conducted in accordance with Applicable Laws, including GMP to the extent applicable, and no Products have been adulterated, or misbranded. Neither Fortis nor any of its Affiliates or Subcontractors has received any written warning letters, untitled letters, FDA Form 483s, written notices of violation, or other written communications or notices from any Regulatory Authorities that allege a failure to comply with Applicable Laws. [*], no Regulatory Authority has commenced, or threatened to initiate, any action against Fortis or any of its Affiliates or Subcontractors that would enjoin or place restrictions on the Products or prevent Fortis from fulfilling its obligations under this Agreement.

(o) Fortis has made available to FibroGen in the Virtual Data Room, all Regulatory Materials, Fortis Know-How and other information in its possession as of the Effective Date regarding or related to the Products.

(p) Fortis has made available to FibroGen in the Virtual Data Room, material adverse information with respect to the safety and efficacy of the Products in Fortis' possession as of the Effective Date.

(q) [*] there are no written judgments or settlements against or owed by Fortis or its Affiliates or, [*], pending or threatened claims or litigation, in either case relating to the Fortis IP.

(r) [*] Fortis will not engage directly or indirectly, in any capacity in connection with this Agreement any Person who (i) has been convicted of a criminal offense related to Applicable Law; (ii) is currently listed by a Regulatory Authority as debarred, excluded or otherwise ineligible for participation in federally or state funded health care programs; or (iii) is currently proposed for debarment, exclusion, or other ineligibility for participation in federally or state funded health care programs.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(s) [*] Fortis and its Affiliates will not, directly, or indirectly, with or through any Third Party, (i) conduct any activities (including any research, development, manufacturing or commercialization activities) with respect to any Products, Modified Products, or any other derivatives of the Products, except with respect to any activities allocated to Fortis in the Study Plan, (ii) assign or transfer or otherwise encumber its rights, or grant a license [*] or option to any Third Party, under Fortis IP, or (iii) in-license or otherwise acquire any rights to intellectual property of a Third Party, in each case ((i)-(iii)), [*].

9.3.**Additional Representations, Warranties and Covenants of FibroGen**. FibroGen represents and warrants, as of the Effective Date, and covenants to Fortis, as applicable, that:

(a) During the Term, FibroGen will not engage directly or indirectly, in any capacity in connection with this Agreement any Person who (i) has been convicted of a criminal offense related to Applicable Law; (ii) is currently listed by a Regulatory Authority as debarred, excluded or otherwise ineligible for participation in federally or state funded health care programs; or (iii) is currently proposed for debarment, exclusion, or other ineligibility for participation in federally or state funded health care programs.

9.4.**No Other Representations or Warranties**. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 9, THE PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER UNDER THIS AGREEMENT, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES UNDER THIS AGREEMENT, INCLUDING ANY EXPRESS OR IMPLIED WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR WARRANTY OF NON-INFRINGEMENT OR AS TO THE VALIDITY OF ANY PATENT RIGHTS.

ARTICLE 10CONFIDENTIALITY

10.1.**Nondisclosure**. Each Party agrees that, [*] a Party (the "Receiving Party") receiving Confidential Information of the other Party (the "Disclosing Party") will, except with express written consent of the other Party: (a) maintain in confidence such Confidential Information using not less than the efforts such Receiving Party uses to maintain in confidence its own confidential or proprietary information of similar kind and value, (b) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted below, and (c) not use such Confidential Information for any purpose except to exercise its rights or perform its obligations under this Agreement (it being understood that this Section 10.1 will not create or imply any rights or licenses not expressly granted under this Agreement). Notwithstanding anything to the contrary in the foregoing, the obligations of confidentiality and non-use with respect to any trade secret within such Confidential Information will survive [*].

10.2.**Exceptions**. The obligations in Section 10.1 will not apply with respect to any portion of the Confidential Information of the Disclosing Party that the Receiving Party can show by competent evidence:

(a) is publicly disclosed by the disclosing Party, either before or after it is disclosed to the receiving Party hereunder;

(b) is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by the receiving Party's contemporaneous business records;

(c) is subsequently disclosed to the receiving Party or any of its Affiliates on a non-confidential basis by a Third Party that is not bound by a similar duty of confidentiality or restriction on its use;

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(d) is now, or hereafter becomes, through no act or failure to act on the part of the receiving Party or any of its Affiliates, generally known or available, either before or after it is disclosed to the receiving Party; or

(e) is independently discovered or developed by or on behalf of the receiving Party or any of its Affiliates without the use of Confidential Information belonging to the disclosing Party.

10.3.**Authorized Disclosure**. The Receiving Party may disclose Confidential Information of the Disclosing Party only to the extent such disclosure is reasonably necessary in the following instances:

(a) filing or prosecuting Patent Rights as permitted by this Agreement;

(b) submitting Regulatory Materials and obtaining Regulatory Approvals for a Product as permitted by this Agreement;

(c) prosecuting or defending litigation, including responding to a subpoena in a Third Party litigation;

(d) complying with Applicable Law or a valid order by a court or other Governmental Authority; provided that the receiving Party shall give the disclosing Party prompt written notice of such required disclosure, and shall use commercially reasonable efforts to assist the disclosing Party to seek confidential treatment or to otherwise limit such disclosure, and shall limit the disclosure to only that portion of the Confidential Information required to comply with such Applicable Law or order; or

(e) (i) to its Affiliates or Subcontractors or prospective Subcontractors, directors, officers, employees, consultants, agents and advisors on a "need-to-know" basis in order for the Receiving Party to exercise its rights or fulfill its obligations under this Agreement, (ii) to its equityholders, lenders, insurers or investors existing [*] for the sole purpose of evaluating the Receiving Party's business, but only, in the case of Fortis, to the extent required by contractual agreements between Fortis and its equityholders or investors that exist [*], or (iii) to its potential or new equityholders or investors [*] for the sole purpose of evaluating the Receiving Party's business; provided, however, that, in each of the above situations, the Receiving Party will remain responsible for any failure by any Person who receives Confidential Information pursuant to this Section 10.3(e) to treat such Confidential Information as required under this Article 10, and such Persons, prior to disclosure, must be bound by obligations of confidentiality and restrictions on use of such Confidential Information that are no less restrictive than those set forth in this Article 10.

If and whenever any Confidential Information of the disclosing Party is disclosed in accordance with this Section 10.3, such disclosure will not cause any such information to cease to be Confidential Information of the disclosing Party except to the extent that such disclosure results in a public disclosure of such information (other than by breach of this Agreement). Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to clauses (a) through (d) of this Section 10.3, it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use not less than the same efforts to secure confidential treatment of such information as it would to protect its own confidential information from disclosure.

10.4.**Confidential Information of Both Parties**. The Parties acknowledge that (a) this Agreement and all of the respective terms of this Agreement will be treated as Confidential Information of both Parties, (b) the Fortis Background Know-How will be treated as Confidential Information of Fortis, (c) the FibroGen Other Collaboration Know-How will be treated as Confidential Information of FibroGen, and (d) (i) [*], the Collaboration Know-How will be treated as Confidential Information of both Parties, and (ii) [*], the Collaboration Know-How will be treated as Confidential Information of Fortis.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

10.5.**Publicity**. On a date mutually agreed by the Parties, the Parties will jointly issue the press release set forth in Schedule 10.5 regarding the signing of this Agreement. Except (a) as set forth in the preceding sentence and (b) as set forth in Section 10.6, neither Party will make any public announcement regarding this Agreement or activities hereunder without the prior written approval of the other Party.

10.6.**Securities Filings**. Notwithstanding anything to the contrary in this Article 10, in the event either Party believes in good faith that it is required by Applicable Law to file with the Securities and Exchange Commission, the securities regulators of any state or other jurisdiction, or any applicable securities exchange a registration statement or any other disclosure document that describes or refers to the terms and conditions of this Agreement or any related agreements between the Parties, such Party will notify the other Party of its intention to make such filing and will provide the other Party with a copy of relevant portions of the proposed filing [*], including any exhibits thereto that refer to the other Party or the terms and conditions of this Agreement or any related Agreements between the Parties. The Party making such filing will cooperate in good faith with the other Party to obtain confidential treatment of the terms and conditions of this Agreement or any related agreements between the Parties that the other Party requests be kept confidential or otherwise afforded confidential treatment, and will only disclose Confidential Information of the other Party that it is reasonably advised by outside counsel is legally required to be disclosed. No such notice will be required if the description of or reference to this Agreement or a related agreement between the Parties contained in the proposed filing has been included in any previous filing made by either Party in accordance with this Section 10.6 or otherwise approved by the other Party.

10.7.**Relationship to Confidentiality Agreement**. Without limiting Section 14.11, this Agreement supersedes the CDA, and all "Confidential Information" (as defined in the CDA) of a Party or its Affiliates disclosed pursuant to the CDA will be deemed such Party's Confidential Information under this Agreement.

10.8.**Equitable Relief**. Given the nature of the Confidential Information and the competitive damage that could result to a Party upon unauthorized disclosure, use or transfer of its Confidential Information, the Parties agree that monetary damages may not be a sufficient remedy for any breach of this Article 10. In addition to all other remedies, a Party will be entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach or threatened breach of this Article 10, without any requirement that such Party (a) post a bond or other security as a condition for obtaining any such relief or (b) prove irreparable harm or inadequacy of monetary damages as a remedy.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

10.9.**Return of Confidential Information**. Upon the termination of this Agreement, the Receiving Party will return to the Disclosing Party all Confidential Information of the Disclosing Party in its possession (and all copies and reproductions thereof). In addition, the Receiving Party will use reasonable efforts to destroy: (a) any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party; and (b) any Confidential Information of the Disclosing Party (and all copies and reproductions thereof) which is in electronic form or cannot otherwise be returned to the Disclosing Party. Alternatively, at the election of the Receiving Party, upon such termination, the Receiving Party will destroy all Confidential Information of the Disclosing Party in its possession (and all copies and reproductions thereof) and any notes, reports or other documents prepared by the Receiving Party which contain Confidential Information of the Disclosing Party, and will provide written certification of such destruction to the Disclosing Party. Nothing in this Section 10.9 will require the alteration, modification, deletion or destruction of archival tapes or other electronic back-up media made in the ordinary course of business; provided, however, that the Receiving Party will continue to be bound by its obligations of confidentiality and other obligations under this Article 10 with respect to any Confidential Information contained in such archival tapes or other electronic back-up media. Any requested destruction of Confidential Information will be certified in writing to the Disclosing Party. Notwithstanding the foregoing, (i) the Receiving Party will be permitted to retain as many copies of the Disclosing Party's Confidential Information solely as required by Applicable Law in a secure location for its archival files solely for the purpose of monitoring compliance with applicable confidentiality obligations pursuant to this Agreement and (ii) the Receiving Party may retain the Disclosing Party's Confidential Information and its own notes, reports and other documents solely to the extent reasonably required (x) to comply with Applicable Law and regulatory requirements; (y) to exercise the rights and licenses of the Receiving Party expressly surviving termination of this Agreement; and (z) to perform the obligations of the Receiving Party expressly surviving termination of this Agreement. Notwithstanding the return or destruction of the Disclosing Party's Confidential Information, the Receiving Party will continue to be bound by its obligations of confidentiality and other obligations under this Article 10.

ARTICLE 11TERM AND TERMINATION

11.1.**Term**. This Agreement will become effective as of the Effective Date and will continue in full force and effect until the earliest to occur of:

(a) [*];

(b) [*]; and

(c) [*];

and such term, the "Term".

11.2.**Termination without Cause by FibroGen**. FibroGen may terminate this Agreement in its entirety without cause [*] notice thereof to Fortis.

11.3.**Termination for Material Breach**.

(a) Either Party (the "Non-Breaching Party") may terminate this Agreement in the event the other Party (the "Breaching Party") has materially breached this Agreement, and such material breach has not been cured within [*] of written notice of such breach by the Breaching Party from the Non-Breaching Party (the "Cure Period").

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) If the Parties reasonably and in good faith disagree as to whether there has been a material breach, either Party may trigger the dispute resolution procedures described in Article 12. Notwithstanding anything to the contrary contained in Section 11.3(a), the Cure Period for any material breach that is subject to a reasonable good faith Dispute [*], and it is understood and acknowledged that, while the resolution of such Dispute is pending, all of the terms and conditions of this Agreement will remain in effect and the Parties will continue to perform all of their respective obligations under this Agreement.

11.4. **Termination for Bankruptcy**.

(a) Either Party may terminate this Agreement upon providing written notice to the other Party on or after the time that such other Party makes a general assignment for the benefit of creditors, files an insolvency petition in bankruptcy, petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets, commences under the laws of any jurisdiction any proceeding involving its insolvency, bankruptcy, reorganization, adjustment of debt, dissolution, liquidation or any other similar proceeding for the release of financially distressed debtors, or becomes a party to any proceeding or action of the type described above, and such proceeding or action remains un-dismissed or un-stayed [*].

(b) All rights and licenses granted by Fortis to FibroGen under or pursuant to this Agreement are, and will otherwise be deemed to be, for purposes of Section 365(n) of Title 11 of the United States Code and other similar laws in any jurisdiction outside the United States (collectively, the "Bankruptcy Laws"), licenses of rights to "intellectual property" as defined under the Bankruptcy Laws. If a case is commenced by or against a Party under Bankruptcy Laws then, unless and until this Agreement is rejected as provided pursuant to such Bankruptcy Laws, such Party (in any capacity, including debtor-in-possession) and its successors and assigns (including a Title 11 trustee) will perform all of the obligations in this Agreement intended to be performed by such Party. All rights, powers and remedies of the non-bankrupt Party as provided herein are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including the Bankruptcy Laws) in the event of the commencement of a case by or against a Party under the Bankruptcy Laws. The Parties acknowledge and agree that the licenses hereunder are fully prepaid and that any payments made hereunder do not (i) constitute royalties within the meaning of Section 365(n) of the United States Bankruptcy Code or any analogous provisions in any other country or jurisdiction or (ii) relate to licenses of intellectual property hereunder.

11.5. **Restrictions upon Termination**. Notwithstanding anything to the contrary in this Agreement, Fortis may not terminate this Agreement for any reason upon FibroGen's exercise of the Option pursuant to the Option and Merger Agreement until this Agreement expires in accordance with Section 11.1.

11.6. **FibroGen Option to Continue In-Lieu of Termination**. If FibroGen has the right to terminate this Agreement under Section 11.3 for Fortis's uncured material breach of its obligations to perform any of the Development Activities allocated to Fortis in accordance with Section 5.2 (for clarity, after FibroGen has provided notice of such material breach in accordance with Section 11.3 and Fortis has failed to cure such material breach during the applicable Cure Period, subject to Section 11.3(b)), FibroGen may, by notice in writing to Fortis, elect to not exercise such right and instead elect to continue this Agreement under this Section 11.6, whereupon this Agreement will continue in full force and effect except as follows:

(a) FibroGen will have the right to elect to perform any or all such Development Activities previously allocated to Fortis under the then-current Study Plan (the "Fortis Development Activities"). If FibroGen elects to perform any such Fortis Development Activities, Fortis will cooperate with FibroGen to transfer all such Fortis Development Activities to FibroGen, or to the extent such transfer is not feasible, will cooperate with FibroGen in the performance of such Fortis Development Activities at FibroGen's reasonable direction.

(b) [*].

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(c) FibroGen's representatives in the JSC will have [*] decision-making authority in the JSC with respect to such Fortis Development Activities, [*].

(d) [*].

11.7. **Effects of Termination**. If this Agreement expires or is terminated, the following terms will apply to this Agreement:

(a) The licenses granted to FibroGen and Fortis under Section 4.1 will terminate, and Fortis will grant, and hereby grants, to FibroGen a non-exclusive, worldwide, fully-paid up, royalty-free, sublicensable, license under the Fortis IP, solely to the extent necessary to perform any obligations of FibroGen surviving the expiration or termination of this Agreement, including under this Section 11.7.

(b) The Parties will comply with their obligations under Section 10.9 with respect to Confidential Information.

(c) If this Agreement expires or is terminated [*] prior to the occurrence of the Closing (as defined under the Option and Merger Agreement) of the Merger, then FibroGen will grant, and hereby grants, to Fortis a non-exclusive, worldwide, fully-paid up, royalty-free, sublicensable (through multiple tiers), transferrable, irrevocable, perpetual license under the FibroGen Other Collaboration IP necessary to Exploit any Product or any Modified Product, solely to Exploit any Product or Modified Product.

(d) [*].

(e) Except if [*], FibroGen will, [*], (i) promptly wind down its remaining Development Activities under the Study Plan [*], or, (ii) upon Fortis's request within [*], transfer the remaining Development Activities allocated to FibroGen under the Study Plan to Fortis, which transfer will include, upon Fortis's request, a technology transfer of any Collaboration IP developed by or on behalf of FibroGen; provided that in the event that a FibroGen Clinical Study has already been initiated and is ongoing as of the effective date of termination ("Ongoing Clinical Study"), (A) FibroGen's wind down obligations under clause [*]. FibroGen will notify Fortis of the [*] within [*] which notice will be accompanied by reasonable supporting details. [*]. For clarity, [*].

(f) Except if [*], if FibroGen has initiated any Fortis IP Infringement Action in accordance with Section 8.7(b) or any defense of any action in accordance with Section 8.9(b), and such Fortis IP Infringement Action or defense action is ongoing at the effective date of termination of this Agreement, then the Parties shall agree in good faith on a transfer plan for FibroGen to transfer all control of such Fortis IP Infringement Action or defense action to Fortis, at FibroGen's sole cost, and FibroGen will continue to pay for all costs and expenses set forth in such transfer plan that are reasonably incurred in connection with such Fortis IP Infringement Action or defense action, including attorneys' fees, [*].

(g) Except if [*], [*].

(h) Except if [*], FibroGen will provide all Collaboration Data (including all data generated in connection with any and all FibroGen Clinical Studies) in FibroGen's possession that it has not already provided to Fortis [*].

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(i) Except if [*], FibroGen will, upon Fortis's request, transfer to Fortis all inventory of Products, and all documentation relating to the Manufacture (including documentation relating to the quality and warranty) for such Products, that are in its possession, within a reasonable time following the effective date of termination; provided that (A) all Products transferred to Fortis for the conduct of any Ongoing Clinical Study in accordance with the then-effective protocol therefor [*]; and (B) with respect to any remaining inventory of Products transferred to Fortis, (1) such inventory shall be transferred to Fortis at no cost to Fortis if this Agreement is terminated by Fortis pursuant to Section 11.3, and (2) [*].

(j) FibroGen will, [*], transfer to Fortis all copies of Regulatory Materials (including drafts or portions thereof) relating to the Products or Modified Products; [*].

(k) FibroGen will, [*], transfer to Fortis all necessary files related to the prosecution of Fortis Patent Rights in FibroGen's possession and shall take all actions and execute all documents reasonably necessary for Fortis to assume the prosecution of such Fortis Patent Rights.

11.8.**Consequences of Consummation of the Merger**. Notwithstanding anything to the contrary in this Agreement, in the event the Merger is consummated in accordance with the terms of the Option and Merger Agreement, then this Agreement will terminate [*].

11.9.**Remedies**. Notwithstanding anything to the contrary in this Agreement, except as otherwise set forth in this Agreement, termination of this Agreement will not relieve the Parties of any liability or obligation which accrued hereunder [*], nor prejudice either Party's right to obtain performance of any obligation which accrued hereunder [*]. Each Party will be free, pursuant to Article 12, to seek, without restriction as to the number of times it may seek, damages, costs and remedies that may be available to it under Applicable Law or in equity.

11.10.**Survival**. Section 7.1 (solely as set forth in Section 11.7(g)), Section 7.4, Section 8.1, Section 8.2(a) to (c), Section 8.3(a) and (b), Section 8.4(a), Section 9.4, Article 10, Section 11.7, Section 11.9, Section 11.10, Article 12, Article 13 and Article 14, and any applicable definitions of any capitalized terms set forth in Article 1, will survive termination or expiration of this Agreement for any reason.

ARTICLE 12DISPUTE RESOLUTION

12.1.**Disputes**.

(a) **Objective**. The Parties recognize that disputes, controversies or claims arising out of or relating to this Agreement, or the interpretation, breach, termination or invalidity hereof or thereof (each a "Dispute" and collectively, "Disputes"), may from time to time occur during the Term. It is the objective of the Parties to establish procedures to facilitate the resolution of Disputes occurring with respect to this Agreement in an expedient manner by mutual cooperation and without resorting to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 12 if and when a Dispute occurs with respect to this Agreement. Notwithstanding the foregoing or anything to the contrary in this Agreement, with respect to any matter under this Agreement, if this Agreement expressly provides that such matter is subject to a Party's sole discretion or to a Party's sole or final decision-making authority (pursuant to Section 3.2(d) or otherwise), such matter will not be subject to dispute resolution under this Article 12, but may be finally determined by such Party in accordance with the terms of this Agreement.

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) **Escalation**. With respect to any Dispute under this Agreement, other than any Dispute relating to the scope, validity or enforceability of a Fortis Patent Right (which may only be determined in accordance with Section 12.2 hereof), either Party (the "Complaining Party") may present such Dispute for resolution [*] (collectively, the "Executive Officers") by providing a dispute notice (the "Dispute Notice") to Executive Officers and the other Party. The Dispute Notice will concisely set forth the Dispute, the Parties' respective positions, and the specific relief requested. Within [*], the Party receiving the Dispute Notice will provide a concise written response (the "Response") to such Dispute Notice to Executive Officers and the Complaining Party. Executive Officers will attempt to resolve such Dispute [*] by Executive Officers of the Response. If the Executive Officers cannot resolve a Dispute within [*], then the Parties will be entitled to exercise any right or remedy available to it either at law or in equity; provided that any suit, action or other proceeding arising out of this Agreement will be brought exclusively in a court of competent jurisdiction, federal or state, located in the [*], and in no other jurisdiction. Each Party hereby consents to personal jurisdiction and venue in, and agrees to service of process issued or authorized by, such court.

12.2.**Determination of Disputes Relating to Patents**. Notwithstanding anything in this Agreement to the contrary, any and all issues regarding the scope, construction, validity, and enforceability of any Patent Rights or trademark relating to the Products that are the subject of this Agreement will be determined in a court or other tribunal, as the case may be, of competent jurisdiction under the applicable patent or trademark laws of the country in which such Patent Rights or trademark rights were granted or arose.

12.3.**[*]**.

12.4.**Equitable Relief.** Notwithstanding anything in this Agreement to the contrary, a Party may at any time seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the resolution efforts of the Executive Officers or an arbitrator on the ultimate merits of any Dispute.

12.5.**Confidentiality**. Any activities related to escalation of Disputes to Executive Officers under Section 12.1, including any and all proceedings and decisions under Section 12.1(b) will be deemed Confidential Information of each of the Parties, and will be subject to Article 10.

ARTICLE 13INDEMNIFICATION

13.1.**Indemnification by FibroGen**. FibroGen hereby agrees to defend, indemnify and hold harmless Fortis and its Controlled Affiliates and each of their respective directors, officers, employees, agents and representatives (each, a "Fortis Indemnitee") from and against any and all claims, suits, actions, demands, liabilities, expenses or loss, including reasonable legal expense and attorneys' fees (collectively, the "Losses"), to which any Fortis Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party (each, a "Claim") to the extent such Losses arise directly or indirectly out of: [*]; except, with respect to each of subsections (i) through (iv) above, to the extent such Losses (x) arise [*] of the applicable Fortis Indemnitee or (y) are subject to an obligation by Fortis to indemnify the FibroGen Indemnitees under Section 13.2, as to which Losses (under this clause (y)) the provisions of Section 13.3 will apply.

13.2.**Indemnification by Fortis**. Fortis hereby agrees to defend, indemnify and hold harmless FibroGen and its Affiliates and each of their respective directors, officers, employees, agents and representatives (each, a "FibroGen Indemnitee") from and against any and all Losses to which any FibroGen Indemnitee may become subject as a result of any Claim to the extent such Losses arise directly or indirectly out of: [*]; except, with respect to each of subsections (i) through (iv) above, to the extent such Losses (x) arise [*] of the applicable FibroGen Indemnitee or (y) are subject to an obligation by FibroGen to indemnify the Fortis Indemnitees under Section 13.1, as to which Losses (under this clause (y)) the provisions of Section 13.3 will apply.

13.3.**Allocation**. [*].

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

13.4.**Indemnification Procedures**.

(a) **Notice**. Promptly after a Fortis Indemnitee or an FibroGen Indemnitee (each, an "Indemnitee") receives notice of a pending or threatened Claim that is subject to an indemnification obligation under Section 13.1 or 13.2, as applicable, such Indemnitee will give written notice of the Claim to the Party from whom the Indemnitee is entitled to receive indemnification (the "Indemnifying Party"). However, an Indemnitee's delay in providing or failure to provide such notice will not relieve the Indemnifying Party of its indemnification obligations, except to the extent it can demonstrate actual prejudice due to the delay or lack of notice.

(b) **Defense**. Upon receipt of notice under Section 13.4(a) from the Indemnitee, the Indemnifying Party will have the duty to either compromise (subject to Section 13.4(d)) or defend, at its own expense and by counsel of its choosing (reasonably satisfactory to Indemnitee), such Claim. The Indemnifying Party will promptly [*] notify the Indemnitee in writing that it acknowledges its obligation to indemnify the Indemnitee with respect to the Claim and of its intention either to compromise or defend such Claim. Once the Indemnifying Party gives such notice to the Indemnitee, [*]. However, the Indemnitee will have the right to employ separate counsel and to participate in the defense of a Claim at its own expense.

(c) **Cooperation**. The Indemnitee will cooperate fully with the Indemnifying Party and its legal representatives in the investigation and defense of any Claim. The Indemnifying Party will keep the Indemnitee informed on a reasonable and timely basis as to the status of such Claim (to the extent the Indemnitee is not participating in the defense of such Claim) and conduct the defense of such Claim in a prudent manner.

(d) **Settlement**. If an Indemnifying Party assumes the defense of a Claim, no compromise or settlement of such Claim may be effected by the Indemnifying Party without the Indemnitee's written consent (which consent will not be unreasonably withheld or delayed), unless: (i) there is no finding or admission of any violation of law or any violation of the rights of any Person and no effect on any other claims that may be made against the Indemnitee; (ii) the [*] relief provided is monetary damages that are paid in full by the Indemnifying Party; and (iii) the Indemnitee's rights under this Agreement are not adversely affected. If the Indemnifying Party fails to assume defense of a Claim [*], the Indemnitee may settle such Claim on such terms as it deems appropriate with the consent of the Indemnifying Party (which consent will not be unreasonably withheld), and the Indemnifying Party will be obligated to indemnify the Indemnitee for such settlement as provided in this Article 13.

13.5.**Insurance**. Each Party will insure its activities in connection with any work performed under this Agreement and will obtain, keep in force, and maintain the following insurance (provided that a Party may procure and maintain, during the Term, an Umbrella Liability Insurance Policy to meet the policy limit requirements of the required policies if a Party's underlying policy limits are less than required):

(a) From the Effective Date through [*]:

(i) Commercial General Liability Each Occurrence: [*]

(ii) Personal and Advertising Injury: [*]

(iii) General Aggregate (commercial form only): [*]

If the above insurance is written on a claims-made form, it will continue for [*]. The insurance will have a retroactive date of placement prior to or coinciding with the Effective Date of this Agreement; and

(b) Worker's Compensation as legally required in the jurisdiction in which a Party is doing business.

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13.6.**Limitation of Liability**.

(a) EXCEPT FOR A PARTY'S OBLIGATIONS SET FORTH IN THIS ARTICLE 13 (INDEMNIFICATION), THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF A PARTY, OR ANY BREACH OF ARTICLE 10 (CONFIDENTIALITY), IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY (OR THE OTHER PARTY'S AFFILIATES OR SUBLICENSEES) IN CONNECTION WITH THIS AGREEMENT FOR LOST REVENUE, LOST PROFITS, LOST SAVINGS, LOSS OF USE, DAMAGE TO GOODWILL, OR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR INDIRECT DAMAGES UNDER ANY THEORY, INCLUDING CONTRACT, NEGLIGENCE, OR STRICT LIABILITY, EVEN IF THAT PARTY HAS BEEN PLACED ON NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR EACH PARTY'S OBLIGATIONS SET FORTH IN SECTION 13.1 OR SECTION 13.2 (INDEMNIFICATION), [*] OF EACH PARTY, OR EACH PARTY'S BREACH OF ARTICLE 10 (CONFIDENTIALITY), [*]. THE LIMITATIONS SET FORTH IN THIS AGREEMENT SHALL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY STATED IN THIS AGREEMENT.

(b) Neither Party will be required to pay the other Party any damages or indemnify any Indemnitee under this Agreement with respect to any facts or circumstances to the extent that such Party (or, in the case of Fortis, the Sellers (as defined in the Option and Merger Agreement)) pays the other Party damages or indemnifies such Indemnitee under the Option and Merger Agreement with respect to such facts or circumstances.

13.7.**UCSF License**. To the extent that the indemnification procedures and insurance coverage requirements in this Article 13 are inconsistent with or conflict with the indemnification procedures and insurance coverage requirements required by the UCSF License, then the indemnification procedures and insurance coverage requirements required by the UCSF License will control, solely to the extent applicable to, and within the scope of, the UCSF License.

ARTICLE 14MISCELLANEOUS

14.1.**Notices.** All notices, requests, claims, demands, waivers and other communications under this Agreement will be in writing and will be sent by courier services, personal delivery [*] to the following addresses, or to such other addresses as will be designated from time to time by a Party in accordance with this Section 14.1:

if to FibroGen:

[*]

with a copy to:

[*]

[*]

if to Fortis:

[*]

with a copy to:

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

[*]

All notices and communications under this Agreement will be deemed to have been duly given (a) when delivered by hand, if personally delivered, (b) upon receipt when delivered by a courier (such date of receipt being evidenced by the courier's service records) or (c) upon return acknowledgment by email, if delivered by email.

14.2.**Designation of Affiliates**. FibroGen may discharge any obligations and exercise any rights hereunder through delegation of its obligations or rights to any of its Affiliates. Any breach by FibroGen's Affiliate of any of FibroGen's obligations under this Agreement will be deemed a breach by FibroGen, and Fortis may proceed directly against FibroGen without any obligation to first proceed against FibroGen's Affiliate. In addition, Fortis may discharge any obligations and exercise any rights hereunder through delegation of its obligations or rights to any of its Controlled Affiliates, but may not discharge any of its obligations and exercise any rights hereunder through delegation of its obligations or rights to any of its Affiliates that are not Controlled Affiliates. Any breach by Fortis's Controlled Affiliate of any of Fortis's obligations under this Agreement will be deemed a breach by Fortis, and FibroGen may proceed directly against Fortis without any obligation to first proceed against Fortis's Affiliate.

14.3.**Force Majeure**. Both Parties will be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by a Force Majeure Event and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse will be continued so long as the Force Majeure Event continues and the nonperforming Party takes reasonable efforts to remove the condition. Notwithstanding the foregoing, a Party will not be excused from making payments owed hereunder because of a Force Majeure Event affecting such Party. If a Force Majeure Event persists for more than [*], then the Parties will discuss in good faith the modification of the Parties' obligations under this Agreement in order to mitigate the delays caused by such Force Majeure Event.

14.4.**Assignment**. Subject to Section 14.2, neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned, in whole or in part, by operation of law or otherwise by either Party without the prior written consent of the other Party, except that (a) [*], FibroGen may assign, without the prior written consent of Fortis, any or all of its rights, interests and obligations under this Agreement to (i) any Affiliate of FibroGen, or (ii) in connection with a permitted assignment of the Option and Merger Agreement, and (b) following the Term, either Party may assign, without the prior written consent of the other Party, any or all of its rights, interests and obligations under this Agreement to (i) any Affiliate of such assigning Party, or (ii) in connection with the sale of all or substantially all of the assets of such assigning Party. Any assignment in violation of the preceding sentence will be void. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of and be enforceable by, the Parties and their respective successors and assigns.

14.5.**Amendment**. No amendment, modification or supplement of any provision of this Agreement will be valid or effective unless made in writing and signed by a duly authorized officer of each Party.

14.6.**Waiver.** No failure or delay on the part of any Party in exercising any right, power or remedy hereunder will operate as a waiver thereof. No provision of this Agreement will be waived by any act, omission or knowledge of a Party or its agents or employees except by an instrument in writing expressly waiving such provision and signed by a duly authorized officer of the waiving Party. The waiver by either of the Parties of any breach of any provision hereof by the other Party will not be construed to be a waiver of any succeeding breach of such provision or a waiver of the provision itself.

14.7.**Remedies Cumulative**. Except as expressly provided otherwise herein, the remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to any Party at law, in equity or otherwise.

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14.8.**Further Assurance**. Each Party will duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request to carry out more effectively the provisions and purposes hereof.

14.9.**Relationship of the Parties**. It is expressly agreed that Fortis, on the one hand, and FibroGen, on the other hand, will be independent contractors and that the relationship between the two Parties will not constitute a partnership, joint venture or agency. Neither Fortis nor FibroGen will have the authority to make any statements, representations or commitments of any kind, or to take any other action, which will be binding on the other, without the prior written consent of the other Party to do so. All persons employed by a Party will be employees of that Party and not of the other Party and all costs and obligations incurred by reason of such employment will be for the account and expense of such Party.

14.10.**Construction**. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (a) "or" has the inclusive meaning represented by the phrase "and/or"; (b) "include", "includes" and "including" are not limiting; (c) "hereof", "hereto", "hereby", "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (d) "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if"; (e) definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms; (f) references to an agreement or instrument mean such agreement or instrument as from time to time amended, modified or supplemented; (g) references to a Person are also to its permitted successors and assigns; (h) references to an "Article", "Section", "Subsection", "Exhibit" or "Schedule" refer to an Article of, a Section or Subsection of, or an Exhibit or Schedule to, this Agreement; (i) words importing the masculine gender include the feminine or neuter and, in each case, vice versa; (j) "day" or "days" refers to calendar days; (k) the word "shall" will be construed to have the same meaning and effect as the word "will"; and (l) references to a law include any amendment or modification to such law and any rules or regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules or regulations occurs, before or, only with respect to events or developments occurring or actions taken or conditions existing after the date of such amendment, modification or issuance, after the date of this Agreement, but only to the extent such amendment or modification, to the extent it occurs after the date hereof, does not have a retroactive effect. The language of this Agreement will be deemed to be the language mutually chosen by the Parties and no rule of strict construction will be applied against either Party hereto. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provision.

14.11.**Entire Agreement**. This Agreement and the Option and Merger Agreement, together with their schedules and exhibits and all ancillary agreements, documents or instruments to be delivered in connection herewith and therewith, contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and thereof and supersede, as of the Restatement Effective Date, all prior discussions, negotiations, commitments, agreements and understandings, both written and oral, relating to such subject matter, including the Original Agreement; provided that the amendment and restatement of the Original Agreement shall not affect any rights or obligations of the Parties that accrued under the Original Agreement between the Effective Date and the Restatement Effective Date.

14.12.**No Third Party Beneficiaries**. Except for the indemnification rights of FibroGen Indemnitees and Fortis Indemnitees under Article 13, this Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied will give or be construed to give to any Third Party any legal or equitable rights hereunder.

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14.13.**Counterparts**. This Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same agreement. This Agreement may be executed by facsimile, .pdf or other electronically transmitted signatures and such signatures will be deemed to bind each Party hereto as if they were the original signatures.

14.14.**Governing Laws**. This Agreement will be governed by, and construed in accordance with, the substantive laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

14.15.**Severability**. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. The Parties will use all reasonable efforts to replace such invalid or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the greatest extent possible, the economic, business and other purposes of such invalid or unenforceable provision.

14.16.**Headings**. The headings of each Article and Section in this Agreement have been inserted for convenience of reference only and will be of no force or effect in construing or interpreting any of the provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the Restatement Effective Date.

FIBROGEN, INC.

By:/s/ [*]

Name: [*]

Title: [*]

FORTIS Therapeutics, INC.

By: /s/ [*]

Name: [*]

Title: [*]

Exhibit A Current Study Plan

[*]

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Schedule 1.12: CD46 Agent

[*]

Schedule 1.64: FOR46

[*]

Schedule 1.74: Fortis In-Licenses

[*]

Schedule 1.117: PET46

[*]

Schedule 1.149: YS5 (YS5FL)

[*]

Schedule 5.5: Fortis Existing Subcontractors

[*]

Schedule 9.2: Disclosure Schedule

[*]

Schedule 9.2(b): Fortis Patent Rights

[*]

Schedule 9.2(g)

[*]

Schedule 9.2(l)

[*]

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Schedule 10.5: Press Release

FibroGen Enters into Exclusive License for FOR46 with Fortis Therapeutics

- *FOR46, an ADC targeting CD46, is in Phase 1 development with potential applications in mCRPC and other CD46-expressing cancers*
- *Collaboration expands FibroGen's clinical pipeline with potential first-in-class product candidate*

SAN FRANCISCO, CA and LA JOLLA, CA May 8, 2023 (GLOBE NEWSWIRE) – FibroGen, Inc. (Nasdaq: FGEN) and Fortis Therapeutics announced that FibroGen has entered into an exclusive license with Fortis Therapeutics for FOR46, a potential first-in-class Phase 1 antibody-drug conjugate (ADC) targeting a novel epitope on CD46. FOR46 is being developed for the treatment of metastatic castration-resistant prostate cancer (mCRPC) and is being explored for use in other CD46 expressing cancers. As part of the clinical development strategy, FibroGen will continue Fortis Therapeutics' work to develop a PET-based biomarker utilizing a radiolabeled version of the targeting antibody (PET46) for patient selection.

"The agreement with Fortis Therapeutics bolsters FibroGen's clinical pipeline in a capital-efficient manner, providing a product candidate with the potential to address a significant unmet medical need in oncology," said Enrique Conterno, Chief Executive Officer, FibroGen. "FOR46 is a natural fit with our R&D capabilities and expertise. The flexibility of the agreement gives us the opportunity to clinically develop FOR46, and ultimately acquire it as a Phase 3-ready asset, potentially delivering a therapy that may transform the treatment of patients with mCRPC and other CD46 expressing cancers."

"We are pleased to partner with the team at FibroGen, who are experienced in advancing novel drug candidates in the clinic for life-threatening diseases," said Jay Lichter, Ph.D., President and CEO of Fortis and Managing Partner of Avalon Bioventures. "We believe that FOR46 is a novel and unique antibody drug conjugate therapy that could help patients with prostate cancer and other cancers, where currently approved treatments have failed."

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Under the terms of the agreement, there is no upfront consideration. FibroGen will conduct and fund future research, development, and manufacturing of FOR46 and PET46. During the four-year evaluation period, FibroGen has the option to acquire Fortis Therapeutics for $80 million. In addition, Fortis is eligible to receive up to a total of $200 million based on various regulatory approvals.

About FOR46

FOR46 is an antibody drug conjugate that binds a specific conformational epitope of CD46 that is highly expressed in various cancer types, including multiple myeloma and prostate and colorectal tumors, with limited reactivity against normal tissues. FOR46 is a fully human antibody conjugated to MMAE, a potent cytotoxic payload utilized in a variety of approved ADCs. Early clinical data show FOR46 to be generally well tolerated with demonstrated monotherapy activity in multiple myeloma and mCRPC.

About FibroGen
FibroGen, Inc. is a biopharmaceutical company committed to discovering, developing, and commercializing a pipeline of first-in-class therapeutics. The Company applies its pioneering expertise in connective tissue growth factor (CTGF) biology and hypoxia-inducible factor (HIF) to advance innovative medicines for the treatment of unmet needs. Pamrevlumab, an anti-CTGF human monoclonal antibody, is in clinical development for the treatment of idiopathic pulmonary fibrosis (IPF), locally advanced unresectable pancreatic cancer (LAPC), metastatic pancreatic cancer, and Duchenne muscular dystrophy (DMD). Roxadustat (爱瑞卓®, EVRENZO™) is currently approved in China, Europe, Japan, and numerous other countries for the treatment of anemia in CKD patients on dialysis and not on dialysis. Roxadustat is in clinical development for anemia of chronic kidney disease (CKD) and anemia associated with myelodysplastic syndromes (MDS), and for chemotherapy-induced anemia (CIA). FibroGen recently expanded its research and development portfolio to include product candidates in the immuno-oncology space. For more information, please visit www.fibrogen.com.

About Fortis Therapeutics

Fortis Therapeutics is an immuno-oncology biotech developing a novel antibody-drug conjugate for late-stage multiple myeloma and metastatic castration-resistant prostate cancer. Fortis was founded based on technology exclusively licensed from UCSF and developed in the laboratory of Bin Liu, Ph.D. Fortis is located in Avalon Bioventures's Community of Innovation, in San Diego. FOR46 is Fortis' sole pharmaceutical asset. For more information, please visit www.fortistx.com.

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Forward-Looking Statements
This release contains forward-looking statements regarding FibroGen's strategy, future plans and prospects, and the timing of potential events, including statements regarding the development and commercialization of the company's product candidates, the potential safety and efficacy profile of its product candidates, and timelines for our clinical programs. These forward-looking statements include, but are not limited to, statements about FibroGen's plans and objectives and typically are identified by use of terms such as "may," "will", "should," "on track," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar words, although some forward-looking statements are expressed differently. FibroGen's actual results may differ materially from those indicated in these forward-looking statements due to risks and uncertainties related to the continued progress and timing of its various programs, including the enrollment and results from ongoing and potential future clinical trials, and other matters that are described in FibroGen's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, as filed with the Securities and Exchange Commission (SEC) on February 27, 2023, including the risk factors set forth therein. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release, and FibroGen undertakes no obligation to update any forward-looking statement in this press release, except as required by law.

Contacts:
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[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Execution Version

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Exhibit 10.3

FIRST AMENDED AND RESTATED

OPTION AGREEMENT AND PLAN OF MERGER

BY AND AMONG

FIBROGEN, INC.,

FORTIS THERAPEUTICS, INC.

AND

SHAREHOLDER REPRESENTATIVE SERVICES LLC, AS SELLERS' REPRESENTATIVE

DATED AS OF JUNE 6, 2024

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FIRST AMENDED AND RESTATED

OPTION AGREEMENT AND PLAN OF MERGER

This First Amended and Restated Option Agreement and Plan of Merger (this "*Option Agreement*") dated as of June 6, 2024 (the "*Restatement Effective Date*") amends and restates that certain Option Agreement and Plan of Merger, effective as of May 5, 2023 (the "*Original Effective Date*" and such agreement, the "*Original Agreement*"), by and among FibroGen, Inc., a Delaware corporation ("*FibroGen*"), Fortis Therapeutics, Inc., a Delaware corporation ("*Fortis*"), and Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Sellers' Representative.

RECITALS

WHEREAS, the board of directors of FibroGen and Fortis have each (i) determined that the merger of Merger Sub with and into Fortis (the "*Merger*") on the terms and subject to the conditions set forth in this Option Agreement are advisable and in the best interest of their respective stockholders to consummate and (ii) approved the Merger on the terms and subject to the conditions set forth in this Option Agreement.

WHEREAS, in consideration for Fortis granting to FibroGen the exclusive option (the "*Option*") to consummate the Merger pursuant to the terms of this Option Agreement, FibroGen paid to Fortis the Option Premium, in accordance with the terms and conditions of the Original Agreement.

WHEREAS, the Merger and this Option Agreement have been submitted to a vote (or written consent) of the stockholders of Fortis and approved by the stockholders of Fortis.

WHEREAS, the consummation of the Merger is subject to FibroGen's exercise, in its sole discretion, of the Option in accordance with the terms of this Option Agreement.

WHEREAS, concurrently with the execution and delivery of the Original Agreement, (i) all of the Fortis Shareholders have executed and delivered to Fortis the Written Consent and (ii) all of the Fortis Equityholders have executed and delivered a Joinder.

WHEREAS, concurrently with the execution and delivery of the Original Agreement, certain Fortis Equityholders have executed and delivered to FibroGen the Restrictive Covenants Agreement.

WHEREAS, concurrently with the execution and delivery of the Original Agreement, FibroGen and Fortis entered into an Evaluation Agreement, pursuant to which FibroGen and Fortis agreed to conduct certain development and evaluation activities of certain Fortis's assets, including FOR46.

WHEREAS, as of the Restatement Effective Date, FibroGen and Fortis desire to amend and restate the Evaluation Agreement to clarify their understanding regarding certain data transfer and regulatory obligations of FibroGen, and the time period during which FibroGen may exercise its Option; accordingly, the Parties desire to amend and restate the Original Agreement in connection with the amendment and restatement of the Evaluation Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the Parties agree as follows:

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

ARTICLE 1
DEFINED TERMS

The capitalized terms set forth in this Article 1 shall have the meanings set forth herein.

Section 1.1. "*280G Payments*" is defined in Section 7.11.

Section 1.2. "*280G Stockholder Approval*" is defined in Section 7.11.

Section 1.3. "*280G Stockholder Vote*" is defined in Section 7.11.

Section 1.4. "*Action*" means any claim, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), arbitration, investigation, hearing, charge, complaint, or proceeding to, from, by or before any Governmental Entity.

Section 1.5. "*Adjusted Closing Statement*" is defined in Section 2.15(b).

Section 1.6. "*Affiliate*" means, with respect to a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person; *provided* that for purposes of this definition, "control" means, with respect to a Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of more than fifty percent (50%) voting securities of such Person, by Contract, by board of director membership or representation, or otherwise. Subject to the foregoing, a Person shall only be deemed an Affiliate of a Party under this Agreement solely for the period it qualifies as an Affiliate under this definition. For purposes hereof, with respect to any investor in Fortis that is an Affiliate of Fortis, the portfolio companies of that investor shall not be deemed to be an Affiliate of Fortis solely by virtue of the fact that Fortis and such other portfolio companies are deemed to be under the common control of such investor.

Section 1.7. "*Affordable Care Act*" is defined in Section 5.18(f).

Section 1.8. "*Aggregate Closing Merger Consideration Adjustment Amount*" means the Final Closing Payment *minus* the Estimated Closing Payment.

Section 1.9. "*Ancillary Agreements*" means the Evaluation Agreement, the Joinders, the Restrictive Covenants Agreements, the Letters of Transmittal, the Fortis Compliance Certificate and all other agreements and certificates entered into by Fortis, FibroGen or the Sellers in connection with the Closing and the transactions contemplated herein.

Section 1.10. "*Applicable Regulatory Entity*" is defined in Section 2.13(b).

Section 1.11. "*Audit Opinion*" is defined in Section 3.1(e).

Section 1.12. "*Auditor*" is defined in Section 2.15(d).

Section 1.13. "*Basket*" is defined in Section 9.4(a).

Section 1.14. "*Benefit Plan*" is defined in Section 5.18(a).

Section 1.15. "*Business*" means the businesses conducted by Fortis as of the date hereof.

Section 1.16. "*Business Day*" means a day other than Saturday, Sunday or any other day on which commercial banks located in the State of New York or California, U.S. are authorized or obligated by applicable Laws to close.

Section 1.17. "*Capitalization Table*" is defined in Section 5.4(e).

Section 1.18. "*Capital Stock*" means any capital stock or share capital of, other voting securities of, other equity interest in, or right to receive profits, losses or distributions of, any Person.

Section 1.19. "*CARES Act*" means the Coronavirus Aid, Relief, and Economic Security Act of 2020, P.L. 116-136, the Consolidated Appropriations Act, 2021, the Health and Economic Recovery Omnibus Emergency Solutions Act, and any similar or successor Law, in each case, including any regulations promulgated thereunder including any presidential memoranda or executive orders or memoranda, relating to COVID-19, as well as any applicable guidance (including, without limitation, IRS Notices 2020-65 and 2021-11, 2020-38 IRB, the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing Covid-19 Disaster, dated August 8, 2020) issued thereunder or relating thereto, and any subsequent Law relating to COVID-19, including the Health, Economic Assistance, Liability, and Schools Act.

Section 1.20. "*Cash Amount*" means [*] by FibroGen to Fortis pursuant to the Evaluation Agreement. For the avoidance of doubt, the Cash Amount shall not be less than [*].

Section 1.21. "*CD46 Agent*" has the meaning set forth in the Evaluation Agreement.

Section 1.22. "*CERCLA*" means the Federal Comprehensive, Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.), as amended, and the rules and regulations promulgated thereunder, and any foreign and state Law counterparts.

Section 1.23. "*Certificate*" is defined in Section 2.8(d).

Section 1.24. "*Certificate of Merger*" is defined in Section 2.4(c).

Section 1.25. "*CGCL*" means the General Corporation Law of the State of California.

Section 1.26. "*Change of Control Payments*" means, in each case, [*].

Section 1.27. "*Charter*" means Fortis' Amended and Restated Certificate of Incorporation, as amended, in effect immediately prior to the Effective Time.

Section 1.28. "*Claim Dispute Notice*" is defined in Section 9.5(b).

Section 1.29. "*Clinical Trial*" has the meaning set forth in the Evaluation Agreement.

Section 1.30. "*Closing*" is defined in Section 2.3.

Section 1.31. "*Closing Balance Sheet*" means the balance sheet of Fortis as of 12:01 a.m. Pacific Time on the Closing Date, prepared in accordance with GAAP, and, to the extent in conformance with GAAP, applied in a manner consistent with the principles, practices, procedures, policies and methods used by Fortis in the preparation of the Latest Balance Sheet.

Section 1.32. "*Closing Cash Amount*" means the Cash Amount as finally determined pursuant to Section 2.15.

Section 1.33. "*Closing Date*" means the date on which the Closing occurs.

Section 1.34. "*Closing Indebtedness*" means all Indebtedness of Fortis (and all accrued interest thereon and any premium, penalties or fees due as a result of any prepayment thereof) to the extent

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outstanding as of immediately prior to the Closing (but which, for the avoidance of doubt, shall include Closing Payroll Taxes).

Section 1.35. "*Closing Liability Amount*" means, without duplication, the sum of (i) the Closing Indebtedness, (ii) all Deal Fees, (iii) all Change of Control Payments and (iv) all Transfer Costs. For the avoidance of doubt, no amount shall be included in more than one of clauses (i) through (iv) in the calculation of "Closing Liability Amount," and "Closing Liability Amount" shall exclude any amount included in the calculation of the Closing Working Capital Adjustment.

Section 1.36. "*Closing Payment*" means (i) $80,000,000, [*].

Section 1.37. "*Closing Payroll Taxes*" means the employer portion of any payroll, employment or social security Taxes incurred in connection with any Change of Control Payments or amounts payable under this Option Agreement in respect of Fortis Stock Options or Restricted Stock, in each case, to the extent unpaid as of immediately prior to the Closing and payable at or in connection with the Closing.

Section 1.38. "*Closing Working Capital Adjustment*" means, an amount, which may be positive or negative, equal to (i) the sum of Fortis' Current Assets [*] determined in accordance with GAAP, and, to the extent in conformance with GAAP, applied in a manner consistent with the principles, practices, procedures, policies and methods used by Fortis in the preparation of the Latest Balance Sheet; *minus* (ii) the sum of Fortis' current liabilities, including accrued expenses and accounts payable; in each case [*] determined in accordance with GAAP, and, to the extent in conformance with GAAP, applied in a manner consistent with the principles, practices, procedures, policies and methods used by Fortis in the preparation of the Latest Balance Sheet; *provided*, *however*, that, for purposes of this definition of "Closing Working Capital Adjustment," (a) "current liabilities" shall exclude all amounts included in the calculation of the Closing Liability Amount, (b) "current assets" shall exclude all cash and cash equivalents to the extent such amounts are included in the calculation of the Closing Payment, and (c) the Closing Working Capital Adjustment shall not include deferred Tax assets or deferred Tax Liabilities and shall include all current non-income Tax Liabilities and Tax assets, [*] determined in accordance with GAAP, and, to the extent in conformance with GAAP, applied in a manner consistent with the principles, practices, procedures, policies and methods used by Fortis in the preparation of the Latest Balance Sheet.

Section 1.39. "*Code*" means the Internal Revenue Code of 1986, as amended.

Section 1.40. "*Collateral*" is defined in Section 7.9(a).

Section 1.41. "*Commercially Reasonable Efforts*" means, [*].

Section 1.42. "*Competing Product*" is defined in Section 7.8(a).

Section 1.43. "*Confidential Information*" is defined in Section 7.7.

Section 1.44. "*Constitutive Documents*" means (i) the articles or certificate of incorporation and by-laws of a Person if such Person is a corporation, and analogous constitutive documents if such Person is another form of entity and (ii) with respect to Fortis, the Stockholder Agreements.

Section 1.45. "*Contingent Payment*" is defined in Section 2.13(a).

Section 1.46. "*Contingent Payment Deal Fees*" means [*].

Section 1.47. "*Contingent Payment Development Milestone*" is defined in Section 2.13(b).

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Section 1.48. "*Contract*" means any loan or credit agreement, bond, debenture, note, mortgage, indenture, guarantee, security agreement, lease or other contract, agreement, instrument, or other legally binding arrangement or understanding, whether written or oral.

Section 1.49. "*Contractual Obligation*" means, with respect to any Person, any Contract to which or by which such Person is a party or otherwise subject or bound or to which or by which any property, business, operation or right of such Person is legally subject or legally bound.

Section 1.50. "*Cooley*" is defined in Section 11.12.

Section 1.51. "*Copyright*" means any copyright (i) licensed from any third party (other than commercial off-the-shelf software) or (ii) assigned, registered or applied for.

Section 1.52. "*Covered*" or "*Covering*" means, with respect to a product and an Issued Patent or Patent Application, that (a) the manufacture, importation, offer for sale, use or sale of such product in a particular country, in the absence of ownership to, or a license under, such Issued Patent, would infringe a Valid Claim of a specific Issued Patent or (b) the manufacture, importation, offer for sale, use or sale of such product in a particular country, in the absence of ownership to, or a license under, such Patent Application if it were issued as an Issued Patent, would infringe a Valid Claim of such Patent Application.

Section 1.53. "*Covered Materials*" is defined in Section 11.13.

Section 1.54. "*Current Assets*" means the current assets of Fortis, including accounts receivable, deposits on leased property, inventory and prepaid expenses.

Section 1.55. "*CVR Product*" means any [*].

Section 1.56. "*D&O Indemnified Parties*" is defined in Section 7.5(a).

Section 1.57. "*D&O Policy*" is defined in Section 7.5(c).

Section 1.58. "*Data Room*" means the electronic data room made available to FibroGen by Fortis through Microsoft Sharepoint in connection with the negotiation of this Option Agreement, as constituted on or prior to the date of this Option Agreement.

Section 1.59. "*Deal Fees*" means [*].

Section 1.60. "*Development Activities*" has the meaning set forth in the Evaluation Agreement.

Section 1.61. "*Development Fees*" has the meaning set forth in the Evaluation Agreement.

Section 1.62. "*Development Force Majeure Event*" has the meaning set forth in the Evaluation Agreement.

Section 1.63. "*DGCL*" means the General Corporation Law of the State of Delaware.

Section 1.64. "*Disclosed Events*" is defined in Section 3.1(a).

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Section 1.65. "*Disclosure Schedule*" means a schedule of exceptions to the representations and warranties of Fortis set forth in this Option Agreement, delivered contemporaneously with this Option Agreement. The Disclosure Schedule shall be arranged in sections and subsections corresponding to the numbered and lettered sections and subsections contained in this Option Agreement; *provided*, *however*, that that any information or disclosure disclosed under a particular section or subsection of the Disclosure Schedule shall be deemed to be disclosed for purposes of and qualify each other section or subsection of this Option Agreement to the extent it is reasonably apparent from the face of such disclosure that such disclosure is applicable to such other numbered or lettered sections and subsections.

Section 1.66. "*Disqualified Individual*" is defined in Section 7.11.

Section 1.67. "*Dissenting Shares*" is defined in Section 2.16(a).

Section 1.68. "*DOJ*" means the United States Department of Justice.

Section 1.69. "*Due Diligence Review Period*" is defined in Section 3.1(d).

Section 1.70. "*Effective Time*" means the later of the acceptance of the filing of the Certificate of Merger by the Secretary of State of the State of Delaware or such time thereafter as specified in the Certificate of Merger.

Section 1.71. "*EMA*" means the European Medicines Agency or any successor agency or authority having substantially the same function.

Section 1.72. "*Employee Stock Option*" means a Fortis Stock Option granted to the holder in the holder's capacity as an employee of Fortis for applicable employment Tax purposes.

Section 1.73. "*Enforceable*" means, with respect to any Contractual Obligation stated to be Enforceable by or against any Person, that such Contractual Obligation is a legal, valid and binding obligation of such Person enforceable by or against such Person in accordance with its terms, except to the extent that enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

Section 1.74. "*Environmental Law*" means any Law relating to (i) the manufacture, processing, use, labeling, distribution, treatment, storage, discharge, disposal, recycling, generation or transportation of Hazardous Materials; (ii) air (including indoor air), soil, surface, subsurface, groundwater or noise pollution; (iii) Releases or threatened Releases; (iv) protection of wildlife, endangered species, wetlands or natural resources; (v) underground storage tanks; (vi) above-ground storage tanks; (vii) health and safety of employees and other persons; (viii) the presence or content of Hazardous Materials in a product, item or article, whether a component or finished product; (ix) product life-cycle requirements; (x) land use and zoning requirements; and (xi) notification requirements relating to the foregoing. Without limiting the above, Environmental Law also includes the following within the United States and all foreign equivalents thereof: (a) CERCLA; (b) the Solid Waste Disposal Act, as amended by RCRA; (c) the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. §§ I 101 et seq.), as amended; (d) the Clean Air Act (42 U.S.C. §§ 7401 et seq.), as amended; (e) the Clean Water Act (33 U.S.C. §§ 1251 et seq.), as amended; (f) the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), as amended; (g) the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), as amended; (h) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), as amended; (i) the Federal Safe Drinking Water Act (42 U.S.C. §§ 300 et seq.), as amended; (j) the Federal Radon and Indoor Air Quality Research Act (42 U.S.C. §§ 7401 note, et seq.), as amended; (k) the Occupational Safety and Health Act (29 U.S.C §§ 651 et seq.), as amended; and (l) any Laws similar or analogous to (including counterparts of) any of the statutes listed above in effect as of the Closing Date.

Section 1.75. "*EOP2 Meeting*" has the meaning set forth in the Evaluation Agreement.

Section 1.76. [*intentionally left blank*]

Section 1.77. "*ERISA*" means the Employee Retirement Income Security Act of 1974.

Section 1.78. "*ERISA Affiliate*" means, with respect to any Person, any other Person which, together with such Person, is a member of a controlled group of corporations or a group of trades or businesses under common control within the meaning of section 414 of the Code.

Section 1.79. "*Estimated Closing Balance Sheet*" is defined in Section 2.15(a).

Section 1.80. "*Estimated Closing Cash Amount*" is defined in Section 2.15(a).

Section 1.81. "*Estimated Closing Liability Amount*" is defined in Section 2.15(a).

Section 1.82. "*Estimated Closing Payment*" is defined in Section 2.15(a).

Section 1.83. "*Estimated Closing Statement*" is defined in Section 2.15(a).

Section 1.84. "*Estimated Closing Working Capital Adjustment*" is defined in Section 2.15(a).

Section 1.85. "*EU*" means all of the European Union member states as of the applicable time.

Section 1.86. "*Evaluation Agreement*" means the Evaluation Agreement between Fortis and FibroGen, dated as of the date hereof, as amended.

Section 1.87. "*Exercise Notice*" is defined in Section 3.2(a).

Section 1.88. "*Exploit*" or "*Exploitation*" means to research, make, have made, distribute, import, export, use, have used, sell, have sold, or offer for sale, including to develop, commercialize, register, modify, enhance, improve, manufacture, have manufactured or otherwise dispose of.

Section 1.89. "*FCPA*" is defined in Section 5.25.

Section 1.90. "*FDA*" means the U.S. Food and Drug Administration, or any successor agency or authority thereto.

Section 1.91. "*FFDCA*" means the United States Federal Food, Drug, and Cosmetic Act, as amended.

Section 1.92. "*FibroGen*" is defined in the preamble of this Option Agreement.

Section 1.93. "*FibroGen Clinical Studies*" has the meaning set forth in the Evaluation Agreement.

Section 1.94. "*FibroGen Indemnified Party*" is defined in Section 9.2.

Section 1.95. "*FibroGen Tax Action*" means [*].

Section 1.96. "*Final Closing Payment*" means the Closing Payment as finally determined pursuant to Section 2.15.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 1.97. "*Final Exercise Date*" is defined in Section 3.2(b).

Section 1.98. "*Final Exercise Notice*" is defined in Section 3.2(b).

Section 1.99. "*Financial Statements*" is defined in Section 5.8.

Section 1.100. "*First CVR Product Approval*" is defined in Section 2.13(b).

Section 1.101. "*FOR46*" has the meaning set forth in the Evaluation Agreement.

Section 1.102. "*Fortis*" is defined in the preamble of this Option Agreement.

Section 1.103. "*Fortis Capital Stock*" means the Capital Stock of Fortis.

Section 1.104. "*Fortis Common Stock*" is defined in Section 5.4(a).

Section 1.105. "*Fortis Equityholders*" means Fortis Shareholders and Fortis Warrantholders.

Section 1.106. "*Fortis Intellectual Property*" means all Intellectual Property owned by or licensed to Fortis.

Section 1.107. [*].

Section 1.108. "*Fortis Personnel*" means any former or current director, officer, employee, individual independent contractor or consultant of Fortis, including, for the avoidance of doubt, any individual engaged (or who has previously been engaged) to provide services for Fortis pursuant to the Support Services Agreement between Fortis and [*] dated as of August 1, 2016 (in each case solely in their capacity as a service provider to Fortis).

Section 1.109. "*Fortis Preferred Stock*" is defined in Section 5.4(a).

Section 1.110. "*Fortis Registrations*" is defined in Section 5.14(a).

Section 1.111. "*Fortis Shareholder*" means a holder of Fortis Capital Stock.

Section 1.112. "*Fortis Stock Option*" means an option to purchase or acquire shares of Fortis Capital Stock granted under the Fortis Stock Plan.

Section 1.113. "*Fortis Stock Plan*" means Fortis's 2016 Equity Incentive Plan, as amended.

Section 1.114. "*Fortis Voting Agreement*" means that certain Voting Agreement, [*] by and among Fortis and the Voting Parties (as defined therein) party thereto.

Section 1.115. "*Fortis Warrantholder*" means a holder of Warrants.

Section 1.116. "*Fraud*" means actual and intentional fraud under Delaware common law with respect to the making of one or more of the representations and warranties of (i) Fortis contained in Article 5 of this Agreement or (ii) FibroGen contained in Article 6 of this Agreement; *provided*, *however*, that "Fraud" shall not include any cause of action based on constructive fraud.

Section 1.117. "*FTC*" means the United States Federal Trade Commission.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 1.118. "*Fundamental Representations*" means the representations and warranties contained in [*].

Section 1.119. "*GAAP*" means United States generally accepted accounting principles, consistently applied.

Section 1.120. "*GCP*" has the meaning set forth in the Evaluation Agreement.

Section 1.121. "*GLP*" has the meaning set forth in the Evaluation Agreement.

Section 1.122. "*GMP*" has the meaning set forth in the Evaluation Agreement.

Section 1.123. "*Governmental Entity*" means any instrumentality, subdivision, court, administrative agency, commission, official or other authority of any country, state, province, prefect, municipality, locality or other government or political subdivision thereof, or any multinational organization or authority, or any quasi-governmental, private body, mediator, arbitrator or arbitral body exercising any executive, legislative, judicial, quasi-judicial, regulatory, taxing, importing, administrative or other governmental or quasi-governmental authority.

Section 1.124. "*Government Order*" means any order, writ, judgment, injunction, decree, stipulation, ruling, decision, verdict, determination or award made, issued or entered by or with any Governmental Entity.

Section 1.125. "*Handling*" means the receipt, access, acquisition, collection, compilation, use, storage, processing, transmission, safeguarding, security, disposal, destruction, disclosure, sale, licensing, rental, or transfer of information.

Section 1.126. "*Hazardous Material*" means any chemical, pollutant, contaminant, pesticide, fungicide, rodenticide, poison, petroleum or petroleum product, radioactive substance, biological material, genetically modified organism, wastes (including solid, hazardous, extremely hazardous, special, dangerous, or toxic), any substance, chemical or material regulated, listed, limited or defined as such under any Environmental Law, including: (i) any by-products, derivatives, or combinations of such material; (ii) lead, asbestos, asbestos-containing material, presumed asbestos-containing material, poly-chlorinated biphenyls, solvents and waste oil, and mold or other indoor air contaminants; (iii) any "hazardous substance," "pollutant", "toxic pollutant" or "contaminant" as defined under Environmental Laws; (iv) any "hazardous waste" as defined under RCRA, or any Environmental Law applicable to the management of waste; and (v) any other substance which may be subject of regulatory action by any Governmental Entity in connection with any Environmental Law.

Section 1.127. "*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Section 1.128. "*HSR Approval*" is defined in Section 8.3(b).

Section 1.129. "*In-the-Money Fortis Stock Options*" means all Fortis Stock Options that are issued, outstanding and vested (including as a result of any acceleration approved by the board of directors of Fortis in accordance with this Option Agreement) as of immediately prior to the Effective Time and that have an exercise price that is less than the per share portion of the Estimated Closing Payment payable in respect of each share of Fortis Common Stock, determined in accordance with the Charter.

Section 1.130. "*In-the-Money Warrants*" means all Warrants issued and outstanding as of immediately prior to the Effective Time with an exercise price that is less than the per share portion of the Estimated Closing Payment payable in respect of each share of Fortis Common Stock, determined in accordance with the Charter.

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Section 1.131. "*IND*" has the meaning set forth in the Evaluation Agreement.

Section 1.132. "*Indebtedness*" of any Person means, without duplication, (i) all indebtedness of such Person for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money (other than trade payables or other trade liabilities), (ii) all obligations of such Person evidenced by bonds, debentures, notes, mortgages or similar instruments, (iii) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien or other claim on any assets and properties owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (iv) all guarantees by such Person or contingent liabilities of such Person with respect to the Indebtedness of others, (v) all capital lease obligations of such Person, (vi) all obligations of such Person as an account party in respect of letters of credit and banker's acceptances (solely to the extent drawn), (vii) all obligations with respect to severance pay or other termination-related payments or benefits owed to any person whose employment or other service relationship with Fortis terminates prior to the Closing, together with the employer portion of any Taxes arising therefrom, (viii) all obligations with respect to accrued but unpaid bonus and commission payments payable to current or former employees or other service providers of such Person, together with the employer portion of any Taxes arising therefrom, (ix) obligations under any interest rate, currency or other hedging agreement and (x) with respect to Fortis, all accrued and unpaid income Taxes of Fortis and any of its Subsidiaries for all Pre-Closing Tax Periods calculated in accordance with past practice (with the amount of such Taxes with respect to each applicable taxing jurisdiction and Tax for each applicable Pre-Closing Tax Period not being less than zero), and (xi) with respect to Fortis, all Closing Payroll Taxes.

Section 1.133. "*Indemnified Party*" means the FibroGen Indemnified Parties or Seller Indemnified Parties, as applicable.

Section 1.134. "*Indemnifying Party*" means any Person against whom a claim for indemnification is being asserted under any provision of Article 9; *provided*, that with respect to the Sellers, all references to "Indemnifying Party" in Article 9 with notices required to be delivered to, and all rights of the Indemnifying Party shall be deemed to refer to the Sellers' Representative (except for provisions relating to an obligation to make or right to receive any payments), acting on behalf of the Sellers.

Section 1.135. "*Indemnity Liability Cap*" means [*].

Section 1.136. "*Indemnity Pro Rata Share*" means, with respect to each Seller, the percentage amount obtained by dividing (i) the aggregate Merger Consideration paid or, with respect to Contingent Payments, payable to such Seller under this Option Agreement, by (ii) the aggregate Merger Consideration paid or, with respect to Contingent Payments, payable to all Sellers under this Option Agreement, in each case prior to any deductions.

Section 1.137. "*Indication*" means each differentiated disease, condition, disorder or syndrome. For cancer, (i) any unique tissue or cell type of origin or patient population for which there are applicable NCCN Clinical Guidelines (e.g. prostate cancer, colon cancer, non-small cell lung cancer, pancreatic adenocarcinoma, pediatric central nervous system cancers, etc.), (ii) any new lines of therapy within the same cancer type (for example, 1st line NSCLC vs. 2nd line NSCLC), or (iii) different tumor or patient subpopulations described in any particular NCCN Clinical Guidelines (for example, triple negative breast cancer), in each case ((i)-(iii)) will be deemed separate Indications.

Section 1.138. "*Intellectual Property*" means any (i) Patents, (ii) Marks or applications for Marks, (iii) Copyrights, (iv) Know-How or (v) other intellectual property or proprietary rights, including tangible biologic materials.

Section 1.139. "*Invention Assignment Agreement*" is defined in Section 5.14(g).

Section 1.140. "*Investors' Rights Agreement*" means that certain Investors' Rights Agreement, dated as of [*], by and among Fortis and the Investors (as defined therein) party thereto.

Section 1.141. "*IRS*" means the Internal Revenue Service of the United States of America.

Section 1.142. "*Issued Patent*" means all issued patents, reissued or reexamined patents, including petty patents, design patents, revivals of patents, utility models, certificates of invention, registrations of patents and extensions thereof (including supplementary protection certificates), regardless of country issued or formal name, and any counterparts claiming priority therefrom or the benefit thereof under applicable Laws.

Section 1.143. "*Joinder*" means the joinder to this Option Agreement in the form attached hereto as Exhibit A.

Section 1.144. "*Judgment*" means any writ, judgment, injunction, order, decree, stipulation determination or award entered by or with any Governmental Entity.

Section 1.145. "*Know-How*" means information (including confidential information), know-how, inventions, discoveries, compositions, formulations, formulas, practices, procedures, processes, methods, knowledge, trade secrets, technology, techniques, designs, drawings, correspondence, computer programs, documents, apparatus, results, strategies, information pertaining to, or made in association with, filings with any Regulatory Entity or patent office, data (including pharmacological, toxicological, non-clinical, pre-clinical and clinical data, analytical and quality control data, manufacturing data and descriptions, market data, financial data or descriptions), devices, assays, specifications, physical, chemical and biological materials and compounds, and the like, in written, electronic, oral or other tangible or intangible form, now known or hereafter developed, whether or not patentable. Know-How shall include all contents of the Data Room and all Confidential Information shared with FibroGen by Fortis.

Section 1.146. "*Latest Balance Sheet*" means Fortis's most recently prepared balance sheet in the Updated Financial Statements delivered to FibroGen prior to the Closing pursuant to Section 3.1(c).

Section 1.147. "*Law*" means any federal, state, territorial, foreign or local law, common law, statute, ordinance, judicial decision, rule, regulation or code of any Governmental Entity.

Section 1.148. "*Legal Requirement*" means any United States federal, state or local or any foreign law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any Government Order.

Section 1.149. "*Letter of Transmittal*" is defined in Section 2.11(a).

Section 1.150. "*Liabilities*" means any and all damages, debts, liabilities and obligations, Losses, Taxes, interest obligations, deficiencies, judgments, assessments, fines, fees, penalties, and expenses, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including those arising under any Law, Action or Judgment and those arising under any contract, agreement, arrangement, commitment or undertaking.

Section 1.151. "*Lien"* means any lien, security interest, mortgage, pledge, lease, levy, charge, equitable or ownership interest, license, or other encumbrance or restriction of any kind, whether arising by Contract or by operation of Law, or any conditional sale Contract or title retention Contract.

Section 1.152. "*Losses*" means any [*].

Section 1.153. "*Manufacture*" has the meaning set forth in the Evaluation Agreement.

Section 1.154. "*Mark*" means any trademark, trade name, trade dress, service mark or domain name.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 1.155. "*Material Adverse Change*" means any change, effect, event, occurrence, state of facts or development (collectively, "*Effect*") which, individually or in the aggregate, would reasonably be expected to result in, or has resulted in, any change or effect, that (i) is materially adverse to the business, condition (financial or otherwise), assets, liabilities or results of operations of Fortis, or (ii) would reasonably be expected to prevent or materially impede, materially interfere with, materially hinder or materially delay the consummation of the Merger; *provided* that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Change: (a) any Effect relating to the economy in general in the United States or in any other jurisdiction in which Fortis has operations or conducts business, to the extent such Effects do not disproportionately impact Fortis as compared to any of the other companies in Fortis's industry; (b) any Effect reasonably attributable to conditions affecting the industry in which Fortis participates, to the extent such Effects do not disproportionately impact Fortis as compared to any of the other companies in Fortis's industry; (c) any natural disaster or acts of terrorism, military action or war, or any escalation or worsening thereof; (d) changes in applicable Laws or GAAP, to the extent such changes do not disproportionately impact Fortis as compared to any of the other companies in Fortis's industry; and (e) any Effect to the extent resulting from or arising out of the execution, delivery, announcement or performance of this Option Agreement, any of the Ancillary Agreements or the announcement, pendency or anticipated consummation of the Merger or the other transactions contemplated herein or therein.

Section 1.156. "*Material Claims*" is defined in Section 9.4(e).

Section 1.157. "*Material Contract*" is defined in Section 5.13(a).

Section 1.158. "*Merger*" is defined in the Recitals.

Section 1.159. "*Merger Consideration*" is defined in Section 2.8(c).

Section 1.160. "*Merger Sub*" means the direct, wholly owned subsidiary of FibroGen that FibroGen will incorporate after the date of this Option Agreement pursuant to Section 7.13 to effectuate the Merger.

Section 1.161. "*Merger Sub Common Stock*" means the common stock of Merger Sub.

Section 1.162. "*Mini Basket*" is defined in Section 9.4(a).

Section 1.163. "*Modified Product*" has the meaning set forth in the Evaluation Agreement.

Section 1.164. "*Most Recent Balance Sheet*" means the unaudited consolidated balance sheet of Fortis as of the Most Recent Balance Sheet Date.

Section 1.165. "*Most Recent Balance Sheet Date*" is defined in Section 5.8.

Section 1.166. "*NCCN*" means the National Comprehensive Cancer Network.

Section 1.167. "*NCCN Clinical Guideline*" means the then current NCCN Clinical Practice Guidelines in Oncology as found at www.nccn.org/guidelines.

Section 1.168. "*Negative Adjustment Amount*" is defined in Section 2.15(e).

Section 1.169. "*Non-Employee Stock Option*" means a Fortis Stock Option that is not an Employee Stock Option.

Section 1.170. "*Objection Period*" is defined in Section 2.15(c).

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 1.171. "*Off-the-Shelf Software*" means generally available commercial software obtained from a third party on general commercial terms that (i) continues to be widely available on such commercial terms as of the Closing Date, (ii) involves license, maintenance, support, and other fees less than [*], (iii) is not material to the Business, (iv) is not distributed with, incorporated in, or necessary for use or development of, any product or service of Fortis, and (v) is not Open Source Software.

Section 1.172. "*Open Source Software*" means any software that is distributed (i) as "free software" (as defined by the Free Software Foundation), (ii) as "open source software" or pursuant to any license identified as an "open source license" by the Open Source Initiative (www.opensource.org/licenses), or (iii) under any similar licensing or distribution model, or (iv) under a license that requires disclosure of source code or requires derivative works based on such software to be made publicly available under the same license.

Section 1.173. "*Option*" is defined in the Recitals.

Section 1.174. "*Option Agreement*" is defined in the preamble of this Option Agreement.

Section 1.175. "*Option Exercise Deadline*" means [*].

Section 1.176. "*Option Period*" means [*].

Section 1.177. "*Option Premium*" means [*].

Section 1.178. "*Ordinary Course of Business*" means the ordinary course of business, consistent with past practice or, with respect to matters covered under a development plan for a Product (including the Study Plan), materially in accordance with such development plan (including the Study Plan).

Section 1.179. "*Out-of-the-Money Fortis Stock Option*" is defined in Section 2.9(b).

Section 1.180. "*Out-of-the-Money Warrant*" is defined in Section 2.9(d).

Section 1.181. "*Outside Date*" is defined in Section 1.175.

Section 1.182. "*Partial Payment #1*" is defined in Section 2.13(b).

Section 1.183. "*Partial Payment #2*" is defined in Section 2.13(b).

Section 1.184. "*Party*" means FibroGen, Fortis and the Sellers' Representative.

Section 1.185. "*Patent Applications*" means all published or unpublished nonprovisional and provisional patent applications, international (PCT) applications, substitutions, divisionals, renewals, reissue applications, reexamination proceedings, invention disclosures and records of invention, continuations, continuations-in-part, requests for continued examination and divisions, regardless of country filed or formal name.

Section 1.186. "*Patents*" means the Issued Patents and Patent Applications.

Section 1.187. "*Paying Agen*t" is defined in Section 2.10.

Section 1.188. "*Paying Agen*t Agreement" is defined in Section 2.10.

Section 1.189. "*Payoff Recipient*" means the holders of Indebtedness for borrowed money to be paid in connection with the Closing.

Section 1.190. "*Periodic Updates*" is defined in Section 3.1(a).

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 1.191. "*Permit*" means any federal, state or local, domestic or foreign, governmental consent, approval, order, authorization, certificate, permit, registration, franchise, license or right.

Section 1.192. "*Permitted Liens*" means the following: (i) statutory Liens for Taxes not yet due or payable or that are being contested in good faith through appropriate procedures and for which adequate reserves have been established on financial statements in accordance with GAAP; (ii) Liens for assessments and other governmental charges or Liens of landlords, carriers, warehousemen, mechanics and repairmen incurred in the Ordinary Course of Business, in each case for sums not yet due and payable or due but not delinquent; (iii) Liens incurred in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance and other types of social security; and (iv) encumbrances in the nature of zoning restrictions, easements, rights or restrictions of record on the use of real property if the same do not materially detract from the value of the property encumbered thereby or materially impair the use of such property in Fortis' business.

Section 1.193. "*Person*" means an individual, corporation, company, partnership, limited liability company, joint venture, association, trust, business trust, Governmental Entity, unincorporated organization, a division or operating group of any of the foregoing or any other entity or organization.

Section 1.194. "*Personal Information*" means any information that (i) is subject to Handling obligations under Legal Requirement or Contractual Obligation, (ii) is subject to a requirement, under Legal Requirement or Contractual Obligation, that any Person be notified if such information is lost, misused, wrongly accessed, wrongly acquired or compromised, (iii) alone or in combination with other information can be used to identify an individual Person; or (iv) constitutes any health or other sensitive information of an individual Person.

Section 1.195. "*Personal Property Leases*" is defined in Section 5.11(b).

Section 1.196. "*PET46*" has the meaning set forth in the Evaluation Agreement.

Section 1.197. "*PET Technical Study*" has the meaning set forth in the Evaluation Agreement.

Section 1.198. "*Phase 3 Clinical Trial*" has the meaning set forth in the Evaluation Agreement.

Section 1.199. "*Positive Adjustment Amount*" is defined in Section 2.15(f).

Section 1.200. "*Post-Closing Payroll Taxes*" means the employer portion of any payroll, employment or social security Taxes incurred in connection with any Contingent Payments in respect of Fortis Stock Options or Restricted Stock, in each case, that are not Closing Payroll Taxes. For the avoidance of doubt, Post-Closing Payroll Taxes will: (i) not be included within the definitions of Closing Liability Amount, Change of Control Payments, Closing Indebtedness, Pre-Closing Taxes, or Deal Fees; (ii) not reduce the Closing Payment or any Contingent Payment; and (iii) be borne solely by FibroGen or its Affiliates.

Section 1.201. "*Post-Closing Tax Period*" means any Tax Period beginning after the Closing Date and that portion of any Straddle Period beginning after the Closing Date.

Section 1.202. "*Pre-Closing Period*" is defined in Section 7.1(a).

Section 1.203. "*Pre-Closing Tax Period*" means any Tax Period ending on or before the Closing Date and that portion of any Straddle Period ending on the Closing Date.

Section 1.204. "*Pre-Closing Taxes*" means (i) any Taxes of Fortis and any of its Subsidiaries for all Pre-Closing Tax Periods, (ii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which Fortis or any of its Subsidiaries is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar state, local or foreign law, (iii) all Liability for Taxes of any Person arising under principles of transferee or successor Liability, or by contract (excluding, for the avoidance of doubt, any contracts entered into in the Ordinary Course of Business the primary purpose of which is not related to Taxes) or operation of Law imposed on Fortis or any of its Subsidiaries for any period by reason of any event or transaction occurring on or prior to the Closing Date, and (iv) all Closing Payroll Taxes and any accrued and unpaid payroll Taxes of Fortis and any of its Subsidiaries that have been deferred from a Pre-Closing Tax Period to a Post-Closing Tax Period under the CARES Act. Notwithstanding the foregoing, Pre-Closing Taxes shall (A) not include (1) any Transfer Taxes for which FibroGen is responsible pursuant to Section 7.2(d), (2) any Post-Closing Payroll Taxes, (3) any Taxes allocated to FibroGen pursuant to Section 7.2(i), (4) any Taxes attributable to Tax Periods (or portions thereof) beginning after the Closing Date (for the avoidance of doubt, except for such Taxes that are indemnifiable under Section 9.2(a)), (5) any Taxes due to the unavailability in any Tax period (or portion thereof) beginning after the Closing Date of any net operating losses, credits or other Tax attribute from a Tax period (or portion thereof) ending on or prior to the Closing Date, (6) any Taxes arising from an election under Section 338 or Section 336 of the Code or any similar provision of foreign, state or local Law in respect of the consummation of the transactions contemplated by this Option Agreement, or (7) any Taxes incurred by Fortis on the Closing Date after the Closing outside the Ordinary Course of Business (other than as explicitly contemplated by this Option Agreement).

Section 1.205. "*Predecessor*" means, with respect to any specified Person, (a) any other Person that has ever merged or consolidated with or into such specified Person or (b) any other Person all or substantially all of whose assets has ever been acquired by such specified Person (whether by purchase, upon liquidation or otherwise).

Section 1.206. "*Pro Rata Percentage*" means, with respect to each Seller, at the time of calculation, the percentage of any of Merger Consideration that becomes due and payable to the Sellers payable to such Seller, determined in accordance with the Charter.

Section 1.207. "*Product*" means any product containing, constituting or incorporating one or more of the following: (i) FOR46, (ii) CD46 Agent(s), or (iii) PET46.

Section 1.208. "*RCRA*" means the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), as amended, and any foreign and state law counterparts.

Section 1.209. "*Regulatory Approval*" means, with respect to a particular country or other regulatory jurisdiction, all approvals and authorizations necessary for the manufacture, use, storage, import, transport or sale of a pharmaceutical or biologic product for one or more indications in such country or regulatory jurisdiction, which may include satisfaction of all applicable regulatory and notification requirements, including any pricing or reimbursement approvals to the extent required under applicable Law.

Section 1.210. "*Regulatory Entity*" means any applicable Governmental Entity involved in granting Regulatory Approval in a country or jurisdiction.

Section 1.211. "*Regulatory Material*s" means regulatory applications, submissions, notifications, registrations, Regulatory Approvals or other submissions, including any written correspondence or meeting minutes, made to, made with, or received from a Regulatory Entity relating to any Product in a particular country or jurisdiction. Regulatory Materials include, without limitation, INDs and drug approval applications for any Product, and amendments and supplements for any of the foregoing.

Section 1.212. "*Rejection Notice*" is defined in Section 3.2(b).

Section 1.213. "*Rejection Time*" is defined in Section 7.9(a).

Section 1.214. "*Releases*" means any spill, discharge, leak, migration, emission, escape, injection, dumping, leaching, or other release of any Hazardous Material into the indoor or outdoor environment, whether or not intentional, and whether or not notification or reporting to any Governmental Entity was or is required at the time it initially occurred or continued to occur. Without limiting the above, Release includes the meaning of "Release" as defined under CERCLA.

Section 1.215. "*Representative Losses*" is defined in Section 2.12(c).

Section 1.216. "*Representatives*" means with respect to a Person, such Person's legal, financial, internal and independent accounting and other advisors and representatives.

Section 1.217. "*Restricted Stock*" means shares of Fortis Capital Stock that are subject to repurchase or vesting.

Section 1.218. "*Restrictive Covenants Agreement*" means each Restrictive Covenants Agreement, dated as of the date hereof, by and between certain Fortis Equityholders, Fortis and FibroGen, substantially in the form attached hereto as Exhibit H.

Section 1.219. "*Right of First Refusal and Co-Sale Agreement*" means that certain Right of First Refusal and Co-Sale Agreement, dated as of [*], by and among Fortis and the Investors (as defined therein) and Common Holders (as defined therein) party thereto.

Section 1.220. "*S-X Auditor*" is defined in Section 3.1(e).

Section 1.221. "*Sale Transaction*" is defined in Section 2.13(f).

Section 1.222. "*Schedule I*" means a statement delivered to FibroGen prior to the payment of the Option Premium assuming that the Closing Date is the date of this Option Agreement, as the same may be amended prior to Closing to the extent required under Section 2.4(a)(i) to make Schedule I true, complete and accurate in all respects on the Closing Date, which Schedule I as so amended shall supersede and become Schedule I for all purposes of this Option Agreement, with the following information:

(a) the name, address and email address (to the extent available) of each Seller,

(b) the number of shares of each class or series of Fortis Capital Stock held by each Seller and in the case of Fortis Stock Options and Warrants, the number of shares of each class or series of Fortis Capital Stock underlying such Fortis Stock Options and Warrants, the exercise price and expiration date thereof, whether the Fortis Stock Options are In-the-Money Fortis Stock Options or Employee Stock Options, and the number of shares subject to Fortis Stock Options that are vested,

(c) the respective portion of the Closing Payment payable to each Seller,

(d) the respective portion of each Contingent Payment that becomes due and payable in accordance with Section 2.13, that is allocated to each Seller in accordance with the terms of this Option Agreement, and

(e) each Seller's Pro Rata Percentage and Indemnity Pro Rata Share.

Section 1.223. "*SEC*" means the Securities and Exchange Commission.

Section 1.224. "*SEC Audited Financials*" is defined in Section 3.1(e).

Section 1.225. "*SEC Financials*" is defined in Section 3.1(e).

Section 1.226. "*SEC Unaudited Financials*" is defined in Section 3.1(e).

Section 1.227. "*Second CVR Product Approval*" is defined in Section 2.13(b).

Section 1.228. "*Second Unique Indication*" is defined in Section 2.13(b).

Section 1.229. "*Securities Act*" means the Securities Act of 1933.

Section 1.230. "*Security Interest*" is defined in Section 7.9(a).

Section 1.231. "*Seller Indemnified Party*" is defined in Section 9.3.

Section 1.232. "*Sellers*" means (i) the holders of Fortis Capital Stock as of immediately prior to the Effective Time (other than holders of Dissenting Shares), (ii) the holders of In-the-Money Warrants as of immediately prior to the Effective Time, and (iii) the holders of In-the-Money Fortis Stock Options as of immediately prior to the Effective Time.

Section 1.233. "*Shareholder Approval*" is defined in Section 5.3(b).

Section 1.234. "*Sellers' Representative*" is defined in Section 2.12(a).

Section 1.235. "*Sellers' Representative Reserve*" means [*].

Section 1.236. "*Software*" means computer software and databases, including object code, source code, firmware and embedded versions thereof and documentation related thereto.

Section 1.237. "*Specified IP Representations*" means [*].

Section 1.238. "*Straddle Period*" means any Tax Period that includes (but does not end on) the Closing Date.

Section 1.239. "*Stockholder Agreements*" means, collectively, the Fortis Voting Agreement, the Right of First Refusal and Co-Sale Agreement, and the Investors' Rights Agreement.

Section 1.240. "*Study Plan*" has the meaning set forth in the Evaluation Agreement.

Section 1.241. "*Subsidiary*" means, with respect to any Person, (i) any corporation more than fifty percent (50%) of whose stock of any class or classes is owned by such Person directly or indirectly through one (1) or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person directly or indirectly through one (1) or more Subsidiaries of such Person has more than a fifty percent (50%) equity interest.

Section 1.242. "*Surviving Corporation*" is defined in Section 2.2.

Section 1.243. "*System*" or "*Systems*" means all Software, hardware, networks, databases, electronics, platforms, servers, interfaces, applications, websites and related information technology systems and services used or held for use by Fortis, including any outsourced systems and services, that are owned or used by Fortis.

Section 1.244. "*Tax*" (and, with correlative meaning, "*Taxes*" and "*Taxable*") means (a) any income, capital gains, alternative or add-on minimum, estimated, gross income, gross receipts, sales, use, value added, ad valorem, franchise, capital stock or other equity securities, profits, license, registration, withholding, employment, unemployment, disability, severance, occupation, social security (or similar including FICA), payroll, transfer, conveyance, documentary, stamp, property (real, tangible, estimated or intangible), premium, escheat obligation, environmental, windfall profits, customs duties, minimum tax, excise or other taxes, duties, fines, assessments or any other governmental charges in the nature of a tax, together with any interest, penalties or addition thereto, whether disputed or not, imposed by a Taxing Authority, and (b) any Liability for the payment of any amount of any type described in clause (a) of this sentence as a result of being or having been a member of an affiliated, consolidated, combined, unitary or aggregate group for any Tax Period, and (c) any Liability for the payment of any amounts of the type described in clause (a) or (b) of this sentence as a result of being a transferee of or successor to any Person or as a result of any express or implied obligation to assume such Taxes or to indemnify any other Person.

Section 1.245. "*Tax Law*" means all currently applicable Laws relating to or regulating the assessment, determination, collection or imposition of Taxes.

Section 1.246. "*Tax Period*" means any period prescribed by any Taxing Authority for which a Tax Return is required to be filed or a Tax is required to be paid.

Section 1.247. "*Tax Return*" means any report, return, declaration, claim for refund, information return, statement, designation, election, notice or certificate filed or required to be filed with any Taxing Authority in connection with the determination, assessment, collection or payment of any Taxes, including any schedule or attachment thereto and including any amendment thereof.

Section 1.248. "*Taxing Authority*" means any Governmental Entity having jurisdiction over the assessment, determination, collection, or imposition of any Taxes (domestic or foreign).

Section 1.249. "*Technology*" means all inventions, works, discoveries, innovations, know-how, information (including ideas, research and development, formulas, algorithms, compositions, processes and techniques, data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, business and marketing plans and proposals, graphics, illustrations, artwork, documentation, and manuals), integrated circuits and integrated circuit masks, equipment, and all other forms of technology and business materials, whether tangible or intangible, embodied in any form, whether or not protectable or protected by patent, copyright, mask work right, trade secret law, or otherwise, and all documents and other materials recording any of the foregoing.

Section 1.250. "*Third CVR Product Approval*" is defined in Section 2.13(b).

Section 1.251. "*Third Party*" means any Person other than Fortis, FibroGen or any of their respective Affiliates.

Section 1.252. "*Third Party Claim*" is defined in Section 9.5(e).

Section 1.253. "*Third Unique Indication*" is defined in Section 2.13(b).

Section 1.254. "*Transaction Deductions*" means, without duplication, any deduction allowable for income Tax purposes under applicable Law with respect to the following amounts to the extent borne by Fortis on or before the Closing or taken into account as a reduction of the Merger Consideration: (i) any and all Change of Control Payments made or accrued by Fortis at or before Closing (or included as a liability in the Closing Liability Amount), (ii) all fees, expenses and interest (or amounts treated as such for U.S. federal income Tax purposes), original issue discount, unamortized debt financing costs, breakage fees, tender premiums, consent fees, redemption, retirement or make-whole payments, or defeasance in excess of par incurred in respect of Closing Indebtedness (or included as a liability in the Closing Liability Amount), (iii) all Deal Fees, fees, costs and expenses incurred by Fortis in connection with or incident to this Option Agreement and the transactions contemplated hereby, including any such legal, accounting and investment banking fees, costs and expenses, (iv) all deductions in respect of the exercise, or payment for the cancellation of, options in connection with the Closing, and (v) any Closing Payroll Taxes.

Section 1.255. "*Transaction Proposal*" means any proposal or offer from any Person relating to, or that would reasonably be expected to lead to, any (i) direct or indirect acquisition or sale of substantial assets of Fortis, (ii) transaction which would result in a change in the capitalization of Fortis as of the date hereof, including any sale or issuance of any capital stock of Fortis to any Person (but excluding (A) the issuance of Fortis Stock Options and (B) the issuance of Capital Stock upon the exercise of Fortis Stock Options or Warrants or conversion of Fortis Preferred Stock), (iii) license or grant of rights to any third party for any of Fortis Intellectual Property, other than pursuant to any non-exclusive license entered into in the Ordinary Course of Business that are not material to Fortis or the Products, or (iv) direct or indirect acquisition or sale of any of the capital stock of Fortis (whether through a share purchase, merger, consolidation, business combination, recapitalization or similar transaction involving Fortis), in each case of clauses (i) through (iv), other than the Merger and the other transactions contemplated by this Option Agreement.

Section 1.256. "*Transfer Costs*" has the meaning set forth in the Evaluation Agreement.

Section 1.257. "*Transfer Taxes*" means all transfer, sale and use, registration, documentary or mortgage recording, value added, stamp and similar Taxes and fees (including any penalties and interest) incurred, imposed, assessed or payable in connection with or as a result of this Option Agreement or any transactions contemplated hereby.

Section 1.258. "*U.S.*" means the United States, its territories and possessions, including Puerto Rico.

Section 1.259. "[*]" means [*].

Section 1.260. "[*] Data Use Agreement*" has the meaning set forth in the Evaluation Agreement.

Section 1.261. "[*UCSF] License*" means [*].

Section 1.262. "*Union*" means any labor union, trade union or other employee representative body.

Section 1.263. "*Update Report*" is defined in Section 2.13(g).

Section 1.264. "*Updated Disclosure Schedule*" is defined in Section 3.1(a).

Section 1.265. "*Updated Financial Statements*" is defined in Section 3.1(c).

Section 1.266. "*Valid Claim*" means a claim of (a) an unexpired Issued Patent, which claim has not been revoked or held invalid, unpatentable or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final order, from which no further appeal can be taken, and which claim has not been irrevocably abandoned, disclaimed, denied or admitted to be invalid or unenforceable through reissue, re-examination, inter-partes review, post-grant review, opposition procedure, nullity suit, disclaimer, or otherwise; or (b) any Patent Application that has not been (i) cancelled, withdrawn or abandoned without being refiled in another application in the applicable jurisdiction or (ii) finally rejected by an administrative agency or Governmental Entity of competent jurisdiction in a decision that is not appealable or that has not been appealed within the time allowed for appeal; [*].

Section 1.267. "*Waived Benefits*" is defined in Section 7.11.

Section 1.268. "*Warrant*" means a warrant to purchase or acquire Fortis Capital Stock.

Section 1.269. "*Written Consent*" means the written consent of Fortis Shareholders in the form attached as Exhibit B, adopting this Option Agreement and approving the consummation of the Merger in accordance with this Option Agreement.

Section 1.270. Descriptive Headings; Certain Interpretations.

(a) Headings. The table of contents and headings contained in this Option Agreement are for reference purposes only and shall not control or affect the meaning or construction of this Option Agreement.

(b) Interpretations. Except where expressly stated otherwise in this Option Agreement, the following rules of interpretation apply to this Option Agreement:

(i) "or" has the inclusive meaning represented by the phrase "and/or";

(ii) "include", "includes" and "including" are not limiting;

(iii) "hereof", "hereto", "hereby", "herein" and "hereunder" and words of similar import when used in this Option Agreement refer to this Option Agreement as a whole and not to any particular provision of this Option Agreement;

(iv) "date hereof" refers to the Original Effective Date set forth in the preamble;

(v) "date of this Option Agreement" refers to the Original Effective Date set forth in the preamble;

(vi) "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase does not mean simply "if";

(vii) definitions contained in this Option Agreement are applicable to the singular as well as the plural forms of such terms;

(viii) references to an agreement or instrument mean such agreement or instrument as from time to time amended, modified or supplemented;

(ix) references to a Person are also to its permitted successors and assigns;

(x) references to an "Article", "Section", "Subsection", "Exhibit" or "Schedule" refer to an Article of, a Section or Subsection of, or an Exhibit or Schedule to, this Option Agreement;

(xi) words importing the masculine gender include the feminine or non-binary and, in each case, *vice versa*;

(xii) "day" or "days" refers to calendar days;

(xiii) references to a Law include any amendment or modification to such Law and any rules or regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules or regulations occurs, before or, only with respect to events or developments occurring or actions taken or conditions existing after the date of such amendment, modification or issuance, after the date of this Option Agreement, but only to the extent such amendment or modification, to the extent it occurs after the date hereof, does not have a retroactive effect;

(xiv) when reference is made to information or documentation that has been "made available," "provided" or "delivered" to FibroGen, that shall mean that such information was either contained in the Data Room at or prior to such time or delivered to FibroGen or its counsel via email or other means at or prior to such time; and

(xv) the language of this Option Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto.

Each Party represents that it has been represented by legal counsel in connection with this Option Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Option Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provision.

ARTICLE 2
OPTION GRANT & OPTION PREMIUM; THE MERGER

Section 2.1. Option Grant & Option Premium.

(a) Fortis hereby grants FibroGen the exclusive Option to consummate the Merger pursuant to the terms and subject to the conditions of this Option Agreement. The Option shall not in and of itself entitle FibroGen to any voting rights, dividends, liquidation rights or other rights as a stockholder of Fortis.

(b) Concurrently with the execution and delivery of this Option Agreement by the Parties, FibroGen shall pay to Fortis, [*], the Option Premium.

Section 2.2. The Merger. Following the exercise of the Option by FibroGen in its sole discretion in accordance with Section 3.2, upon the terms and subject to the conditions set forth in this Option Agreement, at the Effective Time, Merger Sub shall be merged with and into Fortis in accordance with the DGCL. Following the Merger, the separate corporate existence of Merger Sub shall cease and Fortis shall continue as the surviving corporation (the "*Surviving Corporation*") and a wholly-owned Subsidiary of FibroGen.

Section 2.3. Closing. [*].

Section 2.4. Actions at the Closing.

(a) [*] Fortis shall deliver to FibroGen a statement including the following:

(i) a certificate of Fortis, executed by the Chief Executive Officer of Fortis, certifying that Schedule I is true, complete and correct in all respects on and as of the Closing Date, or if not, setting forth an amended Schedule I containing all corrections necessary to make Schedule I true, complete and correct in all respects on and as of the Closing Date, as so amended;

(ii) a schedule setting forth all Deal Fees, if any, payable in connection with Closing, including the recipient of such Deal Fees, copies of any final invoices that state the invoice is final and include wire transfer instructions or mailing address for payment to be made;

(iii) a schedule setting forth all Indebtedness, if any, including the Payoff Recipients and the wire transfer instructions or mailing address for payment to be made; and

(iv) a schedule setting forth all Change of Control Payments, if any, including the recipient of such Change of Control Payments, the exact amounts to be paid (before applicable withholding Taxes, if any) to such recipient and the wire transfer instructions or mailing address for payment to be made, or indicating that such payments need to be paid through FibroGen's or the Surviving Corporation's payroll system.

(b) [*].

(c) [*].

(d) At the Closing, the Surviving Corporation shall cause the Merger to be consummated by filing with the Secretary of State of the State of Delaware a certificate of merger (the "*Certificate of Merger*") in substantially the form of Exhibit C attached hereto and executed in accordance with the relevant provisions of the DGCL.

Section 2.5. Effects of the Merger. The Merger shall have the effects set forth in this Option Agreement and the applicable provisions of the DGCL.

Section 2.6. Certificate of Incorporation and By-laws. At the Effective Time, the certificate of incorporation of the Surviving Corporation shall be amended and restated to be in the form attached hereto as Exhibit D and the By-laws of Merger Sub as in effect immediately prior to the Effective Time shall be the By-laws of the Surviving Corporation until amended, except that the name of the corporation set forth therein shall be changed to the name of Fortis.

Section 2.7. Directors and Officers of Surviving Corporation. The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation immediately following the Effective Time, until the earlier of their resignation or removal or until their successors are duly elected and qualified. The officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately following the Effective Time, until the earlier of their resignation or removal or until their successors are duly elected and qualified.

Section 2.8. Conversion of Capital Stock. On the terms and subject to the conditions set forth in this Option Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of FibroGen, Fortis, Merger Sub or any Fortis Shareholder:

(a) each issued and outstanding share of Merger Sub Common Stock shall be converted into and shall become one (1) share of common stock, par value $0.001 per share, of the Surviving Corporation;

(b) each share of Fortis Capital Stock that is held by Fortis as treasury stock or owned by Fortis or owned by FibroGen or any Subsidiary or Affiliate of FibroGen shall be canceled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor;

(c) except as provided in Section 2.8(b), each share of Fortis Capital Stock then outstanding (including Restricted Stock, but not including the Dissenting Shares) shall be converted into the right to receive, without interest and subject to Section 2.11 and Section 2.12, the following cash payments (collectively, the "*Merger Consideration*"):

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(i) each Seller's respective portion of the Estimated Closing Payment as set forth on Schedule I; and

(ii) [*].

(d) The shares of Fortis Capital Stock converted into the right to receive cash in accordance with this Section 2.8 shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented any such shares (a "*Certificate*") shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration. The right of any holder of any share of Fortis Capital Stock to receive the Merger Consideration shall be subject to and reduced by the amount of any tax withholding that is required under applicable Law (which amount will be treated for all purposes of this Option Agreement as having been paid to the Person in respect of which such reduction and withholding was made), *provided* that, other than with respect to compensatory payments, FibroGen shall use [*] to cooperate with a holder of shares of Fortis Capital Stock to minimize or eliminate the amount withheld. If applicable Law requires the withholding of Taxes, FibroGen shall [*] submit to the applicable holder an official tax certificate or other evidence of such withholding that is reasonably available to FibroGen to enable such holder to claim such payment of Taxes from any applicable Governmental Entity. Notwithstanding the foregoing, if FibroGen takes any FibroGen Tax Action after the date of this Option Agreement, and solely as a result of such FibroGen Tax Action, FibroGen is required to withhold Taxes from or in respect of any amount payable under this Option Agreement and such Taxes exceed the amount of Taxes that would have been required to be withheld absent such FibroGen Tax Action, the amount payable under this Option Agreement shall be increased by the amount necessary so that after making all required withholdings (including withholdings on additional amounts payable) the applicable holder receives an amount equal to the sum it would have received had no such FibroGen Tax Action occurred. Notwithstanding the foregoing, FibroGen shall have no obligation to cooperate with any holder of Restricted Stock or submit any tax certificate or other evidence of withholding, and nothing herein shall prevent or limit FibroGen from withholding any compensatory amounts required to be withheld in respect of any Restricted Stock.

Section 2.9. Fortis Stock Options; Warrants.

(a) The board of directors of Fortis (or, if appropriate, any committee administering Fortis Stock Plans) shall take all actions necessary to provide for (i) each Fortis Stock Option to become vested and fully and immediately exercisable as of immediately prior to the Effective Time, and (ii) each share of Restricted Stock to become vested and not subject to repurchase as of immediately prior to the Effective Time.

(b) [*] (i) such Seller's respective portion of the Estimated Closing Payment as set forth on Schedule I, [*] (x) the holder thereof shall be eligible to receive the amounts contemplated by clause (ii) of the preceding sentence, as applicable; and (y) the Sellers' Representative shall, based on the information provided in Schedule I, [*], and promptly provide or cause to be provided the updated Schedule I to FibroGen and the Paying Agent.

(c) The board of directors of Fortis (or, if appropriate, any committee administering the Fortis Stock Plans) shall adopt such resolutions or take such other actions (including obtaining any required consents but not including the payment of any cash or non-cash consideration, without FibroGen's prior written consent) as may be required to effect the transactions described in this Section 2.9 as of the Effective Time. Fortis shall terminate the Fortis Stock Plan as of the Effective Time. At and after the Effective Time, no Person shall have any right under Fortis Stock Plans with respect to any Fortis Capital Stock, and FibroGen and its Affiliates shall have no liability in respect of the Fortis Stock Plan or any Fortis Stock Options or Restricted Stock, other than the obligation to make the payments set forth in Section 2.9(b).

(d) The Warrants shall not be assumed, continued or substituted by FibroGen in connection with the Merger or the other transactions contemplated hereby. [*]. [*].

Section 2.10. Paying Agent. In connection with the Closing, FibroGen, the Sellers' Representative and a paying agent reasonably acceptable to FibroGen and the Sellers' Representative (the "*Paying Agent*") shall have executed and delivered a paying agent agreement in a form reasonably acceptable to FibroGen and the Sellers' Representative (the "*Paying Agent Agreement*") pursuant to which the Paying Agent shall make the distributions of payments (including the Merger Consideration) for and on behalf of FibroGen and take the other actions contemplated to be made and taken by the Paying Agent pursuant to and in accordance with this Option Agreement.

Section 2.11. Exchange Procedures.

(a) As soon as practicable after the Effective Time, the Paying Agent shall provide to each Seller (other than holders in respect of Employee Stock Options) (i) a letter of transmittal in substantially the form attached as Exhibit E hereto (a "*Letter of Transmittal*") and (ii) instructions for use of the Letter of Transmittal in effecting the surrender of such Seller's shares of Fortis Capital Stock, Non-Employee Stock Options or Warrant(s) in exchange for the Merger Consideration to be paid in accordance with (A) Section 2.8(c) with respect to each of the shares of Fortis Capital Stock represented thereby, (B) Section 2.9(b) with respect to Non-Employee Stock Options and (C) Section 2.9(d) with respect to Warrants. Upon delivery of a Letter of Transmittal duly executed and completed in accordance with the instructions thereto and a properly executed Internal Revenue Service Form W-9 or Form W-8BEN, or other applicable Form W-8, if applicable, and, solely with respect to shares of Fortis Capital Stock, if such shares are represented by a physical Certificate, surrender of a Certificate with respect to such shares to the Paying Agent, from such holder, the Paying Agent shall pay, by check or by wire transfer of immediately available funds, to the holder of such shares of Fortis Capital Stock, Non-Employee Stock Options or Warrant(s) the cash payment described in Section 2.8(c)(i), Section 2.9(b)(i) or Section 2.9(d)(i) (with the aggregate amount payable to each Seller rounded up to the nearest [*]) into which the shares of Fortis Capital Stock, Non-Employee Stock Options or Warrant(s) were converted pursuant to Section 2.8(c), Section 2.9(b) or Section 2.9(d), as applicable, without any interest thereon. Any Certificates surrendered shall forthwith be canceled. Until so surrendered, such Certificates shall upon and following the Effective Time represent solely the right to receive the Merger Consideration with respect to the shares of Fortis Capital Stock, without interest. Notwithstanding anything in this Option Agreement to the contrary, no Seller (other than holders in respect of Employee Stock Options) will be entitled to be paid any amounts hereunder unless and until such Seller shall have complied with the requirements set forth in this Section 2.11(a), including due execution and delivery to the Paying Agent by such Seller of the Letter of Transmittal, which constitutes an integral component of and limitation on the payments hereunder. Notwithstanding the foregoing, FibroGen shall use [*] to cause (x) the Letter of Transmittal to be made available to each Seller (other than holders of Employee Stock Options), and (y) each such Seller's Letter of Transmittal to be reviewed and processed prior to the Effective Time, such that, so long as such Seller continues to hold the shares of Fortis Capital Stock, Non-Employee Stock Options or Warrants surrendered by such Letter of Transmittal as of immediately prior to the Effective Time, such Person will be paid the payment described in Section 2.8(c)(i), Section 2.9(b)(i) or Section 2.9(d)(i), as applicable, with respect to such Letter of Transmittal on the Closing Date, by check or by wire transfer of immediately available funds.

(b) If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed, FibroGen shall issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration with respect to the shares of Fortis Capital Stock represented thereby to be paid (by the Paying Agent) in accordance with Section 2.8(c) and as contemplated under this Article 2. Notwithstanding anything to the contrary in this Section 2.11, if any shares of Fortis Capital Stock are evidenced by an electronic certificate or book entry and not evidenced by any physical stock certificates, no Certificate shall be required to delivered to FibroGen or Paying Agent in order to receive the Merger Consideration payable in respect of such shares of Fortis Capital Stock.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 2.12. Sellers' Representative.

(a) By approving the Merger or by delivering a Letter of Transmittal and, if applicable, surrendering or delivering a Certificate or an affidavit in lieu thereof to the Paying Agent, in exchange for the Merger Consideration to be paid in accordance with Section 2.8 or Section 2.9, each Seller irrevocably approves the constitution and appointment of, and hereby irrevocably constitutes and appoints Shareholder Representative Services LLC as the sole, exclusive, true and lawful agent, representative and attorney-in-fact of all Sellers and each of them as of Closing (the "*Sellers' Representative*") with respect to any and all matters relating to, arising out of, or in connection with, this Option Agreement and any related agreements, including for purposes of taking any action or omitting to take any action on behalf of Sellers hereunder to:

(i) act for Sellers with regard to all matters pertaining to indemnification under this Option Agreement, including the power to defend, compromise, or settle any claims and to otherwise prosecute or pursue any litigation claims;

(ii) execute and deliver all amendments, waivers, Ancillary Agreements, certificates and documents that the Sellers' Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Option Agreement;

(iii) do or refrain from doing any further act or deed on behalf of Sellers that the Sellers' Representative deems necessary or appropriate in its discretion relating to the subject matter of this Option Agreement as fully and completely as Sellers could do if personally present;

(iv) give or receive notices to be given or received by Sellers under this Option Agreement or any Ancillary Agreement (except to the extent that this Option Agreement expressly contemplates that any such notice shall be given or received by each Seller individually);

(v) receive service of process in connection with any claims under this Option Agreement;

(vi) administer the defense or settlement of any disputes regarding the Closing Payment adjustment pursuant to Section 2.15 and agreeing to or negotiating the Final Closing Payment;

(vii) administer the defense or settlement of any disputes regarding the Contingent Payments pursuant to Section 2.13; and

(viii) give any written direction to the Paying Agent.

All actions, notices, communications and determinations by or on behalf of Sellers shall be given or made by the Sellers' Representative and all such actions, notices, communications and determinations by the Sellers' Representative shall conclusively be deemed to have been authorized by, and shall be binding upon, any of and all Sellers, and no Seller shall have the right to object, dissent, protest or otherwise contest the same.

(b) If the Sellers' Representative resigns, dies or becomes legally incapacitated, then a majority of the Sellers, based on their Pro Rata Percentage, promptly shall designate in writing to FibroGen a single individual to fill the Sellers' Representative vacancy as the successor Sellers' Representative hereunder. If at any time there shall not be a Sellers' Representative or Sellers fail to designate a successor Sellers' Representative, then FibroGen may have a court of competent jurisdiction appoint a Sellers' Representative hereunder. A majority of the Sellers, based on their Pro Rata Percentage, may also replace the Person serving as the Sellers' Representative from time to time and for any reason upon at least [*] prior written notice to FibroGen.

(c) Certain Sellers have entered into an engagement agreement with the Sellers' Representative to provide direction to the Sellers' Representative in connection with its services under this Option Agreement, the other Ancillary Agreements to which the Sellers' Representative is or will be a party. The Sellers' Representative shall act for Sellers on all of the matters set forth in this Option Agreement in the manner the Sellers' Representative reasonably believes to be in the best interest of Sellers. The Sellers' Representative is authorized to act on behalf of Sellers notwithstanding any dispute or disagreement among Sellers. In taking any actions as Sellers' Representative, the Sellers' Representative may rely conclusively, without any further inquiry or investigation, upon any certification or confirmation, oral or written, given by any Person the Sellers' Representative reasonably believes to be authorized thereunto. The Sellers' Representative will incur no liability in connection with its services pursuant to this Agreement and any related agreements except to the extent resulting from its gross negligence or willful misconduct. The Sellers' Representative shall not be liable for any action or omission pursuant to the advice of counsel. The Sellers shall indemnify the Sellers' Representative against any reasonable, documented, and out-of-pocket losses, liabilities and expenses ("*Representative Losses*") arising out of or in connection with this Agreement and any related agreements, in each case as such Representative Loss is suffered or incurred; provided, that in the event that any such Representative Loss is finally adjudicated to have been caused by the gross negligence or willful misconduct of the Sellers' Representative, the Sellers' Representative will reimburse the Sellers the amount of such indemnified Representative Loss to the extent attributable to such gross negligence or willful misconduct. Representative Losses may be recovered by the Sellers' Representative from (i) the funds in the Sellers' Representative Reserve and (ii) any other funds that become payable to the Sellers under this Agreement at such time as such amounts would otherwise be distributable to the Sellers; provided, that while the Sellers' Representative may be paid from the aforementioned sources of funds, this does not relieve the Sellers from their obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Sellers' Representative be required to advance its own funds on behalf of the Sellers or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Sellers set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Sellers' Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Sellers' Representative or the termination of this Agreement.

(d) The Sellers' Representative shall treat confidentially any nonpublic information disclosed to it pursuant to this Option Agreement and shall not use such nonpublic information other than in the performance of its duties as the Sellers' Representative. In addition, the Sellers' Representative shall not disclose any nonpublic information disclosed to it pursuant to this Option Agreement to anyone except as required by Law; *provided* that (i) the Sellers' Representative may disclose such nonpublic information to legal counsel and other advisors and representatives under an obligation of confidentiality and non-use in its capacity as such (for the purpose of advising Sellers on any information disclosed to such Sellers' Representative pursuant to this Option Agreement), (ii) the Sellers' Representative (or legal counsel or other advisor to whom information is disclosed pursuant to clause (i) above) may disclose such nonpublic information in any Action relating to this Option Agreement or the transactions contemplated hereby (or, in either case, discussion in preparation therefor) any information disclosed to the Sellers' Representative pursuant to this Option Agreement and (iii) the Sellers' Representative may disclose to any Seller any such nonpublic information disclosed to the Sellers' Representative (including any Update Report) subject to such Seller agreeing with FibroGen in writing to restrictions on the disclosure and use of such nonpublic information consistent with the restrictions to which the Sellers' Representative is subject, which requirement shall be satisfied by a Seller's execution of a Joinder.

(e) FibroGen shall be entitled to rely on the authority of the Sellers' Representative as the agent, representative and attorney-in-fact of Sellers for all purposes under this Option Agreement and shall have no Liability for any such reliance. No Seller may revoke the authority of the Sellers' Representative. Each Seller, by voting in favor of or consenting to the Merger or by surrendering or delivering a Certificate or an affidavit in lieu thereof to the Paying Agent, in exchange for Merger Consideration hereby ratifies and confirms, and hereby agrees to ratify and confirm, any action taken by the Sellers' Representative in the exercise of the power-of-attorney granted to the Sellers' Representative pursuant to this Section 2.12, which power-of-attorney, being coupled with an interest, is irrevocable and shall survive the death, incapacity or incompetence of such Seller.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(f) [*].

Section 2.13. Contingent Payments.

(a) In addition to the Closing Payment payable pursuant to Section 2.8(c)(i), Sellers may be entitled to certain additional contingent payments from FibroGen after the Closing (each such additional payment, a "*Contingent Payment*"), subject to all the terms and conditions of this Section 2.13.

(b) FibroGen shall make the Contingent Payments in the amounts set forth in Column B of the table below [*] (each, a "*Contingent Payment Development Milestone*"):

Column A - Contingent Payment Development Milestone	***Column B - Contingent Payment***
[*]	[*]
[*]	[*]
[*]	[*]

Each of the Contingent Payments set forth in this Section 2.13(b) is only payable once such that the maximum amount payable pursuant to this Section 2.13 is $200 million. Within [*] of the occurrence of any Contingent Payment Development Milestone set forth in this Section 2.13(b), FibroGen shall provide written notice to the Sellers' Representative that such Contingent Payment Development Milestone has occurred. As soon as reasonably possible after receiving such notice, the Sellers' Representative shall send FibroGen an updated Schedule I. Within [*] of an updated Schedule I from the Sellers' Representative, FibroGen shall pay, or shall cause to be paid through the Paying Agent (or the Surviving Corporation in the case of Employee Stock Options), to Sellers that have complied with the procedures set forth in Section 2.11, if applicable (it being understood that the procedures set forth in Section 2.11 are not applicable to holders of Employee Stock Options), an aggregate amount in cash equal to the amount of the applicable Contingent Payment in accordance with their Pro Rata Percentage set forth in Schedule I (*less* any applicable Contingent Payment Deal Fees) which, subject to the following sentence. [*].

(c) Each Seller shall be entitled to receive only such Seller's Pro Rata Percentage of any Contingent Payment (*less* any applicable Contingent Payment Deal Fees) that becomes due and payable in accordance with this Section 2.13.

(d) No interest shall accrue or be paid on any portion of any Contingent Payment.

(e) [*]. Except as set forth in the first sentence of this Section 2.13(e), by voting in favor of or consenting to the Merger or by surrendering or delivering a Letter of Transmittal to the Paying Agent, in exchange for Merger Consideration, each Seller acknowledges that, following the Closing, (a) there shall be no other diligence or other efforts, express or implied, required or imposed on the part of FibroGen, the Surviving Corporation or their respective Affiliates, licensees, or sublicensees in, and (b) it is the intention of the Parties that the development, manufacturing, marketing, commercial exploitation and sale of any Products shall be exercised by FibroGen, the Surviving Corporation or their Affiliates, licensees, sublicensees and transferees in accordance with its or their own business judgment and in their sole and absolute discretion, subject only to the first sentence of this Section 2.13(e). By voting in favor of or consenting to the Merger or by surrendering or delivering a Letter of Transmittal to the Paying Agent, in exchange for Merger Consideration, each Seller acknowledges, understands and agrees as follows:

(i) Except as set forth in the first sentence of this Section 2.13(e), FibroGen, the Surviving Corporation and their Affiliates, licensees, sublicensees and transferees shall have complete control and sole discretion with respect to the development, commercial exploitation, marketing and sale of Products, and that this may have a material effect upon the achievability of the Contingent Payment Development Milestones and the payment of the Contingent Payments that may be payable hereunder and such control and discretion by FibroGen, the Surviving Corporation and their Affiliates, licensees, sublicensees and transferees could result in some or all of the Contingent Payments not being made despite meeting the obligation set forth in the first sentence of this Section 2.13(e). The Parties and the Sellers acknowledge that the achievement of the Contingent Payment Development Milestones is uncertain and that FibroGen, the Surviving Corporation and their Affiliates may not achieve results requiring the payment of any Contingent Payment at all, and it is therefore not assured that FibroGen will be required to pay any Contingent Payments;

(ii) That whether or not FibroGen, the Surviving Corporation or any of their Affiliates, licensees, sublicensees or transferees develop, market, commercially exploit or make any sales of any Product, FibroGen, the Surviving Corporation and their Affiliates, licensees, sublicensees or transferees are not prohibited from developing, manufacturing, marketing, selling or acquiring assets or businesses related to other products that may compete with a Product;

(iii) Neither FibroGen nor any of its Affiliates or Representatives has furnished or provided, whether written or oral, any assurance or commitments regarding the achievability of the condition to the payment of any of the Contingent Payments set forth in this Section 2.13 or the likelihood thereof, and each Seller expressly disclaims any rights with respect to any such assurances or commitments;

(iv) Neither FibroGen, the Surviving Corporation nor any of their Affiliates shall be liable to any Seller for any consequential or punitive damages arising out of the failure to satisfy the conditions to the payment of any Contingent Payment set forth in Section 2.13, whether Liability is asserted in tort or contract, or otherwise.

(f) [*].

(g) [*] (each such report, an "*Update Report*"); *provided*, *however,* that if development of all Products has been discontinued, then no further Update Report shall be required other than the Update Report detailing such discontinuation. Within [*], if the Sellers' Representative has reasonable inquiries regarding the status of the activities described in such Update Report, the Sellers' Representative may request a meeting with FibroGen to discuss such Update Report, and FibroGen shall make available an executive employee with appropriate expertise and knowledge of the activities undertaken to achieve the Contingent Payment Development Milestones, as FibroGen may reasonably deem appropriate, to respond to questions posed by the Seller's Representative. [*].

(h) FibroGen shall be permitted to make any withholding or deduction required by Law from payments made under this Option Agreement; [*]. To the extent that any such amounts are so deducted or withheld and remitted to the appropriate Governmental Entity in accordance with applicable Law, such amounts will be treated for all purposes of this Option Agreement as having been paid to the Person in respect of which such deduction and withholding was made. If applicable Law requires the withholding of Taxes, FibroGen shall [*] submit to the applicable payee an official tax certificate or other evidence of such withholding that is reasonably available to FibroGen to enable such holder to claim such payment of Taxes from any applicable Governmental Entity. Notwithstanding the foregoing, if FibroGen takes any FibroGen Tax Action after the date of this Option Agreement, and solely as a result of such FibroGen Tax Action, FibroGen is required to withhold Taxes from or in respect of any amount payable under this Option Agreement and such Taxes exceed the amount of Taxes that would have been required to be withheld absent such FibroGen Tax Action, the amount payable under this Option Agreement shall be increased by the amount necessary so that after making all required withholdings (including withholdings on additional amounts payable) the applicable holder receives an amount equal to the sum it would have received had no such FibroGen Tax Action occurred.

(i) After the Closing, no Seller may sell, exchange, transfer or otherwise dispose of his, her or its right to receive any portion of any Contingent Payments that becomes due and payable in accordance with this Section 2.13, other than (i) upon death by will or intestacy; (ii) by instrument to an inter vivos or testamentary trust in which the right to receive any Contingent Payments or portion thereof is to be passed to beneficiaries upon the death of the trustee; (iii) made pursuant to a court order; (iv) made by operation of law (including a consolidation or merger) or without consideration in connection with the dissolution, liquidation or termination of any corporation, limited liability company, partnership or other entity; (v) in the case of Contingent Payments payable to a nominee, from a nominee to a beneficial owner (and, if applicable, through an intermediary) or from such nominee to another nominee for the same beneficial owner, in each as allowable by the Depositary Trust Company; (vi) in the case of an entity, to any Affiliate of such entity; or (vii) to any Person, with FibroGen's consent (which shall not be unreasonably withheld, conditioned or delayed). Any transfer in violation of this Section 2.13(i) shall be null and void and shall not be recognized by FibroGen or the Surviving Corporation.

(j) Subject to Section 483 of the Code or as otherwise required by law, any payments made pursuant to this Section 2.13 shall be treated by the Parties as an adjustment to the purchase price for Tax purposes.

Section 2.14. Close of Stock Transfer Books. [*], the stock transfer books of Fortis shall be closed and thereafter there shall be no further registration of transfers of shares of Fortis Capital Stock on the records of Fortis. [*], no shares of Fortis Capital Stock shall be deemed to be outstanding, and the holders of shares of Fortis Capital Stock immediately prior to the Effective Time shall cease to have any rights with respect to such shares, except as otherwise provided herein or by applicable Law.

Section 2.15. Post-Closing Adjustment.

(a) [*] Fortis shall provide to FibroGen an estimated Closing Balance Sheet (the "*Estimated Closing Balance Sheet*") and a statement that sets forth its good faith calculations of the Closing Liability Amount (the "*Estimated Closing Liability Amount*"), including each component thereof, the Cash Amount (the "*Estimated Closing Cash Amount*"), and Closing Working Capital Adjustment (the "*Estimated Closing Working Capital Adjustment*"), and the resulting calculation of the Closing Payment ("*Estimated Closing Payment*"), each of which shall be determined in accordance with GAAP, and, to the extent in conformance with GAAP, applied in a manner consistent with the principles, practices, procedures, policies and methods used by Fortis in the preparation of the Latest Balance Sheet (the "*Estimated Closing Statement*"). [*] of the Estimated Closing Statement, Fortis shall provide to FibroGen, and its authorized representatives, reasonable access to all records used in preparing such Estimated Closing Statement (and employees of Fortis who can adequately answer questions on the Estimated Closing Statement) and, if applicable, Fortis' outside accountants and their work papers and other documents used in preparing such Estimated Closing Statement, subject to FibroGen's execution of customary access and non-reliance letters.

(b) [*] FibroGen shall prepare or cause to be prepared and delivered to the Sellers' Representative a Closing Balance Sheet and a statement (the "*Adjusted Closing Statement*") setting forth FibroGen's good faith calculation of the Closing Liability Amount, including each component thereof, the Cash Amount, and the Closing Working Capital Adjustment, and the resulting calculation of the Closing Payment, which shall be determined in accordance with GAAP, applied in a manner consistent with the preparation, assumptions and estimates made or used in the preparation of the Latest Balance Sheet.

(c) The Sellers' Representative will have a period [*] (the "*Objection Period*") to notify FibroGen of any disagreements with FibroGen's Adjusted Closing Statement. Any such notice shall be accompanied by supporting documentation containing reasonable detail. Failure to notify FibroGen within the Objection Period shall be deemed acceptance of FibroGen's Adjusted Closing Statement, and upon the expiration of the Objection Period the Adjusted Closing Statement shall be final, conclusive and binding on the Parties. [*].

(d) [*].

(e) [*] (the "*Negative Adjustment Amount*").

(f) If the Aggregate Closing Merger Consideration Adjustment Amount is positive, then the Sellers shall be entitled (after complying with the requirements described in Section 2.11(a)) to receive, pursuant to Section 2.15(g), their Pro Rata Percentages of an aggregate amount equal to the Aggregate Closing Merger Consideration Adjustment Amount (the "*Positive Adjustment Amount*").

(g) [*].

Section 2.16. Dissenting Shares.

(a) Notwithstanding anything in this Option Agreement to the contrary, any shares of Fortis Capital Stock outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger, consented thereto in writing or otherwise contractually waived its rights to appraisal and who has exercised and perfected appraisal or dissenters rights for such shares in accordance with Section 262 of the DGCL or Section 2115 and Chapter 13 of the CGCL and has not effectively withdrawn or lost such appraisal or dissenters rights (collectively, the "*Dissenting Shares*") shall not be converted into or represent the right to consideration for Fortis Capital Stock set forth in Section 2.8 and the holder or holders of such shares shall be entitled only to such rights as may be granted to such holder or holders in Section 262 of the DGCL or the CGCL.

(b) At the Effective Time, the Dissenting Shares shall no longer be outstanding and shall automatically be cancelled and shall cease to exist, and each holder of Dissenting Shares shall cease to have any rights with respect thereto, except the right to receive the appraised value of such shares in accordance with the provisions of Section 262 of the DGCL or the CGCL**.** Notwithstanding the provisions of Section 2.16(a), if any holder of Dissenting Shares shall effectively withdraw or lose (through failure to perfect or otherwise) such holder's appraisal rights and dissenters rights under Section 262 of the DGCL or the CGCL, or a court of competent jurisdiction shall determine that such holder is not entitled to relief provided under Section 262 of the DGCL or the CGCL, then, as of the later of the Effective Time and the occurrence of such event, such holder's shares of Fortis Capital Stock shall automatically be converted into and represent only the right to receive the consideration for Fortis Capital Stock set forth in Section 2.8, without interest, following surrender of the Certificate representing such shares (if any) in the manner provided in Section 2.11 or, in the case of a lost, stolen, mutilated, defaced or destroyed Certificate, upon delivery of the documents, if required, described in Section 2.11(b). Fortis shall give FibroGen prompt notice of any written demands for appraisal, withdrawals of demands for appraisal and any other related instruments served pursuant to the DGCL or the CGCL and received by Fortis, and FibroGen shall have the right to participate in proceedings with respect to such demands. Fortis shall not, except with the prior written consent of FibroGen which shall be not unreasonably withheld, delayed or conditioned, voluntarily make any payment with respect to any demand for appraisal or settle or offer to settle any such demand.

ARTICLE 3
OPTION EXERCISE

Section 3.1. Notices; Updated Financial Statements.

(a) [*], Fortis shall notify FibroGen in writing (with email being sufficient) of the occurrence of any event or condition or the existence of any fact [*] that may reasonably be expected to cause any of the conditions to the obligations of FibroGen to consummate the Merger set forth in Section 4.2 not to be satisfied ("*Periodic Updates*"). If FibroGen delivers the Exercise Notice to Fortis during the Option Period, Fortis shall, within [*] of the Exercise Notice, deliver to FibroGen a revised Disclosure Schedule (the "*Updated Disclosure Schedule*") reflecting the Periodic Updates and any other changes to the Disclosure Schedule delivered on the date of this Option Agreement arising from the occurrence of any event or condition or the existence of any fact during the Option Period required to make such Disclosure Schedule and Fortis's representations and warranties contained in Article 5 true, complete and correct in all respects on and as of the Final Exercise Date as though made as of the Final Exercise Date; *provided*, that, Fortis may further update the Updated Disclosure Schedule prior to the delivery of the Final Exercise Notice in the same manner; *provided*, *further*, that if the events, conditions or facts described in a Periodic Update or an Updated Disclosure Schedule (or update thereto) (i) are not the result of a breach by Fortis of Section 7.1(b) and (ii) do not result in the breach or inaccuracy of a Fundamental Representation, subject to Section 5.4(j) (Capitalization) (collectively, "*Disclosed Events*"), then the contents of such Periodic Update or Updated Disclosure Schedule (or update thereto) shall be deemed to amend and supplement the Disclosure Schedule and will not give FibroGen any right to indemnification pursuant to Article 9 arising therefrom.

(b) In connection with the delivery of the Updated Disclosure Schedule, Fortis shall make available to FibroGen copies of all Contracts or other documents referenced in such Updated Disclosure Schedule, and shall provide to FibroGen any information reasonably requested by FibroGen in order to evaluate the information disclosed in the Updated Disclosure Schedule.

(c) No later than [*] of Fortis, Fortis shall deliver to FibroGen a statement setting forth the unaudited balance sheet of Fortis as of the such fiscal year-end, together with the unaudited statements of income, cash flows and changes in stockholders' equity as of each of such fiscal year-ends, together with the footnotes thereto. Not later than [*] of Fortis, Fortis shall deliver to FibroGen a statement setting forth the balance sheet and statements of income, changes in stockholders' equity and cash flows of Fortis as of and for the [*] (such statements, together with the financial statements described in the immediately preceding sentence, being referred to collectively as the "*Updated Financial Statements*"). The Updated Financial Statements (i) shall be prepared from the books and records of Fortis and shall be consistent with the books and records of Fortis, (ii) shall be prepared in accordance with GAAP, consistently followed throughout the periods indicated, (iii) shall be unaudited and (iv) shall present fairly, in all material respects, the financial condition, results of operations, stockholders' equity and cash flows of Fortis, as of the respective dates thereof and for the periods referred to therein.

(d) If FibroGen has delivered the Exercise Notice to Fortis, FibroGen shall have [*] following Fortis' delivery of the Updated Disclosure Schedule to review the Updated Disclosure Schedule (the "*Due Diligence Review Period*"; *provided*, that if any update to the Updated Disclosure Schedule is delivered by Fortis during the last [*] of the Due Diligence Review Period pursuant to Section 3.1(a), the Due Diligence Review Period shall be extended until the date that is [*] of such update to the Updated Disclosure Schedule), (i) Fortis, and Fortis' employees, consultants and advisers, shall promptly respond to any reasonable due diligence requests from FibroGen, and (ii) Fortis shall during normal business hours and upon reasonable advanced written notice (A) make available for reasonable inspection by FibroGen and its Representatives all of Fortis' properties, assets, books of accounts, records (including the work papers of Fortis' independent accountants, subject to the execution of customary access letters), any and all data and Intellectual Property related to the Products, and Contracts and any other materials requested by any of them relating to Fortis and its existing businesses and assets and Liabilities at such times as FibroGen may reasonably request and (B) make available to FibroGen and its Representatives the officers, other senior management and Representatives of Fortis, at such times as FibroGen and its Representatives may reasonably request, to verify and discuss the information furnished to FibroGen and its Representatives; *provided*, *however*, that in no event shall Fortis be required to (1) contravene or violate any applicable Law, (2) breach its confidentiality obligations to Third Parties or (3) waive any attorney-client privilege; *provided*, *further*, that with respect to subclause (2) above, Fortis will use [*] to obtain any necessary consents from Third Parties to disclose such information. Any and all such inspections and access shall be conducted in a manner that does not unreasonably interfere with the conduct of the business of Fortis.

(e) If FibroGen determines in good faith that, if FibroGen were to decide to consummate the transactions contemplated hereby, it would be reasonably likely to be required to file with the SEC pursuant to Rule 3-05 of Regulation S-X audited annual financial statements of Fortis (the "*SEC Audited Financials*") and unaudited quarterly financial statements of Fortis (the "*SEC Unaudited Financials*") for periods specified by Rule 3-05 of Regulation S-X (any SEC Audited Financials together with any SEC Unaudited Financials, the "*SEC Financials*"), FibroGen will provide written notice of such requirement at [*] to be filed with the SEC, and Fortis will use [*] to deliver to FibroGen as soon as reasonably practicable, the SEC Financials. The SEC Financials will be (a) prepared in accordance with the books and records of Fortis, (b) prepared in accordance with Regulation S-X and GAAP and (c) in the case of the SEC Audited Financials, accompanied by an opinion of an independent public accounting firm (the "*S-X Auditor*"), which opinion complies with Regulation S-X (the "*Audit Opinion*"). FibroGen shall pay for all costs and expenses incurred by Fortis in connection with the preparation of the SEC Financials, including the fees and expenses of the S-X Auditor and any independent contractor or consultant of Fortis or any of its Affiliates. Notwithstanding anything in this Option Agreement to the contrary, the delivery of the SEC Financials by Fortis to FibroGen shall not be a condition to FibroGen's obligation to effect the Merger.

Section 3.2. Option Exercise.

(a) Fortis and Sellers acknowledge and agree that this Option Agreement is intended to afford FibroGen a fully-paid option to proceed with the Merger or to not proceed with the Merger in the Option Period, in the sole discretion of FibroGen. FibroGen may make an election to exercise the Option [*]. Such exercise shall be made by FibroGen delivering to Fortis written notice of such exercise in the form of Exhibit F before the Option Exercise Deadline (such notice, the "*Exercise Notice*") and a subsequent Final Exercise Notice pursuant to Section 3.2(b). Fortis acknowledges and agrees that the delivery of the Exercise Notice does not in any way commit FibroGen to proceed with the Merger and is only a then-present statement to proceed with the Merger and to initiate pre-Closing actions by the Parties.

(b) FibroGen may withdraw an Exercise Notice at any time prior to the Closing, *provided* that FibroGen shall be permitted to exercise such withdrawal right only once. After review of the Updated Disclosure Schedule, FibroGen shall deliver written notice to Fortis [*] of its intention to either (i) withdraw the Exercise Notice and not proceed with the Merger ("*Rejection Notice*") or (ii) proceed with the Merger (the "*Final Exercise Notice*"; and the date on which such notice is delivered, the "*Final Exercise Date*"). If FibroGen does not deliver a Final Exercise Notice or a Rejection Notice prior to the expiration of the Due Diligence Review Period, then FibroGen shall be deemed to have sent a Rejection Notice.

(c) FibroGen shall be permitted to deliver the Exercise Notice [*]. If FibroGen withdraws the Exercise Notice [*] or sends (or is deemed to have sent) a Rejection Notice pursuant to Section 3.2(b), this Agreement shall automatically terminate.

(d) Subject to the remedies set forth in Section 10.2, FibroGen's withdrawal of the Exercise Notice, delivery of a Rejection Notice, or failure to deliver the Exercise Notice, shall not result in any Liability by FibroGen to Fortis or to the holders of Fortis Stock Options, Warrants or Fortis Capital Stock for any reason.

(e) For the avoidance of doubt, [*] then the Closing may occur after the Option Exercise Deadline in accordance with the terms of this Option Agreement, subject to FibroGen's right to withdraw such Exercise Notice (if it has not previously withdrawn an Exercise Notice) before the Closing.

ARTICLE 4
CLOSING CONDITIONS

Section 4.1. Conditions to Fortis' Obligation. The obligation of Fortis to effect the Merger following delivery of the Final Exercise Notice is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Antitrust. Any waiting period (or extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired.

(b) No Injunction or Legal Restraint. No temporary restraining order, preliminary or permanent injunction or other order or decree issued by any court of competent jurisdiction (other than any such orders, injunctions or decrees issued due to any Action commenced by or on behalf of Fortis, any Fortis Equityholder or the Sellers' Representative) which has the effect of preventing the consummation of the Merger shall be in effect.

Section 4.2. Conditions to FibroGen's Obligation. FibroGen has no obligation to consummate the transactions contemplated by this Option Agreement at any time prior to FibroGen's delivery of the Final Exercise Notice to Fortis. The obligation of FibroGen to effect the Merger following delivery of the Final Exercise Notice is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) No Injunction or Legal Restraint. The conditions described in Section 4.1(b).

(b) Compliance Certificate. Fortis shall deliver to FibroGen a certificate in the form attached as Exhibit G (the "*Fortis Compliance Certificate*"), dated as of the Closing Date, executed by an authorized officer of Fortis, certifying (i) (A) that the representations and warranties of Fortis set forth in this Option Agreement that are qualified as to materiality (including the definition of Material Adverse Change) or that are Fundamental Representations (except for the Fundamental Representations set forth in Section 5.4(a), Section 5.4(b), Section 5.4(c), and Section 5.4(e) and Section 5.4(f) (Capitalization) and Section 5.16 (Taxes)) shall be true and accurate in all respects, (B) the Fundamental Representations set forth in Section 5.4(a), Section 5.4(b), Section 5.4(c), and Section 5.4(e) and Section 5.4(f) (Capitalization), in each case subject to Section 5.4(j), shall be true and accurate in all respects, except for *de minimis* inaccuracies, and (C) all other representations and warranties of Fortis set forth in Article 5 of this Option Agreement (including Section 5.16 (Taxes)) shall be true and accurate in all material respects, in each case as of the date of this Option Agreement and as of the Closing Date with the same effect as though made as of the Closing Date, except that the accuracy of representations and warranties that by their terms speak as of a specified date will be determined as of such date, (ii) to Fortis' compliance in all material respects with all covenants, obligations and agreements of Fortis required to be performed or complied with by Fortis on or before the Closing Date, and (iii) that no Material Adverse Change of a nature described in Section 4.2(h) has occurred; in the case of clause (i) and (ii) above, except to the extent disclosed in any written notice delivered to FibroGen prior to the Closing Date or in the Updated Disclosure Schedule.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(c) Governmental Consents and Approvals. Fortis shall deliver evidence that all consents of Governmental Entities set forth on Schedule 4.2(c) have been obtained or made, and are in full force and effect.

(d) Contractual Consents and Approvals. Fortis shall deliver evidence that Fortis has obtained all consents and approvals of third parties set forth in Section 4.2(d) of the Disclosure Schedule (other than any such consent or approval under a Contract that has terminated prior to the Closing).

(e) FIRPTA Certificate. Fortis shall deliver a certificate dated the Closing Date pursuant to Treasury Regulations 1.897-2(h) (as described in Treasury Regulations 1.1445-2(c)(3)) stating that Fortis is not, and [*] was not, a U.S. real property holding corporation as defined in Section 897 of the Code.

(f) Termination of Stockholder Agreements. Fortis shall deliver to FibroGen evidence reasonably satisfactory to FibroGen of the termination of the Stockholder Agreements.

(g) Assignment of [*]. Fortis shall deliver to FibroGen evidence reasonably satisfactory to FibroGen of the assignment by [*] to Fortis of that certain [*].

(h) No Material Adverse Change. No Material Adverse Change shall have occurred after the delivery of the Updated Disclosure Schedule by Fortis to FibroGen that is continuing.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF FORTIS

Fortis represents and warrants to FibroGen that except as disclosed by Fortis in the Disclosure Schedule delivered on the date hereof and as may be updated by the Updated Disclosure Schedule pursuant to Section 3.1(a).

Section 5.1. Organization and Standing; No Subsidiaries.

(a) Fortis (i) is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware; (ii) has all requisite corporate power and authority necessary to enable it to use its corporate or other name and to own or lease or otherwise hold and operate its assets and properties and to carry on its business as now being conducted; and (iii) is duly qualified, licensed or registered to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification, licensing or registration necessary (except where such failure to be so qualified, licensed or registered would not reasonably be expected to result in a Material Adverse Change). Fortis has made available to FibroGen true, complete and correct copies of its Constitutive Documents, as amended, as in effect as of the date of this Option Agreement.

(b) Fortis has no, and has never had, any Subsidiaries. Fortis does not directly or indirectly own any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any corporation, partnership, limited liability company, joint venture or other business association or entity.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 5.2. Power and Authority; Binding Agreement. Subject to obtaining Shareholder Approval, Fortis has all requisite corporate power and authority to execute and deliver this Option Agreement and to consummate the Merger and the other transactions contemplated hereby and to perform its obligations hereunder. The execution and delivery by Fortis of this Option Agreement and the consummation by Fortis of the Merger and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Fortis, and no other proceedings on the part of Fortis are necessary to authorize this Option Agreement or to consummate the Merger and the other transactions contemplated hereby other than (a) the Shareholder Approval, (b) the filing of the Certificate of Merger with the office of the Secretary of State of the State of Delaware, (c) the filing of a premerger notification and report form under the HSR Act, if necessary, and (d) such other material consents, approvals, orders, authorizations, registrations, declarations, filings and notices set forth on Section 5.5 of the Disclosure Schedule, if any. This Option Agreement has been duly executed and delivered by Fortis and, assuming the due authorization, execution and delivery by the other Parties, constitutes a valid, legal and binding obligation of Fortis, Enforceable against Fortis.

Section 5.3. Authorization.

(a) The board of directors of Fortis, at a meeting duly called and held at which all directors of Fortis were present or pursuant to an action by written consent, duly and unanimously adopted resolutions (i) approving and declaring advisable the Merger, this Option Agreement and the other transactions contemplated hereby; (ii) determining that the Merger Consideration is fair to Fortis Shareholders and declaring that the Merger, this Option Agreement and the other transactions contemplated hereby are in the best interests of Fortis Shareholders; (iii) adopting this Option Agreement; (iv) authorizing Fortis to enter into this Option Agreement and to consummate the Merger and the other transactions contemplated hereby, on the terms and subject to the conditions set forth in this Option Agreement; (v) directing that the Merger and this Option Agreement be submitted to Fortis Shareholders at a meeting or by written consent in lieu of a meeting for a vote for adopting this Option Agreement and approving the Merger; and (vi) recommending that Fortis Shareholders vote to approve and adopt this Option Agreement and approve the Merger.

(b) The only votes or consent of holders of any class or series of Fortis Capital Stock necessary to approve and adopt the Merger, this Option Agreement and the other transactions contemplated hereby are the affirmative votes or consent of (i) the holders of at least [*] of the outstanding shares of Fortis Preferred Stock and (ii) the holders of at least a [*] of the outstanding shares of Fortis Common Stock on an as-converted to Fortis Common Stock basis (collectively, the "*Shareholder Approval*").

Section 5.4. Capitalization.

(a) Section 5.4(a) of the Disclosure Schedule sets forth the authorized Capital Stock of Fortis, including the number of (i) authorized and (ii) issued and outstanding shares of the following: (A) common stock, $0.0001 par value per share, including Restricted Stock (the "*Fortis Common Stock*"), and (B) Series A preferred stock, $0.0001 par value per share (the "*Fortis Preferred Stock*"). The rights, preferences, privileges and restrictions of Fortis Preferred Stock are as stated in the Constitutive Documents of Fortis. Section 5.4(a) of the Disclosure Schedule sets forth the number of shares of Fortis Common Stock: (x) reserved for issuance under the Fortis Stock Plan, (y) subject to Fortis Stock Options currently outstanding under the Fortis Stock Plan and (z) that remain available for future issuance under the Fortis Stock Plan. The information in subclauses (c) and (d) of the defined term "*Schedule I*" (as may be updated pursuant to this Agreement prior to any applicable payment hereunder) is true, complete and correct as of the date of any payment required hereunder except for *de minimis* inaccuracies.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) Section 5.4(b) of the Disclosure Schedule sets forth a true, complete and accurate list of the holders of Fortis Capital Stock, showing the number of shares of such Capital Stock, and the class or series of such shares, held by each such shareholder, whether such shares are Restricted Stock (and, if so, whether such shares are subject to a valid election under Section 83(b) of the Code) and, with respect to shares other than Fortis Common Stock, the number of shares of Fortis Common Stock (if any) into which such shares are convertible. All Restricted Stock was issued in connection with the early exercise of Fortis Stock Options granted under the Fortis Stock Plan, and all obligations with respect to Taxes owed by Fortis relating to the Restricted Stock have been satisfied in full. Fortis holds no shares of Fortis Capital Stock in its treasury. All of the issued and outstanding shares of Fortis Capital Stock have been offered, issued and sold by Fortis in all material respects in compliance with all applicable federal and state securities Laws.

(c) Other than the Fortis Capital Stock, Fortis Stock Options and Warrants set forth on the Capitalization Table, there are no outstanding options, warrants, rights (including conversion rights, preemptive rights, co-sale rights, rights of first refusal or other similar rights) or agreements for the purchase or acquisition from Fortis of any shares of Fortis Capital Stock.

(d) All of the outstanding shares of Fortis Capital Stock have been duly authorized and validly issued, and are fully paid and nonassessable. [*], the shares of Fortis Capital Stock owned as of the date hereof by each record holder listed on Section 5.4(b) of the Disclosure Schedule are owned free and clear of all Liens.

(e) Section 5.4(e) of the Disclosure Schedule (together with Section 5.4(a) and Section 5.4(b) of the Disclosure Schedule, the "*Capitalization Table*") sets forth a true, complete and accurate list of (i) all holders of outstanding Fortis Stock Options, indicating, with respect to each Fortis Stock Option, the name of the holder thereof, the number of shares of Fortis Common Stock subject to such Fortis Stock Option, the exercise price, date of grant, and vesting schedule, including any accelerated vesting conditions, and whether such Fortis Stock Option is intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code; and (ii) all holders of outstanding Warrants, indicating, with respect to each Warrant, the number of shares of Fortis Capital Stock, and the class or series of such shares subject to such Warrant, the exercise price, the date of issuance and the expiration date thereof.

(f) There is no outstanding Fortis Stock Option that has not been granted under the Fortis Stock Plan. Fortis has made available to FibroGen true, complete and correct copies of the Fortis Stock Plan and all Contracts evidencing Fortis Stock Options and Warrants. All of the shares of Fortis Capital Stock subject to Fortis Stock Options and Warrants will be, upon issuance pursuant to the exercise of such Contracts and the Fortis Stock Plan, duly authorized, validly issued, fully paid and nonassessable. No Fortis Stock Option is exercisable for any class or series of Fortis Capital Stock other than Fortis Common Stock. Each Fortis Stock Option (A) was granted in compliance in all material respects with all applicable Law and all terms and conditions of the Fortis Stock Plan, (B) has an exercise price per share of Fortis Common Stock equal to or greater than the fair market value of a share of Fortis Common Stock on the date of such grant, (C) is otherwise exempt from the requirements of Section 409A of the Code, and (D) has a grant date identical to the date on which the board of directors of Fortis (or the appropriate committee thereof) actually approved the Fortis Stock Option.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(g) None of the shares of Fortis Capital Stock have been issued in violation of any subscription, Warrant, option, call, commitment, right of first refusal, preemptive right, conversion right, Fortis Stock Option, convertible security or other similar right, or any Contract to which Fortis is subject, bound or a party or otherwise. Except for the Fortis Stock Options, Restricted Stock and Warrants set forth on the Capitalization Table, none of the shares of Fortis Capital Stock are subject to any subscription, warrant, option, call, commitment, right of first refusal, preemptive right, conversion right or other similar right under any Law, or any Contract to which Fortis is subject, bound or a party or otherwise. Fortis has no obligation (contingent or otherwise) to grant, issue or otherwise sell any subscription, warrant, option, call, commitment, right of first refusal, preemptive right, Fortis Stock Option, convertible security, "phantom" stock right or other similar right, or to grant, issue, distribute or otherwise sell to holders of any shares of its Capital Stock any evidences of Indebtedness or assets of Fortis. Fortis has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of Capital Stock, or other equity or voting interest in, Fortis or any other Person or to pay any dividend or to make any other distribution in respect of its Capital Stock. Fortis has no obligation (contingent or otherwise) to vote or dispose of any shares of its Capital Stock or other equity or voting interest. There are no outstanding or authorized stock appreciation rights, phantom stock awards or other rights that are linked in any way to the price of Fortis Common Stock or the value of Fortis or any part thereof. Except as set forth in the Capitalization Table, there are no equity securities of Fortis reserved for issuance for any purpose.

(h) Except as set forth in Section 5.4(h) of the Disclosure Schedule, there is no Contract between Fortis and any holder of its securities, or, [*], among any holders of its securities, relating to the sale or transfer (including agreements relating to rights of first refusal, co-sale rights or "drag-along" rights), registration under the Securities Act, or voting, of any Fortis Capital Stock.

(i) There is no Indebtedness that provides its holder with the right to vote on any matters on which shareholders of Fortis may vote.

(j) Notwithstanding anything to the contrary in this Section 5.4 or otherwise in this Option Agreement, the Capitalization Table provided as Section 5.4(a), Section 5.4(b) and Section 5.4(e) of the Disclosure Schedule and any representations and warranties that reference the Capitalization Table or Section 5.4(a), Section 5.4(b) and Section 5.4(e) of the Disclosure Schedule shall be true, complete and accurate as of the date hereof (and the representations and warranties with respect to the Capitalization Table provided in the Disclosure Schedule are made solely as of the date hereof), and the Capitalization Table provided as Section 5.4(b) and Section 5.4(e) of the Updated Disclosure Schedule shall be true, complete and accurate as of the Closing Date (and the representations and warranties with respect to the Capitalization Table provided in the Updated Disclosure Schedule are made solely as of the Closing Date).

Section 5.5. Noncontravention.

(a) The execution and delivery by Fortis of this Option Agreement, the consummation of the Merger and the other transactions contemplated hereunder and the compliance by Fortis with the provisions of this Option Agreement, do not and will not conflict with, or result in any violation or breach of, or default (with or without notice or lapse of time or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to a loss of a material benefit under, or result in the creation of any Lien in or upon any of the properties or assets of Fortis under, or give rise to any increased, additional, accelerated or guaranteed rights or entitlements under, any provision of (i) the Constitutive Documents of Fortis, (ii) any Material Contract, or (iii) any Law or Judgment applicable to Fortis or its assets or properties, except in the case of clauses (ii) and (iii), where such violation, breach, conflict, default, termination, cancellation, acceleration, loss of material benefit, creation of a Lien, or increased, additional accelerated or guaranteed right or entitlement does not constitute a Material Adverse Change and that individually or in the aggregate are not likely to impair in any material respect the ability of Fortis to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement, or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) No consent, approval, qualification, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is necessary or required by Fortis in connection with the execution and delivery by Fortis of this Option Agreement, the consummation by Fortis of the Merger and the other transactions contemplated by this Option Agreement or the compliance by Fortis with the provisions of this Option Agreement, except for (i) if applicable, the filing of a premerger notification and report form under the HSR Act, and the receipt, termination or expiration, as applicable, of approvals or waiting periods required under the HSR Act or any other applicable competition, merger control, antitrust or similar Law; (ii) the filing of the Certificate of Merger with the office of the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which Fortis is qualified to do business and (iii) such other consents, approvals, orders, authorizations, registrations, declarations, filings and notices, the failure of which to be obtained or made individually or in the aggregate would not impair in any material respect the ability of Fortis to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder.

Section 5.6. Compliance with Laws; Regulatory Matters.

(a) Fortis is, and in the [*] has been, in material compliance with all applicable Laws and Judgments of any Governmental Entity applicable to it or to the conduct by Fortis of its business, or the ownership or use of any of its assets and properties. Fortis has not received, since its incorporation, a written or, to its knowledge, oral notice or communication alleging a possible material violation by Fortis of any applicable Law or Judgment of any Governmental Entity applicable to its businesses or operations.

(b) The Products at all times have been developed, tested, labeled, manufactured, and stored, as applicable, by or on behalf of Fortis in compliance in all material respects with all applicable Laws in the U.S., including the FFDCA or any regulations adopted thereunder by any Regulatory Entity (including, as applicable, those requirements relating to the FDA's current GMP, GLP, and GCP), and, with respect to any activities conducted in the EU, the EMA. Fortis has generated, prepared, maintained and retained all material information, data and biological materials that are required to be generated, prepared, maintained or retained by Fortis with respect to Products pursuant to, and in accordance in all material respects with, GCP, GLP, GMP and other applicable Laws. Fortis has not received written or, [*], oral notice of any pending or threatened Action from the FDA or any other Regulatory Entity alleging that any operation or activity of Fortis is in violation of the FFDCA or any analogous applicable Laws promulgated by applicable Governmental Entities outside the U.S.

(c) Fortis has made available to FibroGen a true, complete and correct copy of all material Regulatory Materials submitted to any Regulatory Entity by Fortis or in Fortis' possession. All Regulatory Materials submitted to any Regulatory Entity by Fortis were true and accurate in all material respects as of the date of submission to such Regulatory Entity.

(d) To the extent required by applicable Laws, all preclinical studies and tests and Clinical Trials conducted by Fortis with respect to Products have been, and if still pending are being, conducted in material compliance with research protocols, GLP, GCP, and all applicable Laws in the U.S., including the FFDCA (or any regulations adopted thereunder), and, with respect to any activities conducted in the EU, the EMA. [*], all preclinical studies and tests and Clinical Trials conducted on behalf of Fortis with respect to Products have been, or if pending, are being conducted in material compliance with research protocols, GLP, GCP, and all applicable Laws in the U.S., including the FFDCA (or any regulations adopted thereunder), and, with respect to any activities conducted in the EU, the EMA. No preclinical study or test or Clinical Trial conducted by or on behalf of Fortis with respect to Products has been terminated or suspended prior to completion, and no Regulatory Entity or clinical investigator that has participated or is participating in, or institutional review board that has or has had jurisdiction over, a preclinical study or test or Clinical Trial conducted by or on behalf of Fortis with respect to Products has commenced, or, [*], threatened to initiate, any action to place a clinical hold order on, or otherwise terminate or suspend or refuse to commence, any proposed or ongoing investigation or study or Clinical Trial conducted or proposed to be conducted by or on behalf of Fortis with respect to Products.

(e) Fortis has not received any written notice that any Regulatory Entity, or any relevant institutional review board, independent ethics committee or any other similar body has initiated, or threatened to initiate, any action to (i) suspend any Clinical Trial conducted by or on behalf of Fortis, or suspend or terminate any IND sponsored by Fortis or otherwise restrict or delay the preclinical or nonclinical research on or clinical study, in each case, of any Product, or (ii) recall, suspend or otherwise restrict the manufacture of any Product.

(f) Fortis has not received any written notice that any relevant institutional review board or independent ethics committee has refused to approve (i) any Clinical Trial conducted or proposed to be conducted by or on behalf of Fortis or (ii) any substantial amendment to a protocol for any Clinical Trial conducted or proposed to be conducted by or on behalf of Fortis, in each case with respect to any Product.

(g) Fortis is not subject to any investigation that is pending and of which Fortis has been notified in writing or, [*], which has been threatened, in each case by (i) the FDA or (ii) the Department of Health and Human Services Office of Inspector General or Department of Justice pursuant to the Federal Healthcare Program Anti-Kickback Statute (42 U.S.C. §1320a-7b(b)) or the Federal False Claims Act (31 U.S.C. §3729).

(h) Fortis has complied in all material respects with all applicable security and privacy standards regarding protected health information relating to the Products under (i) the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, including the regulations promulgated thereunder and (ii) any applicable state privacy laws.

(i) All manufacturing operations conducted by or for the benefit of Fortis with respect to the Products have been and are being conducted in material compliance with applicable Laws, including, to the extent applicable, GMP.

(j) Neither Fortis nor, [*], any Fortis Personnel or Affiliate has committed any act, made any statement or failed to make any statement that would reasonably be expected to provide a basis for the FDA or any other Regulatory Entity to invoke its policy with respect to "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities" or any such similar policies set forth in any applicable Laws. Neither Fortis nor, [*], any Fortis Personnel has been convicted of any crime or engaged in any conduct that has resulted, or would reasonably be expected to result, in debarment or exclusion under applicable Laws, including 21 U.S.C. §335a and 42 U.S.C. §1320a-7. No Actions that would reasonably be expected to result in such a debarment or exclusion of Fortis are pending or, [*], threatened, against Fortis or, [*], any Fortis Personnel.

(k) There are no Actions pending with respect to which Fortis has been served and, [*], there are no other Actions pending, in each case, with respect to an alleged violation by Fortis of the FFDCA (or any regulations adopted thereunder), the Controlled Substances Act of 1970, as amended, or any other applicable Laws promulgated by any Regulatory Entity that applies to the regulatory status of any Product.

(l) Fortis has not received any warning letter or untitled letter, report of inspectional observations, including FDA Form 483s, establishment inspection reports, notices of violation, clinical holds, enforcement notices or other documents from any Regulatory Entity, or any institutional review board, independent ethics committee or similar body, alleging a lack of compliance by Fortis with any applicable Laws.

(m) Fortis has not marketed, advertised, distributed, sold, or commercialized any Product.

(n) Fortis has made available to FibroGen all material written preclinical, clinical and other experimental data in Fortis' possession relating to Products or the exploitation thereof relating to activities performed by or on behalf of Fortis, and has not concealed or withheld from FibroGen any such data.

(o) [*], there are no safety, efficacy, or regulatory issues, other than the information that has previously been made available to FibroGen, that would preclude FibroGen or the Surviving Corporation from exploiting the Products in compliance with applicable Laws.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 5.7. Permits. Fortis validly holds and has in full force and effect all material Permits necessary for it to own, lease or operate its assets and properties and to carry on its businesses as now conducted, and there has occurred no violation of, or default (with or without notice or lapse of time or both) under, or event giving to any Governmental Entity any right of termination, amendment or cancellation of, any such Permit, except where such violation, default or event would not, individually or in the aggregate, reasonably expected to be material to Fortis. Fortis has complied in all material respects with the terms and conditions of all material Permits issued to or held by Fortis. No Action is pending or, [*], threatened seeking the revocation or limitation of any material Permit issued to or held by Fortis. Section 5.7 of the Disclosure Schedule lists each material Permit issued or granted to or held by Fortis, true, complete and correct copies of which have been made available to FibroGen. All of the Permits listed on Section 5.7 of the Disclosure Schedule are held in the name of Fortis, and none are held in the name of any Fortis Personnel or agent or otherwise on behalf of Fortis.

Section 5.8. Financial Statements. Section 5.8 of the Disclosure Schedule sets forth (i) the unaudited balance sheet as of the most recent fiscal year end of Fortis, together with the statement of operations and cash flows of Fortis for such fiscal year, and (ii) the unaudited balance sheet as of [*] (such date, the "*Most Recent Balance Sheet Date*"), together with the statement of operations and cash flows of Fortis for the [*] (the statements referred to in clauses (i) and (ii), together with the SEC Financials, if any, being referred to collectively as the "*Financial Statements*"). The Financial Statements (and the Updated Financial Statements delivered to FibroGen following the date of this Option Agreement pursuant to Section 3.1(c) will) (x) have been prepared from the books and records of Fortis and are consistent with the books and records of Fortis, (y) have been prepared in accordance with GAAP, consistently followed throughout the periods indicated, and with respect to the SEC Financials, if any, in accordance with Regulation S-X, and (z) present fairly, in all material respects, the financial condition, results of operation, stockholders' equity and cash flows of Fortis as of the respective dates thereof and for the periods referred to therein, except for the absence of footnotes and immaterial year-end adjustments.

Section 5.9. Absence of Changes or Events. Except as expressly contemplated by this Option Agreement, since the Most Recent Balance Sheet Date and through the date hereof, (a) there has occurred no Material Adverse Change and (b) Fortis has not taken any actions that, if taken after the date of this Option Agreement, would constitute a material breach of any of the covenants set forth in Section 7.1.

Section 5.10. Undisclosed Liabilities. Fortis has no Liabilities, except for such Liabilities (a) set forth or adequately provided for in the balance sheet in the Financial Statements or, as of the Closing Date, the Updated Financial Statements, (b) that have been incurred in the Ordinary Course of Business since the Most Recent Balance Sheet Date or, as of the Closing Date, the most recent Updated Financial Statements delivered to FibroGen, and which are not material in amount, (c) set forth in Contracts and are to be performed following the date hereof, other than obligations due to any breaches or non-performance thereunder or for indemnification for pre-Closing acts or omissions, (d) liabilities that are not individually or in the aggregate material to Fortis as a whole, or (e) that have been incurred pursuant to or in connection with the execution, delivery or performance of this Option Agreement and the Evaluation Agreement.

Section 5.11. Assets; Personal Property.

(a) Fortis is the true and lawful owner and has good and valid title to all tangible assets reflected on the Most Recent Balance Sheet or thereafter acquired except those sold or otherwise disposed of or consumed in the Ordinary Course of Business since the Most Recent Balance Sheet Date and not in violation of this Option Agreement, in each case, free and clear of all Liens, other than Permitted Liens. Fortis' representations and warranties under this Section 5.11 are not made with respect to matters relating to Intellectual Property, which are covered by Section 5.14.

(b) Section 5.11(b) of the Disclosure Schedule sets forth any Contract pursuant to which Fortis leases personal property as lessee or lessor (the "*Personal Property Leases*"). Fortis has (i) good, valid and marketable title to all of the personal property purported to be owned by Fortis, and (ii) valid leasehold interests in all personal property purported to be leased by it, in each case of clauses (i) and (ii), free and clear of all Liens, other than Permitted Liens. Fortis enjoys peaceful and undisturbed possession under all Personal Property Leases. All personal property owned or leased by Fortis is maintained in good operating condition, reasonable wear and tear excepted, for the purposes for which it is currently being used. Fortis has provided to FibroGen true and accurate copies of all Personal Property Leases.

Section 5.12. Real Property. Fortis owns no fee title to real property. Fortis does not currently lease any real property.

Section 5.13. Contracts.

(a) Section 5.13(a) of the Disclosure Schedule lists the following Contracts that are in effect and to which Fortis is a party or to which it, or any of its assets and properties, is bound (each such Contract, a "*Material Contract*"):

(i) (A) employment, individual independent contractor or consulting Contracts with any current employee, independent contractor or consultant (other than any such Contracts with any Fortis Personnel whose annual compensation in connection with services provided to Fortis by such Fortis Personnel does not exceed [*] and that may be terminated by Fortis at-will without notice or the payment of any severance or termination payments or other material Liability to Fortis) and (B) collective bargaining agreements or other Contracts with any Union;

(ii) Contracts that limit the freedom of Fortis to compete in any line of business or geographic or therapeutic area or otherwise restricting the research, development, manufacture, marketing, distribution, sale, supply, license or marketing of the products and services that Fortis currently plans to develop, or to make use of any of the Intellectual Property rights of Fortis after the Closing Date, other than non-disclosure Contracts entered into in the Ordinary Course of Business or in connection with this Option Agreement;

(iii) Contracts containing any "non-solicitation" or "no-hire" provision that restricts Fortis, other than vendor Contracts entered into in the Ordinary Course of Business with standard service provider non-solicitation provisions;

(iv) Contracts with or involving any current or former holder of Fortis Capital Stock (other than Contracts with respect to the issuance of Fortis Capital Stock, including any stock option or equity award agreements with Fortis Personnel);

(v) Personal Property Leases providing for lease payments in excess of [*];

(vi) Contracts for the purchase or sale of products or the furnishing or receipt of services (A) calling for performance over a period of more than [*], (B) requiring or otherwise involving payment by or to Fortis of more than [*], to the extent the Contract is not terminable without penalty on [*] or shorter notice, (C) in which Fortis has granted manufacturing rights, "most favored nation" pricing provisions or marketing or distribution rights relating to any products or territory or (D) in which Fortis has agreed to purchase a minimum quantity of goods or services or has agreed to purchase goods or services exclusively from a certain party;

(vii) Contracts (or letters of intent) involving the disposition or acquisition of any product line, business or significant portion of the assets, properties or business of Fortis, or any merger, consolidation or similar business combination transaction, whether or not enforceable;

(viii) Contracts relating to capital expenditures in excess of [*] or other purchases of material, supplies, equipment or other assets or properties (other than purchase orders for inventory or supplies in the Ordinary Course of Business);

(ix) Contracts for any joint venture, partnership, joint product development, strategic alliance or co-marketing arrangement;

(x) Contracts granting a third party any license or sublicense to any Fortis Intellectual Property, or pursuant to which Fortis has been granted by a third party any license or sublicense to any Intellectual Property, or any other license, sublicense, option or other Contract relating in whole or in part to Fortis Intellectual Property or the Intellectual Property of any other Person, except, in each case, for standard end-user, internal use software licenses for the use of commercial "shrink-wrapped" software or Off-the-Shelf Software, non-disclosure agreements, Invention Assignment Agreements or Contracts that include non-exclusive rights or licenses granted to Fortis that are ancillary to Fortis's purchase or use of commercially available equipment, reagents, or materials, in each case entered into in the Ordinary Course of Business;

(xi) Contracts to which Fortis is a party as of the date hereof relating to Clinical Trials in respect of products (including Products) of Fortis or any Subsidiary of Fortis;

(xii) Contracts setting forth any right of first refusal, right of first negotiation or right of first offer in favor of a party other than Fortis;

(xiii) any agency, dealer, sales representative, distribution, marketing or other similar agreements;

(xiv) Contracts under which Fortis has borrowed (or may borrow) any money from, or issued (or may issue) any note, bond, debenture or other evidence of indebtedness for borrowed money, to any Person (other than trade debt incurred in the Ordinary Course of Business, payments or benefits owed to employees, independent contractors or consultants);

(xv) Contracts (including so-called take-or-pay or keepwell agreements) under which (A) any Person has directly or indirectly guaranteed or assumed Indebtedness or Liabilities of Fortis or (B) Fortis has directly or indirectly guaranteed or assumed Indebtedness or Liabilities of any Person (in each case, other than endorsements for the purposes of collection in the Ordinary Course of Business)

(xvi) Contracts under which Fortis has made or will make, directly or indirectly, any advance, loan, extension of credit or capital contribution to, or other investment in, any Person (other than Fortis) or any Contracts relating to the making of any such advance, loan, extension of credit, capital contribution or other investment;

(xvii) Contracts involving any resolution or settlement of any material Action;

(xviii) any Contracts containing any covenant not to sue, concurrent use agreement, settlement agreement, pre-rights declarations, co-existence agreement or other consent with respect to Fortis Intellectual Property;

(xix) Contracts providing that Fortis or any Fortis Personnel maintain the confidentiality of any information, or providing for any Person to maintain the confidentiality of any information material to Fortis, in each case, other than entered into in the Ordinary Course of Business; and

(xx) any other Contracts involving future payments by Fortis in the [*] in excess of [*].

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) Each Material Contract is in full force and effect, and is valid and binding and Enforceable in accordance with its terms against Fortis and, [*], the other parties thereto. A true, correct and complete copy of each written Material Contract has been made available to FibroGen. There is no material violation, breach (including, [*], anticipatory breach) or default under any Material Contract by Fortis or, [*], by any other party thereto, and Fortis has not received or given written notice of any material default on the part of any party in the performance or payment of any Material Contract.

Section 5.14. Intellectual Property.

(a) Scheduled Intellectual Property. Section 5.14(a) of the Disclosure Schedule identifies all patents, patent applications, registered trademarks and copyrights, applications for trademark and copyright registrations, domain names, registered design rights, and other forms of registered Intellectual Property and applications therefor, owned by or exclusively licensed to Fortis (collectively, the "*Fortis Registrations*"). Section 5.14(a) of the Disclosure Schedule also identifies each proprietary software program, each social media account and handles, each trade name, each unregistered trademark, service mark, or trade dress, and each unregistered copyright owned by or exclusively licensed to Fortis that, in each case, is material to the Business. For purposes of this Option Agreement, all items listed on Section 5.14(a) of the Disclosure Schedule shall be called "*Scheduled Intellectual Property*". Section 5.14(a) of the Disclosure Schedule specifically identifies those items of Scheduled Intellectual Property that are exclusively licensed to Fortis, including the identification of the Contractual Obligation pursuant to which each such item of Intellectual Property is licensed. For each of Fortis Registrations, Section 5.14(a) of the Disclosure Schedule includes the following information: the relevant registration or application number, the owner of record, the country or jurisdiction, and the filing or registration date. Each of Fortis Registrations is subsisting, and [*], valid and enforceable.

(b) Title to Fortis Registrations. Except as disclosed on Section 5.14(b) of the Disclosure Schedule,

(i) [*] Fortis owns all rights, titles, and interests in and to each item of Fortis Registrations, free and clear of any Lien other than Permitted Liens and licenses granted in the Outbound IP Contracts identified in Section 5.14(f) of the Disclosure Schedule or any Contract not required to be identified in Section 5.14(f) of the Disclosure Schedule, and Fortis is the owner of record of all Fortis Registrations; and

(ii) no Fortis Registration is subject to any outstanding Government Order, and no written Action (including any opposition, cancellation, interference, inter partes review, or re-examination) is pending or, [*], threatened in writing, that challenges the legality, validity, enforceability, use, scope or ownership of any Fortis Registration.

(c) Sufficiency. Except as disclosed on Section 5.14(c) of the Disclosure Schedule, [*], Fortis owns or has adequate rights to use all Technology and Intellectual Property used or proposed to be used in connection with the Business as currently conducted and with the Exploitation of the Products as existing as of the date of this Option Agreement (including as contemplated under the Evaluation Agreement), without, [*], any infringement, misappropriation or violation of the Intellectual Property of others. The Surviving Corporation will continue to own or have after the Closing, valid rights or licenses as are sufficient to use all of the Intellectual Property and Technology used by Fortis to the same extent as prior to the Closing. The consummation of the transactions contemplated by this Option Agreement will not result in the loss or impairment of Fortis' rights in any Fortis Intellectual Property or Technology and will not result in the breach of, or create on behalf of any third party, the right to terminate or modify any agreement as to which Fortis is a party and pursuant to which Fortis is authorized or licensed to use any third party Intellectual Property.

(d) Infringement of Third Party IP. Except as disclosed on Section 5.14(d) of the Disclosure Schedule, (i) [*], neither the conduct by Fortis of its Business as currently conducted nor the Exploitation of any Products as existing as of the date of this Option Agreement has infringed upon, misappropriated, or violated any Intellectual Property of any Third Party, and (ii) neither Fortis nor any Predecessor has received any written charge, complaint, claim, demand, or notice from any Third Party alleging infringement, misappropriation, or violation of the Intellectual Property of such Third party (including any request or demand to refrain from using any Intellectual Property of any Third Party in connection with the conduct of the Business as currently conducted or the Exploitation of any Products as existing as of the date of this Option Agreement).

(e) Infringement of Fortis IP. Except as disclosed on Section 5.14(e) of the Disclosure Schedule, (i) [*], no Person has infringed upon, misappropriated, or violated any Fortis Intellectual Property owned by or exclusively licensed to Fortis, and (ii) neither Fortis nor any Predecessor has made any written charge, complaint, claim, demand, or notice against or to any Third Party alleging infringement, misappropriation, or violation of any such Fortis Intellectual Property (including any request or demand to refrain from using any such Fortis Intellectual Property).

(f) IP Contracts. Section 5.14(f) of the Disclosure Schedule identifies under separate headings each Contractual Obligation, whether written or oral, (i) under which Fortis licenses or acquires any right in an item of Technology or any Intellectual Property that any Person besides Fortis owns that is used by Fortis in the Business as currently conducted or proposed to be conducted or that is necessary or useful for the Exploitation of any Products, or owes any royalties or other payments to any Person for the use of any Intellectual Property or Technology; but excluding Contractual Obligations that are (A) related to Off-the-Shelf Software, (B) non-disclosure agreements, or agreements that include non-exclusive licenses granted to Fortis that are ancillary to Fortis's purchase or use of commercially available equipment, reagents, or materials, in each case entered into in the Ordinary Course of Business (the "*Inbound IP Contracts*") and (ii) under which Fortis has granted any Person any right or interest in any Fortis Intellectual Property; but excluding Contractual Obligations that are material transfer agreements, clinical trial agreements, non-disclosure agreements or non-exclusive licenses granted to service providers or contractors solely for the purposes of the provision of services to Fortis and that do not grant any commercial rights to any products or services of Fortis, in each case entered into in the Ordinary Course of Business (the "*Outbound IP Contracts*") (collectively, clauses (i) and (ii), the "*IP Contracts*").

(g) Confidentiality and Invention Assignments. Fortis has maintained [*] to protect the confidentiality of Fortis' confidential information and trade secrets pertaining to Fortis's Business or any Product, and, except as disclosed on Section 5.14(g) of the Disclosure Schedule, have required all employees and other Persons with access to Fortis' confidential information to execute Enforceable Contractual Obligations requiring them to maintain the confidentiality of such information and use such information only for the benefit of Fortis. All current and former employees and contractors of Fortis who contributed to the creation or development of Fortis Intellectual Property owned or purported to be owned by Fortis have executed Enforceable Contractual Obligations that assign to Fortis all of such Person's respective rights, including Intellectual Property, relating to such Fortis Intellectual Property (each, an "*Invention Assignment Agreement*").

(h) Privacy and Data Security. Fortis' Handling of any Personal Information is in compliance in all material respects with Legal Requirements and Contractual Obligations (including privacy policies and terms of use) applicable to Fortis or to which Fortis is bound. Fortis maintains and complies in all material respects with written policies and procedures regarding data security and privacy and maintains [*] safeguards that are designed to protect Personal Information in compliance in all material respects with all Legal Requirements and Contractual Obligations applicable to Fortis or to which Fortis is bound. [*], there has been no (i) material unauthorized acquisition of, access to, loss of, misuse (by any means) of any Personal Information, confidential information or trade secret, or (ii) material unauthorized or unlawful Handling of any Personal Information, confidential information or trade secret, in each case, used or held for use by or on behalf of Fortis.

Section 5.15. Litigation. There is no Action that is pending or, [*], threatened against Fortis (or directors, officers or employees of Fortis, to the extent such Action relates to Fortis) or any assets or properties of Fortis. There are no Judgments outstanding against Fortis (or directors, officers or employees of Fortis, to the extent such Judgments relate to Fortis) or any assets or properties of Fortis. In the [*], there has not been any Action in respect of Fortis that (a) resulted in a Judgment against or settlement by Fortis (whether or not such Judgment or settlement was paid, in whole or in part, by an insurer of Fortis or other third party), (b) resulted in any equitable relief or (c) relates to the Merger and the other transactions contemplated by this Option Agreement or the Ancillary Agreements. There is no Action pending by Fortis, or which Fortis intends to initiate, against any other Person.

Section 5.16. Taxes.

(a) All income and other material Tax Returns with respect to Fortis that are required to have been filed have been duly and timely filed with the appropriate Taxing Authority and such income and other material Tax Returns were true, correct and complete in all material respects. All Taxes owed by Fortis (whether or not shown as due and payable on any Tax Returns) have been timely paid.

(b) All Taxes that Fortis has been required to deduct, collect or withhold in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party, have been duly deducted, collected or withheld and have been duly and timely paid to the appropriate Taxing Authority, and Fortis has complied in all material respects with all associated or unrelated reporting and record keeping requirements.

(c) No dispute, audit, investigation, proceeding or claim concerning any Liability for Taxes of Fortis has been raised by a Taxing Authority and, [*], no such dispute, audit, investigation, proceeding or claim is threatened, pending, being conducted or claimed. Fortis has provided or made available to FibroGen true, correct and complete copies of all U.S. federal and California income Tax Returns that have been filed by Fortis during the [*].

(d) There are no Liens for Taxes (other than those described in clause (i) of Permitted Liens) on the assets and properties of Fortis.

(e) No written claim has ever been received by Fortis from a Taxing Authority, in a jurisdiction where Fortis does not file Tax Returns or does not pay Taxes, that Fortis is (or may be) required to file Tax Returns in or be subject to Tax by that jurisdiction.

(f) No waivers of statutes of limitation with respect to the Taxes or Tax Returns of Fortis have been given by or requested from Fortis other than pursuant to automatic extensions of the due date for filing a Tax Return obtained in the Ordinary Course of Business. No agreement or arrangement extending, or having the effect of extending, the period of assessment or collection of any Taxes payable by Fortis is in effect and Fortis is not the beneficiary of any extension of time within which to file any Tax Return, in each case, other than pursuant to automatic extensions of the due date for filing a Tax Return obtained in the Ordinary Course of Business. There is no power of attorney given by or binding upon Fortis with respect to Taxes that will remain in effect following the Closing Date. No closing agreements, private letter rulings, technical advice memorandum or similar agreements or rulings relating to Taxes have been entered into or issued by any Taxing Authority with or in respect of Fortis.

(g) The unpaid Taxes of Fortis did not (i) as of the Most Recent Balance Sheet Date materially exceed the reserve for Taxes (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth thereon, and (ii) will not, as of the Closing Date, exceed either (A) that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of Fortis in filing its Tax Returns or (B) the reserve for Taxes set forth in the Estimated Closing Balance Sheet.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(h) Fortis will not be required to include any material item of income in, or exclude any material item of deduction from, Taxable income for any Post-Closing Tax Period as a result of any (i) change of prior to the Closing, or improper use of, a method of accounting for a Pre-Closing Tax Period, (ii) installment sale or open transaction disposition made in a Pre-Closing Tax Period or (iii) prepaid amount received or paid, or deferred revenue existing, prior to the Closing Date outside of the Ordinary Course of Business, (iv) any deferred intercompany gain or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision or administrative rule of state, local, or foreign Tax law) as a result of any transaction or event occurring, or action taken, before the Closing or (v) any "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign law) executed on or prior to the Closing Date.

(i) Fortis is not, and has not been during the applicable period set forth in Section 897(c)(1)(A)(ii) of the Code, a "United States real property holding corporation" within the meaning of Section 897 of the Code.

(j) Fortis is not, and has never been, a member of an affiliated group of corporations filing a consolidated federal income Tax Return (other than an affiliated group for which the common parent is Fortis). Fortis has no Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or comparable provision of domestic or foreign Tax Law), as a transferee or successor, by contract (other than any such customary commercial agreement entered into in the Ordinary Course of Business and not primarily related to Taxes) or otherwise by operation of Law.

(k) In the [*], Fortis has not constituted a "distributing corporation" or a "controlled corporation" in a distribution qualifying or purported to qualify for Tax-free treatment (in whole or in part) under Section 355(a) of the Code or under analogous provisions of domestic or foreign Tax Law.

(l) Fortis is not, and has never been, a "passive foreign investment company" as defined in Section 1297(a) of the Code or incurred any "personal holding company" Tax under Section 541 of the Code. Fortis is in material compliance with and maintains all appropriate documentation for transfer pricing requirements. Neither the Surviving Corporation nor any of its Affiliates would be required to include any amount in gross income pursuant to Section 951 or 951A of the Code with respect to any Subsidiary if the Taxable year of such Subsidiary were deemed to [*] (but not taking into account any activities or income of any such Subsidiary on such day). Fortis has no fixed place of business, or "permanent establishment" (within the meaning of an applicable income Tax treaty) in any country other than as set forth on Section 5.16(l) of the Disclosure Schedule.

(m) Fortis is not a party to, or otherwise bound by or subject to, any Tax sharing, allocation or indemnification or similar agreement, provision or arrangement (other than agreements or arrangements entered into in the Ordinary Course of Business the primary purpose of which is not Taxes).

(n) Fortis is not a party to any joint venture, partnership or other arrangement or Contract which is properly treated as a partnership for U.S. federal income Tax purposes.

(o) Fortis has not been a party to a transaction that is or is substantially similar to a "listed transaction" as such term is defined in Treasury Regulations Section 1.6011-4(b)(2).

(p) Since the Most Recent Balance Sheet Date, Fortis has not made any changes in Tax accounting methods, principles, practices or policies, made, changed or revoked any material Tax election, settled any Tax claim, assessment or other proceeding in respect of material Taxes, surrendered any right to claim a refund of material Taxes, amended any income or other material Tax Return, or consented to any extension or waiver of the limitation period applicable to any Tax claim or assessment other than pursuant to automatic extensions of the due date for filing a Tax Return obtained in the Ordinary Course of Business.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(q) No Fortis Personnel is entitled to any gross-up, make-whole or other additional payment from Fortis with respect to any Tax or interest or penalty related thereto. Each Benefit Plan subject to Section 409A of the Code is in operational and documentary compliance in all material respects therewith.

(r) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will, either alone or in conjunction with any other event, result in any payment or provision of any other benefit or right (including accelerated vesting) that, individually or collectively, would not be deductible by reason of Section 280G of the Code or would be subject to an excise Tax under Section 4999 of the Code.

(s) Fortis has not taken out any loan, received any loan assistance or received any other financial assistance, or requested any of the foregoing, in each case under the CARES Act, including pursuant to the Paycheck Protection Program or the Economic Injury Disaster Loan Program.

(t) This Section 5.16 and Section 5.18 (to the extent related to Taxes) constitute the exclusive representations and warranties of Fortis with respect to Taxes and any claim for breach of representation with respect to Taxes shall be based solely on the representations made in this Section 5.16 and Section 5.18 (to the extent related to Taxes) and shall not be based on the representations set forth in any other provision of this Option Agreement. The representations in this Section 5.16 refer only to the past activities of Fortis and are not intended to serve as representations to, or as a guarantee of, nor can they be relied upon for, or with respect to, Taxes attributable to any Tax periods (or portions thereof) beginning, or Tax positions taken, after the Closing Date; provided, that, the foregoing shall not apply to the last sentence of Section 5.16(f), Section 5.16(h), Section 5.16(m), and Section 5.16(n). Notwithstanding anything to the contrary in this Option Agreement, Fortis makes no representations as to the amount of, or limitations on the use after the Closing Date of, any net operating losses, capital losses, deductions, Tax credits and other similar items of Fortis.

Section 5.17. Insurance. Section 5.17 of the Disclosure Schedule contains a true, complete and correct list of all policies of fire, liability, workers' compensation, title and other forms of insurance owned or held by Fortis, and Fortis has heretofore made available to FibroGen a true, complete and correct copy of all such policies. All such policies are valid and subsisting and in full force and effect in accordance with their terms, all premiums with respect thereto covering all periods up to and including the Closing Date have been paid, and no notice of cancellation or termination (or any other threatened termination) has been received with respect to any such policy. Fortis has complied in all material respects with the provisions of such policy under which it is an insured party. Fortis is not in default under any of such insurance policies in any material respect. There are no pending or, [*], threatened claims under any insurance policy.

Section 5.18. Benefit Plans.

(a) Section 5.18(a) of the Disclosure Schedule sets forth a complete list of each (i) "employee benefit plan" (as defined in section 3(3) of ERISA, whether or not subject to ERISA) and each (ii) retirement, deferred compensation, pension, savings, bonus, commission, equity or equity-based or other incentive, retention, employment, independent contractor, consulting, unemployment compensation, vacation or other paid time off, change of control, severance, health or welfare benefit, fringe benefit and other compensation or benefit agreement, Contract, plan, policy, program or arrangement, in each case, whether or not reduced to writing, that is or was sponsored, maintained, contributed to, or required to be contributed to by Fortis or any of its ERISA Affiliates or under or with respect to which Fortis or any of its ERISA Affiliates has any Liability (each, a "*Benefit Plan*").

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) With respect to each material Benefit Plan, complete and correct copies of the following materials have been made available to FibroGen, as applicable: (i) the plan document and any amendments thereto (or if the Benefit Plan is unwritten, a written description of all material terms thereof); (ii) any related trust agreement, insurance contract or other funding vehicle; (iii) the current summary plan description and each summary of material modifications thereto, (iv) the annual report most recently filed with any Governmental Entity (e.g., Form 5500 and all schedules thereto); (v) the nondiscrimination testing reports (or safe harbor notices) for each of the [*]; (vi) the most recent determination, advisory or opinion letter received from the IRS; and (vii) all material, non-routine notices, letters, filings, and correspondence between Fortis and any Governmental Entity related to such Benefit Plan that relate to legal compliance of a Benefit Plan or that may impact benefits or Liabilities of such Benefit Plan in the [*].

(c) Each Benefit Plan has been established, maintained, operated, and administered in all material respects in accordance with Law and the requirements of such Benefit Plan's governing documents. Neither Fortis nor, [*] any other Person, is in material breach of, or material default under, any Benefit Plan. There are no Actions or other claims (other than routine benefit claims) pending or, [*], threatened with respect to any Benefit Plan and there have been no non-exempt "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975 of the Code) with respect to any Benefit Plan that has not been fully corrected and there exists no circumstances [*] which could reasonably be expected to give rise to any such Actions or claims. Neither Fortis nor any of its ERISA Affiliates has breached in any material respect any fiduciary obligation with respect to the administration or investment of any Benefit Plan. Each Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified and is the subject of a favorable unrevoked determination, opinion or notification letter issued by the IRS as to its qualified status under the Code, and no circumstances have occurred that would reasonably be expected to adversely affect the tax qualified status of any such Benefit Plan or otherwise result in material Liability to Fortis.

(d) No Benefit Plan is, or within the [*] has been, the subject of an examination or audit by a Governmental Entity, or is the subject of an application or filing under, or a participant in, a government-sponsored amnesty, voluntary compliance, self-correction or similar program.

(e) None of the Benefit Plans are, and none of Fortis or any of its ERISA Affiliates has ever sponsored, maintained, contributed to, been required to contribute to, or had any Liability with respect to: (i) any plan subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code or any similar Law; (ii) any "multiemployer plan" as defined in Section 3(37) of ERISA or Section 414(f) of the Code; (iii) a "multiple employer welfare arrangement" within the meaning of Section 3(40) of ERISA; or (iv) a "multiple employer plan" within the meaning of Section 210(a) of ERISA or Section 413(c) of the Code. No Benefit Plan provides post-termination medical, welfare, or life insurance benefits to any Fortis Personnel or other Person, other than as required by Section 4980B of the Code or other applicable Law and at such individual's sole expense.

(f) Each Benefit Plan that is a "group health plan" for purposes of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act (the "*Affordable Care Act*") has been maintained and administered in compliance in all material respects with the Affordable Care Act, to the extent applicable thereto, including, to the extent required by the Affordable Care Act, offering health care coverage that does not subject Fortis to any assessment under Section 4980H(a) or 4980H(b) of the Code, and Fortis does not have, and would not reasonably be expected to have, any material liabilities for Taxes under Sections 4975 through 4980 of the Code or Sections 4980A through 4980I of the Code.

(g) Neither the execution of this Agreement nor consummation of the transactions contemplated hereby will, either alone or in conjunction with any other event, (i) increase the amount of or result in the acceleration of time of payment, funding or vesting of compensation or benefits under any Benefit Plan, (ii) entitle any Fortis Personnel to any compensation or benefit under any Benefit Plan, or (iii) result in the forgiveness of indebtedness of any Fortis Personnel.

Section 5.19. Employee and Labor Matters.

(a) There is no (i) labor disruption or organizing activity, including any strike, work slowdown, lockout, work stoppage or picketing with respect to any current Fortis Personnel pending or, [*], threatened against or affecting Fortis, and there have been no such troubles, (ii) grievance or arbitration proceeding arising out of collective bargaining agreements to which Fortis is a party, including any claim for the management and administration of a collective bargaining agreement or (iii) any other labor dispute or unfair labor practice complaint pending or, [*], threatened against Fortis. Fortis is not bound by or otherwise subject to any collective bargaining agreement, collective bargaining convention, or other Contract with a Union, and no such Contract is being negotiated by Fortis. No current Fortis Personnel is represented by a Union, no demand for recognition of employees of Fortis has been made by, or on behalf of, any Union, and, [*], there has been no activity or proceeding of any Union to organize any employee of Fortis.

(b) Fortis is and has been in compliance in all material respects with all applicable Laws regarding employment and employment practices, terms and conditions of employment, including wages and hours, the classification of employees and independent contractors and, [*], [*] has been in compliance in all material respects with all such Laws with respect to any Fortis Personnel employed or engaged by [*] to provide services to Fortis.

(c) There are and have been no Actions pending nor, [*], threatened by or before any Governmental Entity against or affecting Fortis concerning employment-related matters, or brought by or on behalf of any current or former job applicant of Fortis or Fortis Personnel against Fortis.

(d) Fortis and, [*], [*], have not, during the [*], taken any action with respect to Fortis Personnel that would constitute a "mass layoff" or "plant closing" within the meaning of the Worker Adjustment Retraining and Notification Act or would otherwise trigger similar notice requirements or liability under any state, local or foreign plant closing notice Law. No arbitration order, court decision, Judgment or Material Contract to which Fortis is a party or is subject in any way limits or restricts Fortis from relocating or closing any of the operations of Fortis.

(e) Section 5.19(e) of the Disclosure Schedule contains a true, complete and correct list, as of the date hereof, of each current Fortis Personnel, his or her current rate of annual base salary or current wage rate, bonus or other incentive target for the current fiscal year of Fortis, job title, employment or independent contractor status (including whether engaged directly by Fortis or through [*]), work location, credited service date and date of hire or engagement. No current Fortis Personnel (i) or group of current Fortis Personnel, [*], has given notice of termination of employment or engagement or otherwise disclosed plans to terminate employment or engagement with Fortis within the [*], (ii) is employed under a non-immigrant work visa or other work authorization that is limited in duration, or (iii) has been the subject of any sexual harassment, sexual assault, sexual discrimination or other misconduct allegations during his or her tenure at Fortis.

(f) No current Fortis Personnel is a party to or bound by any Contract, license or covenant of any nature, or subject to any Judgment of any Governmental Entity, that (i) may interfere with the use of such Person's efforts to promote the interests of Fortis, (ii) may conflict with the business of Fortis or the Merger and the other transactions contemplated by this Option Agreement or (iii) would reasonably be expected to result in a Material Adverse Change. [*], no activity of any Fortis Personnel as or while an employee, independent contractor or other service provider of Fortis has caused a violation of any employment Contract, confidentiality agreement or Patents disclosure agreement.

Section 5.20. Environmental Matters. No real property (including soils, groundwater, surface water, buildings or other structures) currently operated by Fortis has been contaminated with any Hazardous Material, and no real property (including soils, groundwater, surface water, buildings or other structures) formerly operated by Fortis was contaminated with any Hazardous Material on or prior to such period of operation. [*], Fortis is not subject to any material liability for Hazardous Material disposal or contamination on any third party property. None of the real properties operated by Fortis contains any underground storage tanks, asbestos-containing material, lead products or polychlorinated biphenyls. Fortis has not released any Hazardous Material into the environment except (i) in compliance with Law or (ii) in an amount or concentration that would not reasonably be expected to give rise to any material liability or obligation under any Environmental Law. Fortis has not received any written notice, demand, letter, claim or request for information from any Governmental Entity or other Person indicating that it may be in violation of, or subject to liability under, any Environmental Law or regarding any actual, alleged, possible or potential liability arising from or relating to the presence, generation, manufacture, production, transportation, importation, use, treatment, refinement, processing, handling, storage, discharge, release, emission or disposal of any Hazardous Material used by Fortis.

Section 5.21. Books and Records. The minute books of Fortis made available to FibroGen prior to the date hereof accurately and adequately reflect in all material respects all material action previously taken by the stockholders, board of directors and committees of the board of directors of Fortis during the [*] (other than any minutes of meetings related to any potential sale of Fortis or any of its material assets or otherwise related to deliberations by the board of directors of Fortis with respect to the consideration of the Merger, the other transactions contemplated hereunder or Transaction Proposals). The copies of the stock book records of Fortis made available to FibroGen in the Data Room prior to the date hereof are true, correct and complete, and accurately reflect all transactions effected in Fortis Capital Stock through and including the date hereof.

Section 5.22. Bank Accounts. Section 5.22 of the Disclosure Schedule contains a true, correct and complete list of all bank accounts maintained by Fortis including each account number and the name and address of each bank and the name of each Person who has signature power with respect to each such account.

Section 5.23. Transactions with Affiliates. No Affiliate of Fortis (a) owns or has any direct interest in any (i) Fortis Intellectual Property owned by or exclusively licensed to Fortis, (ii) other property (real or personal, tangible or intangible) of Fortis or (iii) Material Contract (other than employment, individual independent contractor or consulting Contracts or Contracts with respect to the issuance or repurchase of any Fortis Capital Stock, Fortis Stock Options or Warrants), (b) [*], has any claim or cause of action against Fortis or (c) owes any money to, or is owed any money by (other than, with respect to any Affiliate who is an employee, independent contractor, director, officer or consultant of Fortis, earned wages, benefits or other compensation payable in the Ordinary Course of Business, reimbursement for expenses or similar advances made in the Ordinary Course of Business), Fortis. Neither Fortis nor, [*], any officer, director or employee of Fortis, possesses, directly or indirectly, any financial interest in, or is a director, officer or employee of, any Person that is a client, supplier, customer, lessor, lessee or competitor of Fortis that adversely affects Fortis in any material respect. Ownership of securities of a Person whose securities are registered under the Securities Exchange Act of 1934, as amended, of [*] of any class of such securities shall not be deemed to be a financial interest for purposes of this Section 5.23.

Section 5.24. Brokers. Fortis has no Liability to any investment banker, broker, finder, or similar intermediary in connection with the Merger or the other transactions contemplated hereunder.

Section 5.25. Anticorruption Matters. Neither Fortis, nor, [*], any of the Representatives of Fortis has, directly or indirectly, taken any action in the [*] in violation in any material respect of any applicable anticorruption Law, including the U.S. Foreign Corrupt Practices Act ("*FCPA*") (15 U.S.C. § 78 dd-1 et seq.).

Section 5.26. Relationships with Suppliers. Since January 1, 2022, no supplier of Fortis that is material to Fortis has canceled or otherwise terminated, or provided written notice to Fortis of its intent, or, [*], threatened, to terminate its relationship with Fortis, or, since January 1, 2022, materially decreased or limited, or provided written notice to Fortis of its intent, or, [*], threatened, to materially decrease or limit, its sales to Fortis.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF FIBROGEN

FibroGen represents and warrants to Fortis, as of the date hereof and as of the Closing Date, as follows:

Section 6.1. Organization and Standing. FibroGen is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. As of the Closing, Merger Sub will be a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware.

Section 6.2. Power and Authority; Binding Agreement. FibroGen has all requisite corporate power and authority to execute and deliver this Option Agreement and to consummate the Merger and the other transactions contemplated hereby, and to perform its obligations hereunder. The execution and delivery by FibroGen of this Option Agreement, and the consummation by FibroGen and Merger Sub of the Merger and the other transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of FibroGen, and at the Closing, will have been duly authorized by all necessary corporate action on the part of Merger Sub, and no other proceedings on the part of FibroGen are necessary to authorize this Option Agreement or to consummate the Merger and the other transactions contemplated hereby other than (a) the filing of the Certificate of Merger with the office of the Secretary of State of the State of Delaware and (b) the filing of a premerger notification and report form under the HSR Act, if necessary. This Option Agreement has been duly executed and delivered by FibroGen and, assuming the due execution of this Option Agreement by the other Parties, constitutes a valid, legal and binding obligation of FibroGen, Enforceable against FibroGen.

Section 6.3. Noncontravention.

(a) The execution and delivery by FibroGen of this Option Agreement, the consummation of the Merger and the other transactions contemplated hereunder and the compliance by FibroGen with the provisions of this Option Agreement do not and will not (i) result in the breach of any of the terms or conditions of, or constitute a default under or violate, as the case may be, the Constitutive Documents of FibroGen, or any material Contract to which FibroGen is bound, or by which any of its assets or properties may be affected or (ii) violate any Law or Judgment applicable to FibroGen, other than any such breaches, defaults or violations that individually or in the aggregate are not likely to impair in any material respect the ability of FibroGen to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement, or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder.

(b) No consent, approval, qualification, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Entity is required by FibroGen in connection with the execution and delivery by FibroGen of this Option Agreement, the consummation by FibroGen of the Merger and the other transactions contemplated by this Option Agreement or the compliance by FibroGen with the provisions of this Option Agreement, except for (i) the filing of a premerger notification and report form under the HSR Act, (ii) the filing of the Certificate of Merger with the office of the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which Fortis is qualified to do business and (iii) such other consents, approvals, orders, authorizations, registrations, declarations, filings and notices, the failure of which to be obtained or made individually or in the aggregate would not impair in any material respect the ability of FibroGen to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement, or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder.

Section 6.4. Litigation. There is no Action pending or, [*], threatened against FibroGen challenging the Merger or that would otherwise impair in any material respect the ability of FibroGen to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement, or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 6.5. Brokers. FibroGen has not employed or entered into any Contract with any investment banker, broker, finder, or similar intermediary in connection with the transactions contemplated by this Option Agreement, pursuant to which the Sellers could be liable for the fee or commission of such investment banker, broker, finder or similar intermediary, or for any similar fee or commission in connection with the Merger, this Option Agreement or the other transactions contemplated hereunder.

Section 6.6. Capital Resources. At the Closing, FibroGen will have available all of the funds necessary to make the payments required to be made pursuant to Section 2.4 and to consummate the transactions contemplated by this Option Agreement, and at the time any Contingent Payment becomes due and payable to the Sellers, FibroGen will have available all of the funds necessary to pay the full amount of such Contingent Payment.

ARTICLE 7
CERTAIN COVENANTS

Section 7.1. Conduct of Business.

(a) From the date hereof until the earlier of the Closing Date and the termination of this Agreement (the "*Pre-Closing Period*"), Fortis shall, except as (i) expressly permitted or required by the terms of this Option Agreement or the Evaluation Agreement, (ii) as required by applicable Law, or (iii) with the prior written consent of FibroGen (which shall not be unreasonably conditioned, withheld or delayed), use [*] to (A) conduct its business in the Ordinary Course of Business; and (B) (i) keep its physical assets in good working condition and (ii) keep in full force and effect all material Fortis Intellectual Property; provided that, neither Fortis nor the Sellers shall be liable or required to indemnify FibroGen or any of the FibroGen Indemnified Parties under Article 9 for any loss of rights resulting from FibroGen's activities under or non-compliance with the Evaluation Agreement. In the event Fortis fails to make any payment on any invoice or other Liability that is or becomes due and payable during the period between the date hereof and Closing, and such failure is not in respect of any such invoices or Liabilities pursuant to the Study Plan, and such failure to pay would reasonably be expected to result in a Material Adverse Change, Fortis shall notify FibroGen of such failure to pay as promptly as practicable after becoming aware of such failure. FibroGen shall have the right, but not the obligation, to make such payment, for and on behalf of Fortis, and if FibroGen elects to make such payment then FibroGen shall notify Fortis in writing and [*] actually made by FibroGen shall be deemed to constitute a Deal Fee if the Closing occurs; provided that, if this Option Agreement is terminated pursuant to Article 10, Fortis shall have no obligation to reimburse FibroGen for any such payments.

(b) In addition to and without limiting the generality of Section 7.1(a), except (A) as expressly permitted or required by the terms of this Option Agreement or the Evaluation Agreement, (B) as required by applicable Law, or (C) as otherwise set forth on Section 7.1(b) of the Disclosure Schedule, during the Pre-Closing Period, Fortis shall not, without the prior written consent of FibroGen (which consent shall not be unreasonably withheld, delayed or conditioned):

(i) amend its Constitutive Documents in a manner that is adverse to FibroGen or would reasonably be expected to impair in any material respect the ability of Fortis to perform its obligations under this Option Agreement or any agreement contemplated by this Option Agreement, or prevent or materially impede or delay the consummation of the Merger or any of the other transactions contemplated hereunder;

(ii) declare, set aside or pay any dividend on, or make any other distribution (whether in cash, stock or property) in respect of, any Fortis Capital Stock to holders of Fortis Capital Stock from time to time outstanding;

(iii) split, combine or reclassify any Fortis Capital Stock, or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of Fortis Capital Stock;

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(iv) purchase, redeem or otherwise acquire any shares of Fortis Capital Stock, or any option, warrant, call or right relating to such shares, interests or other securities (including any Fortis Stock Options), other than any repurchase of Fortis Common Stock upon the termination of employment or service of any Fortis Personnel, pursuant to a right of repurchase in favor of Fortis in any Benefit Plan or Contract to which such Fortis Personnel is subject that has been made available to FibroGen and for a per share purchase price not in excess of the per share price set forth in such Benefit Plan or Contract;

(v) issue, grant, deliver, sell, pledge, subject to any Lien or otherwise dispose of, any shares of Fortis Capital Stock, any Fortis Stock Options, or any securities convertible into, or exchangeable for, Fortis Capital Stock or any Fortis Stock Options, Warrants or other options, warrants, calls or rights to acquire or receive, any such shares, interests or other securities or any stock appreciation rights, phantom stock awards or other rights that are linked in any way to the price of Fortis Common Stock or the value of Fortis or any part thereof, other than (A) the conversion of shares of Fortis Preferred Stock to Fortis Common Stock in accordance with the Constitutive Documents of Fortis and (B) the exercise, settlement or vesting of any Fortis Stock Options, Restricted Stock or other awards granted under the Fortis Stock Plan prior to the date hereof or in accordance with the written consent of FibroGen in accordance with their terms as in effect on the date hereof or the date of issuance, as applicable;

(vi) (A) create, incur or assume any Indebtedness (excluding clauses (x) and (xi) of the definition of Indebtedness), or issue or sell, or amend, modify or change any term of, any debt securities or options, warrants, calls or other rights to acquire any debt securities of Fortis, (B) guarantee or endorse any Indebtedness of another Person, (C) make any loans, advances or capital contributions to, or investments in, any Person other than Fortis, other than loans and advances to employees, independent contractors or consultants in the Ordinary Course of Business, (D) enter into any "keep well" or other Contract to maintain any financial statement condition of another Person or (E) enter into any Contract having the economic effect of any of the foregoing clauses (A) through (D);

(vii) sell, license, mortgage, transfer, dispose of or otherwise encumber or subject to any Lien other than a Permitted Lien (A) any properties or assets, which are material, individually or in the aggregate, to Fortis (excluding any sale of furniture, fixtures or equipment that does not materially impact the conduct of Fortis' business) or (B) in any case, any Fortis Intellectual Property (or otherwise allow to lapse any rights under any such Fortis Intellectual Property) other than any non-exclusive license pursuant to any fee for service agreements entered into in the Ordinary Course of Business that do not convey any rights in any Intellectual Property generated to a Third Party as a result of the service conducted (it being expressly understood that Fortis shall not enter into any material transfer agreements with any Third Party without the prior written consent of FibroGen);

(viii) acquire or agree to acquire (A) by merging or consolidating with, or by purchasing all or a substantial portion of the assets of, or by purchasing all or a substantial portion of the Capital Stock of, or by any other manner, any business or any other Person or any division thereof, or (B) any assets, including any interest in real property, other than in the Ordinary Course of Business, that are material, individually or in the aggregate, to Fortis;

(ix) make any new capital expenditure or expenditures, other than any which, individually, is less than or equal to [*], are less than or equal to [*];

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(x) (A) pay, discharge, settle or satisfy any Liabilities (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge, settlement or satisfaction in the Ordinary Course of Business or in accordance with their terms, of Liabilities reserved in the balance sheet prepared by Fortis in the Ordinary Course of Business at the end of the then most recent quarter (for amounts not in excess of such reserves and to the extent such reserves are not since released) or incurred since the date of such balance sheet in the Ordinary Course of Business, (B) cancel any Indebtedness, (C) waive or assign any claims or rights of substantial value, or (D) waive, release or assign any material benefit under, or agree to amend in any respect materially adverse to Fortis, any Material Contract to which Fortis is a party;

(xi) accelerate or delay the payment of any account payable, other than in the Ordinary Course of Business;

(xii) initiate, launch or commence any sale, marketing, distribution, co-promotion or any similar activity with respect to any new product (including products under development) in or outside the United States;

(xiii) except as required to comply with any Contract or Benefit Plan in effect as of the date hereof and disclosed on a Schedule to this Option Agreement:

(A) increase the amount of any compensation payable or paid, whether conditionally or otherwise, to any Fortis Personnel (other than any increase adopted in the Ordinary Course of Business in respect of the compensation of any non-officer employee or independent contractor or consultant, in each case, whose annual base compensation does not exceed [*] after giving effect to such increase) or grant or promise to grant any new compensation or benefit entitlements to any Fortis Personnel;

(B) accelerate the timing, vesting or payment of any compensation or benefit payable to any Fortis Personnel of Fortis or any Affiliate;

(C) terminate, establish, adopt, enter into or amend any material Benefit Plan;

(D) hire, engage or terminate (other than a termination for cause) the employment or engagement of any employee or individual independent contractor who earns or will earn annual base compensation in excess of [*]; or

(E) implement any layoffs affecting ten (10) or more employees, place ten (10) or more employees on unpaid leave or furlough, or reduce the hours or weekly pay of ten (10) or more employees.

(xiv) enter into any lease or sublease of real property (whether as a lessor, sublessor, lessee or sublessee) or modify, amend, terminate or fail to exercise any right to renew any lease or sublease of real property;

(xv) except to the extent otherwise expressly required by this Option Agreement or the Evaluation Agreement, and notwithstanding any other provision of this Section 7.2, engage in any new business or business activity relating to the Products;

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(xvi) enter into any Contract (or any substantially related Contracts, taken together):

(A) that would be of a type that would constitute a Material Contract had such Contract been in effect on the date hereof, other than Contracts terminable by Fortis for any reason upon less than [*] notice without material penalty;

(B) providing for a research, license, sublicense, partnership or other collaboration with any biotechnology, pharmaceutical or similar company;

(C) providing for (i) the out-license of any Fortis Intellectual Property or Technology to any third party, other than any other than any non-exclusive license pursuant to fee for service agreements entered into in the Ordinary Course of Business that do not convey any rights in any Intellectual Property generated to a third party as a result of the service conducted (it being expressly understood that Fortis shall not enter into any material transfer agreements with any third party without the prior written consent of FibroGen), or (ii) the in-license of any Intellectual Property or Technology to Fortis other than pursuant to any fee for service agreements entered into in the Ordinary Course of Business;

(D) if consummation of the Merger or any of the other transactions contemplated by this Option Agreement will conflict with, or result in any violation or breach of, or default (with or without notice or lapse of time or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any material obligation or to a loss of a material benefit under, or result in the creation of any Lien (other than a Permitted Lien) in or upon any of the properties or assets of Fortis or any of Fortis' Affiliates under, any provision of such Contract; or

(E) with any Affiliate of Fortis, other than (i) on arms-length or better than arms-length terms for Fortis terms or (ii) than employment, individual independent contractor or consulting Contracts, subject to the other provisions of this Section 7.1(b).

(xvii) pay, discharge, settle or satisfy any Action unless (i) the claimant provides an unqualified release of any such claim, (ii) such settlement does not involve any injunctive relief binding upon Fortis, (iii) such settlement does not encumber any of the assets of Fortis or impose any restriction or condition that would apply or materially affect the conduct of Fortis and (iv) such settlement does not involve any admission of liability or wrongdoing;

(xviii) negotiate, adopt, enter into, amend or extend any collective bargaining agreement or other Contract with a Union;

(xix) commence, participate or agree to commence or participate in any plan or arrangement for the complete or partial dissolution, liquidation, merger, consolidation, restructuring, recapitalization, or other reorganization of Fortis (other than the Merger), including any bankruptcy, winding up, examinership, insolvency or similar proceeding in respect of Fortis;

(xx) create or have any Subsidiary of Fortis;

(xxi) fail to maintain Fortis' corporate existence, due organization and good standing under the Laws of the State of Delaware;

(xxii) employ or enter into any Contract with any investment banker, broker, finder or advisor in connection with the Merger or the other transactions contemplated by this Option Agreement other than any whose fees and expenses are deducted from the Closing Payment pursuant to the definition of the Closing Payment;

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(xxiii) make or engage in any public offering of any securities of Fortis;

(xxiv) enter into any Contract not to compete in any line of business or geographic or therapeutic area or otherwise restricting the development, manufacture, marketing, distribution or sale of products that would be binding on FibroGen as a result of the Merger; or

(xxv) authorize any of, or commit, resolve or agree, whether in writing or otherwise, to take any of, the actions prohibited in Section 7.1(b)(i) through (xxiv).

Section 7.2. Tax Matters.

(a) During the period from the date of this Option Agreement to the Closing, Fortis shall (A) timely file all tax returns ("*Post-Signing Returns* XE "Post-Signing Returns" ") required to be filed by or on behalf of Fortis and timely pay all Taxes due and payable in respect of such Post-Signing Returns that are so filed; (B) submit any Post-Signing Returns that are to be filed after the date of this Option Agreement to FibroGen for review and comment prior to filing; (C) not take any position on such Post-Signing Returns that is inconsistent with past custom and practice unless required by applicable law; (D) promptly notify FibroGen of any Tax-related suit, claim, action, investigation, proceeding or audit (collectively, "*Tax Actions* XE "Actions" ") that is or becomes pending against or with respect to Fortis; (E) not make, change or rescind any material Tax election or settle or compromise any material Tax liability, other than with FibroGen's consent (which consent shall not be unreasonably withheld or delayed); (F) not, with respect to Fortis, without the prior written consent of FibroGen, change any Tax accounting period or method, or file any amended income or other material Tax Return; (G) not surrender any right to claim a refund of material Taxes, nor consent to any extension or waiver of the limitations period for the assessment of Taxes other than pursuant to automatic extensions of the due date for filing a Tax Return obtained in the Ordinary Course of Business; (H) except as required by GAAP, not revalue any material assets of Fortis; (I) not eliminate any reserves established on Fortis' books or change the method of accrual unless there is any change of significant facts or circumstances pertaining to any reserves which would justify their elimination; (J) not enter into any closing agreement with a Governmental Entity, voluntarily approach any taxing authority in respect of prior year Taxes (including through any voluntary disclosure process); (K) not change the Tax residency of Fortis; and (L) cause all existing Tax sharing agreements, Tax indemnity obligations and similar agreements, arrangements or practices with respect to Taxes to which Fortis is or may be a party or by which Fortis is or may otherwise be bound (other than agreements, arrangements or Contracts entered into in the Ordinary Course of Business the primary purpose of which is not Taxes) to be terminated as of the Closing Date so that after such date Fortis shall have no further rights or liabilities thereunder.

(b) FibroGen shall prepare and file, or cause to be prepared and filed, all Tax Returns of Fortis required to be filed after the Closing Date. To the extent such Tax Returns relate to a period (or portion thereof) ending on or prior to the Closing Date, such Tax Returns shall (i) be prepared consistent with past practice, unless otherwise required by applicable Law; (ii) be prepared in accordance with Sections 7.2(j)(iv)-(v); and (iii) include all Transaction Deductions on the income Tax Return of Fortis for the taxable period that includes the Closing Date to the extent deductible in a Pre-Closing Tax period at a "more likely than not" or higher level of comfort (as determined by a nationally recognized accounting firm) and include an election under Revenue Procedure 2011-29, 2011-18 I.R.B. 746, to apply the [*] to any Deal Fees that are "success based fees" as defined in Treasury Regulation Section 1.263(a)-5(f). FibroGen shall deliver a draft copy of each such Tax Return to the Sellers' Representative for its review and comment at least [*] before the due date thereof (taking into account any applicable extensions) in the case of income Tax Returns and as soon as practicable in the case of all other Tax Returns, and FibroGen shall consider in good faith any reasonable comments of the Sellers' Representative on such Tax Returns.

(c) Each of the parties hereto shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, auditors and representatives reasonably to cooperate, in preparing and filing all Tax Returns of Fortis relating to any Pre-Closing Tax Period or Straddle Period, including retaining, maintaining and making available (with the right to make copies) all records in such party's possession which are reasonably relevant in connection with Taxes of Fortis relating to any Pre-Closing Tax Period or Straddle Period, and in resolving all disputes and audits with respect to all such Pre-Closing Tax Periods and Straddle Periods.

(d) Notwithstanding anything to the contrary in this Option Agreement, [*] of any Transfer Taxes shall be paid by the Sellers and [*] shall be paid by FibroGen, and the Sellers and FibroGen shall cooperate in timely making all Tax Returns as may be required to comply with the provisions of such Tax Laws. FibroGen and the Sellers will reasonably cooperate with each other to lawfully minimize any such Transfer Taxes.

(e) From the date hereof through the Closing Date, Fortis shall not effect any extraordinary transactions (other than any such transactions expressly required by applicable Law or by this Option Agreement) that would reasonably be expected to result in Tax liability to Fortis in a Post-Closing Tax Period in excess of Tax liability associated with the Ordinary Course of Business.

(f) Except to the extent required by Law, FibroGen shall not, and shall not permit the Surviving Corporation to: (i) except for Tax Returns that are filed in accordance with Section 7.2(b), file or amend any Tax Return relating to a Pre-Closing Tax Period, or (ii) with respect to Tax Returns filed pursuant to Section 7.2(b), after the date such Tax Returns are filed pursuant to Section 7.2(b), amend any such Tax Return except in accordance with the procedures set forth in Section 7.2(b), (iii) initiate discussions or examinations with, or make any voluntary disclosures to, any Governmental Entity regarding Taxes with respect to a Pre-Closing Tax Period, (iv) make or change any election with respect to Taxes for a Pre-Closing Tax Period of Fortis, or (v) change any accounting method that shifts taxable income from a Tax period beginning (or deemed to begin) after the Closing Date to a Pre-Closing Tax Period or shifts deductions or losses from a Pre-Closing Tax Period to a Tax period beginning (or deemed to begin) after the Closing Date, in each case, without the prior written consent of the Sellers' Representative (which shall not be unreasonably withheld, conditioned or delayed) to the extent any such action, would reasonably be expected to increase the amount of any Taxes taken into account in determining the amount of Pre-Closing Taxes or as a liability in calculating the Closing Liability Amount, or that could reasonably be expected to give rise to an increased claim for indemnification under this Option Agreement.

(g) Fortis shall cause the provisions of any Tax allocation, indemnity or sharing Contract to which Fortis is a party to be terminated on or before the Closing Date; *provided* that this provision shall not apply to agreements, arrangements or Contracts entered into in the Ordinary Course of Business the primary purpose of which is not Taxes.

(h) If Fortis fails to deliver the certificate set forth in Section 4.2(e) and the Merger is consummated, then FibroGen and the Surviving Corporation shall be permitted to treat Fortis as a U.S. real property holding corporation as defined in Section 897 of the Code and deduct from any payments made in accordance with this Option Agreement the amount of any tax withholding that is required under applicable Law.

(i) To the extent permitted or required, the taxable year of Fortis that includes the Closing Date shall close as of the end of the Closing Date. For purposes of this Option Agreement, in the case of any Straddle Period, the amount of Taxes based upon or measured by income, gain, activities, events or the level of any item for the Pre-Closing Tax Period, and any transaction-based Tax, will be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the Tax period of any pass-through entity will be deemed to terminate at such time), provided that any item determined on an annual periodic basis (such as exemptions, allowances or deductions, including depreciation and amortization deductions, other than with respect to property placed in service after the Closing) shall be apportioned on a daily basis. The amount of any other Taxes for a Straddle Period will be deemed to be the amount of such Tax for the entire Tax period multiplied by a fraction, the numerator of which is the number of days in the Tax period ending on the Closing Date and the denominator of which is the number of days in the Straddle Period.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(j) The determination of "Closing Payment," "Aggregate Closing Merger Consideration Adjustment Amount," "Closing Indebtedness," and "Closing Liability Amount" shall, in each case, be calculated in accordance with the following assumptions:

(i) For income Tax purposes, the taxable year of Fortis ends as of the end of the day on the Closing Date;

(ii) No Taxes are incurred by Fortis on the Closing Date after the Closing outside the Ordinary Course of Business (other than as explicitly contemplated by this Option Agreement);

(iii) All Transaction Deductions are included as deductions against taxable income in the Pre-Closing Tax Period to the extent deductible in a Pre-Closing Tax period at a "more likely than not" or higher level of comfort (as determined by a nationally recognized accounting firm) and a timely election is made under Revenue Procedure 2011-29, 2011-18 I.R.B. 746, to apply the seventy percent (70%) safe-harbor to any Deal Fees that are "success based fees" as defined in Treasury Regulation Section 1.263(a)-5(f);

(iv) To the extent permitted by applicable Law, any net operating losses of Fortis arising in taxable periods ending (or deemed to end) on or prior to the Closing Date are applied against income arising in Pre-Closing Tax Periods (including, if permitted by applicable Law, pursuant to a carryback);

(v) Any estimated Tax payments for any Pre-Closing Tax Period shall reduce the liability for Taxes for such period; and

(vi) Solely for purposes of determining Taxes included in the Closing Liability Amount, all such Taxes shall be determined based upon the past practices (including reporting positions, elections and accounting methods) of Fortis or its Subsidiaries in preparing its Tax Returns and solely for jurisdictions in which Fortis or its Subsidiaries have historically filed Tax Returns or in which Fortis or a Subsidiary first commenced activities in the current or immediately preceding Tax period.

(k) The Sellers' Representative shall have the right to control any Tax Action, to the extent such Tax Action relates solely to taxable periods ending on or prior to the Closing Date and could reasonably be expected to form the basis for a claim for indemnification pursuant to this Option Agreement, and provided that (i) the Sellers' Representative shall keep FibroGen fully informed concerning the process of such Tax Action, (ii) the Sellers' Representative shall provide FibroGen copies of all correspondence and other documents relating to such Tax Action, (iii) FibroGen shall have the right to participate, at its own expense, in the conduct of such Tax Action, and (iv) the Sellers' Representative shall not settle such Tax Action without the prior written consent of FibroGen (which consent shall not be unreasonably withheld, conditioned or delayed). FibroGen shall control all other Tax Actions; *provided*, that to the extent the Sellers could reasonably be expected to have an indemnification obligation under this Agreement with respect to such Tax Action, (A) FibroGen shall keep the Sellers' Representative fully informed concerning the process of such Tax Action, (B) FibroGen shall provide the Sellers' Representative copies of all correspondence and other documents relating to such Tax Action, (C) the Sellers' Representative shall have the right to participate, at its own expense, in the conduct of such Tax Action, and (D) FibroGen shall not settle or compromise any such Tax Action without the prior written consent of the Sellers' Representative (which consent shall not be unreasonably withheld, conditioned or delayed). Notwithstanding anything to the contrary in this Option Agreement, all Tax Actions shall be governed by this Section 7.2(k) and not Section 9.5(e).

Section 7.3. Insurance. Unless otherwise consented to by FibroGen in writing (which consent shall not be unreasonably withheld, conditioned or delayed), Fortis shall keep all material insurance policies set forth on Section 5.17 of the Disclosure Schedule, or comparable replacements therefor, in full force and effect through the Effective Time; *provided*, *however*, that any such insurance policy may be amended or modified or substituted with another insurance policy (including a change in insurance carriers), so long as the coverage and limitations provided by such amended, modified or substituted insurance policy are not materially less favorable to Fortis as in the respective policies set forth in Section 5.17 of the Disclosure Schedule.

Section 7.4. Exclusivity.

(a) Fortis shall not, nor shall it authorize or permit any of its officers, directors, stockholders or Representatives or any of its Affiliates to, directly or indirectly through another Person, (i) solicit, initiate or knowingly encourage, or take any other action designed to, or which would reasonably be expected to, facilitate, any Transaction Proposal or (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any Person any confidential information, or otherwise knowingly cooperate in any way with, any Transaction Proposal. Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in the preceding sentence by any Representative of Fortis shall be a breach of this Section 7.4 by Fortis. Fortis shall, and shall direct its Representatives to, (i) immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Transaction Proposal and (ii) promptly after the date hereof request the prompt return or destruction of all confidential information previously furnished to such Person(s) within the [*] for the purpose of evaluating a possible Transaction Proposal.

(b) If Fortis or any of its officers, directors, stockholders or Representatives or any of its Affiliates, receives any Transaction Proposal, Fortis shall promptly advise FibroGen orally and in writing of such Transaction Proposal, the material terms and conditions of any such Transaction Proposal or inquiry (including any material changes thereto), a copy of any written materials received from such Person making the Transaction Proposal, but Fortis need not disclose the identity of the Person making any such Transaction Proposal or inquiry. Notwithstanding anything to the contrary, Fortis' covenant under Section 7.4(a) shall not be relieved or diminished upon the receipt of a Transaction Proposal.

Section 7.5. Indemnification of Officers and Directors.

(a) [*] FibroGen shall cause the Surviving Corporation to fulfill and honor in all respects the obligations of Fortis pursuant to any indemnification provisions under the certificate of incorporation and bylaws of Fortis as in effect on the date of this Option Agreement and pursuant to any indemnity agreements between Fortis and such Person [*] (the Persons entitled to be indemnified pursuant to such provisions, and all other current and former directors and officers of Fortis, being referred to collectively as the "*D&O Indemnified Parties*"). FibroGen shall cause the certificate of incorporation and bylaws of Merger Sub and the Surviving Corporation to contain the provisions with respect to indemnification and exculpation from liability set forth in Fortis' certificate of incorporation and bylaws on the date of this Option Agreement, which provisions shall not be amended, repealed or otherwise modified after the Effective Time in any manner that could adversely affect the rights thereunder of any D&O Indemnified Party.

(b) This Section 7.5 shall survive the consummation of the Merger and the Effective Time, is intended to benefit and may be enforced by the D&O Indemnified Parties, who shall be third-party beneficiaries of this Section 7.5, and shall be binding on all successors and assigns of FibroGen and the Surviving Corporation.

(c) [*].

(d) In the event that FibroGen or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, FibroGen shall ensure that the successors and assigns of FibroGen or the Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.5.

Section 7.6. No Right to Control Fortis Pre-Closing. Nothing contained in this Option Agreement is intended to give FibroGen, directly or indirectly, the right to control or direct Fortis' operations prior to the Effective Time. Prior to the Effective Time, Fortis shall exercise, consistent with the terms and conditions of this Option Agreement, complete control and supervision over its respective businesses, assets and properties.

Section 7.7. Confidentiality. Any information provided to either Party during the course of the negotiation of this Option Agreement and the Ancillary Agreements (whether obtained before or after the date of this Option Agreement) and during the period following the date of this Option Agreement and prior to the Closing, and the existence and terms of this Option Agreement (collectively, "*Confidential Information*"), shall be maintained in confidence by the receiving Party and shall not be disclosed to a third party or used for any purpose, except as expressly permitted under this Option Agreement or the Evaluation Agreement, without the prior written consent of the disclosing Party, except to the extent that such information:

(a) is publicly disclosed by the disclosing Party, either before or after it is disclosed to the receiving Party hereunder;

(b) is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by the receiving Party's contemporaneous business records;

(c) is subsequently disclosed to the receiving Party or any of its Affiliates on a non-confidential basis by a third party that, to the receiving Party's knowledge, after reasonable inquiry, is not bound by a similar duty of confidentiality or restriction on its use;

(d) is now, or hereafter becomes, through no act or failure to act on the part of the receiving Party or any of its Affiliates, generally known or available to the public, either before or after it is disclosed to the receiving Party;

(e) is reasonably necessary to be disclosed in prosecuting or defending litigation relating to this Option Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby;

(f) is required to be disclosed to comply with applicable Law; or

(g) in the case of Fortis or the Seller's Representative, is reasonably necessary to be disclosed to (i) the Sellers (a) in order for Fortis to comply with stockholder disclosure obligations under applicable Law or solicit Seller signatures to a Joinders, Written Consent or Letter of Transmittal or (b) by the Sellers' Representative in accordance with Section 2.12(d) of this Agreement or (ii) advisors and representatives of Fortis or the Sellers' Representative who have a need to know such information.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

If and whenever any Confidential Information of the disclosing Party is disclosed by the receiving Party in accordance with this Section 7.7, such disclosure shall not cause any such information to cease to be subject to the restrictions of this Section 7.7 except to the extent that such disclosure results in a public disclosure of such Confidential Information (other than by breach of this Option Agreement). Notwithstanding the foregoing, in the event a Party is required to make a disclosure of the other Party's Confidential Information pursuant to clauses (e) or (f) of this Section 7.7, it will, except where impracticable, give reasonable advance notice to the other Party of such disclosure and use not less than the same efforts to secure confidential treatment of such Confidential Information as it would to protect its own confidential information from disclosure. This Option Agreement, together with the Evaluation Agreement, supersedes the Mutual Confidential Disclosure Agreement [*], between Fortis and FibroGen; *provided*, *however*, that all "Confidential Information" disclosed or received by the Parties thereunder shall be subject to the restrictions set forth in this Section 7.7.

Section 7.8. Restrictive Covenants.

(a) Fortis agrees that, during the Option Period, it shall not, directly or indirectly (whether as principal, agent, employee, independent contractor, partner or otherwise), anywhere in the world in which Fortis conducts the Business as of the Closing, develop, manufacture, market, distribute or sell, or otherwise have any interest (financial or otherwise) in [*] (such drug, a "*Competing Product*"), except to the extent necessary to perform the obligations of Fortis under the Evaluation Agreement. [*]. Any breaches or violations by Fortis of this Section 7.8(a) shall be subject to indemnification by Fortis as set forth in Article 9.

(b) Fortis agrees that (i) his, her or its agreement to the covenants contained in this Section 7.8 is a material condition of FibroGen's willingness to enter into this Option Agreement and consummate the transactions contemplated hereby, (ii) the covenants contained in this Section 7.8 are necessary to protect the good will, confidential information, trade secrets and other legitimate interests of Fortis and FibroGen, (iii) in addition and not in the alternative to any other remedies available to it, FibroGen shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by Fortis, without having to post bond, (iv) the restricted period applicable to Fortis shall be tolled, and shall not run, during the period of any breach by such Person of any such covenants, (v) no breach of any provision of this Option Agreement shall operate to extinguish any Person's obligation to comply with this Section 7.8, and (vi) in the event that the final judgment of any court of competent jurisdiction declares any term or provision of this Section 7.8 to be invalid or unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law.

Section 7.9. Security Interest.

(a) Fortis hereby grants, assigns by way of security and pledges to FibroGen, a continuing and valid first priority lien and security interest in all presently existing and hereafter acquired, arising or developed general intangible assets of Fortis (the "*Collateral*") in order to secure any Losses incurred by FibroGen arising from a material breach of this Agreement by Fortis (the "*Security Interest*"), provided that the Security Interest shall not be enforceable and FibroGen shall have no right to take any action to enforce such Security Interest unless and until this Option Agreement is rejected under U.S.C. Title 11 (Bankruptcy Code) (the "*Rejection Time*"); *provided*, that in the event of any material breach by FibroGen of this Option Agreement or the Evaluation Agreement, this Section 7.9(a) shall be of no force or effect and be immediately null and void, and the Security Interest shall not be enforceable or, if such material breach occurs following the Rejection Time, the Security Interest shall automatically be terminated and released immediately upon such material breach.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) Fortis shall provide FibroGen with written notice at any time that (i) Fortis's board of directors or senior management seeks the advice of counsel concerning a potential bankruptcy, assignment for the benefit of creditors or similar proceeding; (ii) Fortis is unable to pay its debts as they become due; (iii) Fortis has cash on hand and marketable securities with an aggregate value less than the amount required to fund the then current calendar quarter plus at least the next two (2) succeeding calendar quarters of its budgeted operating expenses; or (iv) any corporate or other action is taken by Fortis for the purpose of authorizing or effecting any bankruptcy, assignment for the benefit of creditors or similar proceeding. Following the delivery of such notice, Fortis and FibroGen will discuss in good faith a potential approach for continued performance by Fortis under the Evaluation Agreement and Study Plan and either (i) an increase to the amount of the Development Fees paid by FibroGen under the Evaluation Agreement or (ii) FibroGen providing a consent or waiver of Fortis' obligations under Section 7.1(b)(v) or Section 7.1(b)(vi) of this Option Agreement solely for purposes of obtaining funding necessary for Fortis to complete its required activities under the Evaluation Agreement.

(c) In the event that this Agreement is terminated pursuant to Article 10, Section 7.9(a) shall be of no force or effect and be immediately null and void, and the Security Interest shall not be enforceable or, if such termination occurs following the Rejection Time, the Security Interest shall automatically be terminated and released immediately upon such termination and FibroGen shall take all actions necessary to promptly release the Collateral from the Security Interest.

Section 7.10. Additional Equityholders. During the Option Period, Fortis will require that, following receipt of the prior written consent of FibroGen under Section 7.1(b)(v), in the event any Person wishes to become a Fortis Equityholder, such Person shall, and Fortis shall cause such Person to, execute and deliver a Joinder and, if such Person wishes to become a Fortis Shareholder, a Written Consent to Fortis prior to such Person becoming a Fortis Equityholder, and Fortis will promptly thereafter provide copies of such documents to FibroGen.

Section 7.11. 280G Matters. [*] Fortis shall use reasonable best efforts to: (a) seek a vote pursuant to the exemption contained in Section 280G(b)(5)(A)(ii) of the Code and the applicable regulations promulgated thereunder (the "*280G Stockholder Vote*") of any payments or benefits in respect of the Merger that may, separately or in the aggregate, constitute "parachute payments" under Section 280G of the Code (such, payments or benefits, the "*280G Payments*") and (b) cause, prior to any such 280G Stockholder Vote, any "disqualified individual" (as defined in Section 280G of the Code and the regulations thereunder and hereafter referred to as a "*Disqualified Individual*") to waive such Disqualified Individual's rights to receive some or all of any 280G Payments (the "*Waived Benefits*") pursuant to a parachute payment waiver to the extent necessary so that all remaining payments and benefits applicable to such Disqualified Individual shall not be deemed a parachute payment, and accepting in substitution for the Waived Benefits the right to receive the Waived Benefits only if approved by the stockholders of Fortis in a manner that complies with Section 280G(b)(5)(B) of the Code. Fortis shall provide FibroGen and its counsel with a copy of the waiver agreement, shareholder voting materials and the disclosure statement prepared in connection with the actions contemplated by this Section 7.10, as well as the underlying calculations and supporting documentation, [*]. [*], Fortis shall deliver to FibroGen notification and documentation reasonably satisfactory to FibroGen that, for any Disqualified Individual who has submitted the Waived Benefits to a 280G Stockholder Vote (i) a 280G Stockholder Vote was solicited in conformance with Section 280G of the Code and the applicable regulations promulgated thereunder and the requisite stockholder approval was obtained with respect to any 280G Payments (the "*280G Stockholder Approval*") or (ii) that the 280G Stockholder Approval was not obtained and, as a consequence, that the Waived Benefits shall not be made or provided to the Disqualified Individuals.

Section 7.12. Discharge of Indebtedness. With respect to each Payoff Recipient owed any portion of the Closing Indebtedness for borrowed money (if any), Fortis shall provide to FibroGen at or before the Closing with copies of payoff letters from each Payoff Recipient, each of which shall have been duly executed by such Payoff Recipient, (i) acknowledging the aggregate principal amount and all accrued but unpaid interest and any applicable prepayment or similar penalties and other fees constituting the Closing Indebtedness owed to such Payoff Recipient (ii) agreeing that all obligations and Indebtedness of Fortis to such Payoff Recipient through the Closing

Date will be extinguished upon receipt of such payment on the Closing Date and (iii) agreeing to, after receipt of such payment, release all Liens related to such Indebtedness and return any possessory or original collateral.

Section 7.13. Incorporation of Merger Sub. [*].

ARTICLE 8
CERTAIN ADDITIONAL COVENANTS

Section 8.1. Commercially Reasonable Efforts. Following the delivery of the Exercise Notice and until the earlier of Closing or termination of this Option Agreement, the Parties agree that time is of the essence with respect to each Party's covenants and obligations under this Option Agreement, and, upon the terms and subject to the conditions set forth herein, each Party (other than the Sellers' Representative) shall use [*] to take, or cause to be taken, all actions and to do, or cause to be done, and to assist and cooperate the other Party in doing, all things, in each case necessary or advisable to permit the consummation of the Merger and the other transactions contemplated by this Option Agreement, including the actions to be taken by Fortis as set forth in Section 4.2, obtaining any consents, authorizations, approvals, permits, licenses, or governmental authorizations, estoppel certificates and filings under any applicable Law (including any applicable filings and receiving termination or expiration of any waiting periods under the HSR Act and any applicable foreign competition, merger control, antitrust or similar Law) required to be obtained or made which may be reasonably necessary or appropriate to permit the consummation of the Merger and the other transactions contemplated by this Option Agreement. Without limiting the foregoing, in the event that (a) any Action of the type and having any of the effects described in Section 4.1(b) is pending or threatened or (b) any other legal restraint, Law or prohibition that could reasonably be expected to result, directly or indirectly, in any of the effects described in Section 4.1(b) is in effect, then each of Fortis and FibroGen shall use [*] to have such Action or other legal restraint, Law or prohibition vacated, reversed or made to be no longer in effect. Nothing in this Option Agreement shall be deemed to require FibroGen to agree to, or proffer to, divest, license or hold separate any rights or other assets or any portion of any business of FibroGen.

Section 8.2. Publicity.

(a) No Party shall, and each Party shall cause its Affiliates, officers, directors, employees, advisors and other Representatives not to, issue a press release or public announcement or otherwise make any public disclosure concerning the subject matter of this Option Agreement without the prior written approval of Fortis (if prior to the Closing) or the Sellers' Representative (if after the Closing), on the one hand, and FibroGen, on the other hand; *provided*, *however*, that any Party may make any public disclosure it believes in good faith is required by applicable Law or stock market rule and in such case such Party must, prior to making such disclosure, (a) use [*] to advise the other Party of such disclosure (including a copy thereof) as far in advance of such disclosure as is reasonably practicable and (b) consult with the other Party with respect to the content of such disclosure. Notwithstanding anything herein to the contrary, following Closing and after the public announcement of the Merger, the Sellers' Representative shall be permitted to announce that it has been engaged to serve as the Sellers' Representative in connection herewith as long as such announcement does not disclose any of the other terms hereof.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(b) Notwithstanding anything to the contrary in this Option Agreement, in the event Fortis or FibroGen proposes to file with the Securities and Exchange Commission or the securities regulators of any state or other jurisdiction a registration statement or any other disclosure document that describes or refers to the terms and conditions of this Option Agreement or any related agreements between the Parties, such Party shall notify Fortis (if prior to the Closing) or the Sellers' Representative (if after the Closing) or FibroGen, as applicable, of such intention and shall provide the Fortis (if prior to the Closing) or the Sellers' Representative (if after the Closing), or FibroGen, as applicable with a copy of relevant portions of the proposed filing at least [*] prior to such filing (and any revisions to such portions of the proposed filing a reasonable time prior to the filing thereof), including any exhibits thereto that refer to the other Party or the terms and conditions of this Option Agreement or any related agreements between the Parties. The Party making such filing shall cooperate in good faith with the other Party to obtain confidential treatment of the terms and conditions of this Option Agreement or any related agreements between the Parties that the other Party requests be kept confidential or otherwise afforded confidential treatment, and shall only disclose Confidential Information that it is reasonably advised by outside counsel is legally required to be disclosed. No such notice shall be required if the description of or reference to this Option Agreement or a related agreement between the Parties contained in the proposed filing has been included in any previous filing made by the either Party in accordance with this Section 8.2(b) or otherwise approved by the other Party to whom notification is required to be made in accordance with the first sentence of this Section 8.2(b).

Section 8.3. Antitrust Notification.

(a) Within [*] following the delivery of a Final Exercise Notice, FibroGen shall provide written notice to Fortis whether notification under the HSR Act is required or not in connection with the transactions contemplated by this Agreement. If such notice is provided and notification under the HSR Act is required, Fortis and FibroGen shall, as promptly as practicable following delivery of such notice (and in any event, no less than [*] of such notice) file with the FTC and the DOJ the premerger notification and report form, if any, required as a result of the Merger and the other transactions contemplated hereby, and shall include any supplemental information requested in connection therewith, pursuant to the HSR Act. Any such filing, notification and report form and supplemental information shall be in substantial compliance with the requirements of the HSR Act. The Parties shall work together and shall furnish to one another such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission which is necessary under the HSR Act. The Parties shall keep one another apprised of the status of any communications with, and any inquiries or requests for additional information from, the FTC, the DOJ or any other applicable Governmental Entity, and shall comply promptly with any such inquiry or request. Subject to applicable Law, each of Fortis and FibroGen shall have the right to review and comment in advance, and each shall consult with the other in connection with any filing made with, or written materials submitted to, any Governmental Entity in connection with any filing, investigation, or proceeding in connection with this Option Agreement or the transactions contemplated hereby. In connection with such collaboration, the Fortis and FibroGen each shall act reasonably and as promptly as practicable, including permitting a representative of the other to attend any meetings with a Governmental Entity, so long as permitted by that Governmental Entity. Notwithstanding the foregoing, neither Fortis nor FibroGen shall be required to provide business documents deemed highly confidential by the possessing Party (including documents submitted as attachments to the Party's Notification and Report Form under the HSR Act) to the other Party.

(b) From and after filings with the DOJ and FTC are made pursuant to Section 8.3(a), Fortis and FibroGen shall each use [*] to obtain any clearance required under the HSR Act (the "*HSR Approval*"), including replying at the earliest practicable date to any requests for information received from the FTC or DOJ pursuant to the HSR Act and making any permitted request for early expiration or termination of the applicable waiting periods under the HSR Act as soon as possible.

Section 8.4. Expenses. [*].

Section 8.5. Further Assurances. From time to time, as and when requested by any Party, the Parties shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as a Party may reasonably deem necessary or desirable in order to carry out the intent and accomplish the purposes of this Option Agreement and, subject to the conditions of this Option Agreement, the consummation of the transactions contemplated hereunder.

ARTICLE 9
INDEMNIFICATION

Section 9.1. Survival of Representations and Warranties. The representations and warranties of the Parties contained in this Option Agreement shall survive the Closing until the date which is [*]; *provided*, *however*, that (i) the Specified IP Representations shall survive the Closing until the date that is [*] and (ii) the Fundamental Representations shall survive the Closing until the date which is [*]. Each Indemnified Party must give a Claim Notice to the respective Indemnifying Party of any claim for indemnification under this Article 9 in accordance with Section 9.5. Any claim for indemnification included in a Claim Notice by the Indemnified Party on or prior to the expiration of the applicable survival period shall survive until such claim is finally and fully resolved. All of the covenants and other agreements of the Parties contained in this Option Agreement that are required to be performed at or prior to the Closing shall survive the Closing until the date which is [*]. All of the covenants and other agreements of the Parties contained in this Option Agreement that are required to be performed after the Closing shall survive until fully performed or fulfilled, except as otherwise provided in this Option Agreement. The Parties acknowledge that the time periods set forth in this Section 9.1 for the assertion of claims under this Agreement are the result of arms-length negotiation among the Parties and that they intend for the time periods to be enforced as agreed by the Parties. It is the express intent of the Parties that, if an applicable survival period as contemplated by this Section 9.1 is shorter or longer than the statute of limitations that would otherwise have been applicable, then, by contract, the applicable statute of limitations shall be reduced to the shortened survival period contemplated hereby or lengthened to the longer survival period contemplated hereby, as applicable.

Section 9.2. Indemnification of FibroGen. Subject to the limitations set forth in this Article 9, from and after the Closing, FibroGen and its Affiliates (including, from and after the Closing, the Surviving Corporation) and each of their respective officers, directors, Affiliates, and agents (each, a "*FibroGen Indemnified Party*") shall be indemnified and held harmless by Sellers, severally (according to each Seller's Indemnity Pro Rata Share) but not jointly, against any and all Losses, whether or not involving a Third Party Claim, arising out of or resulting from:

(a) the breach of or inaccuracy in any representation or warranty made by Fortis contained in Article 5 of this Option Agreement as of the Closing Date, except that the accuracy of any representations or warranties that by terms speak as of a specified date will be determined as of such date (in each case, as such representation or warranty would read if all qualifications as to materiality, including each reference to the words "Material Adverse Change", "material" and "materiality" and all similar phrases and words, were deleted therefrom, except with respect to the definition of "Material Contract" and all references to "Material Contract", the reference to "Material" in Section 5.6(j), the reference to "material" in clause (z) of the last sentence of Section 5.8, the reference to "Material Adverse Change" in Section 5.9(a), the reference to "material" in Section 5.9(b), the references to "material" in Section 5.10, the reference to "material" in the first paragraph of Section 5.13(a), and the references to "material" in Section 5.14(a) and Section 5.14(f));

(b) the breach or violation of any covenant or agreement of Fortis contained in this Option Agreement, whether occurring before or at the Closing but not after the Closing; or

(c) any Closing Indebtedness, Deal Fees, Change of Control Payments or Pre-Closing Taxes, in each case to the extent not taken into account in the calculation of the Final Closing Payment pursuant to Section 2.15.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Notwithstanding anything to the contrary contained in this Option Agreement, no FibroGen Indemnified Party will be entitled to indemnification under this Section 9.2 for Losses to the extent arising out of or resulting from (a) actions taken by FibroGen or its Affiliates under the Evaluation Agreement or otherwise prior to the Closing or (b) Disclosed Events.

Section 9.3. Indemnification of Sellers. Subject to the limitations set forth in this Article 9, from and after the Closing, each of the Sellers and each of their respective officers, directors, Affiliates, and agents (each, a "*Seller Indemnified Party*") shall be indemnified and held harmless by FibroGen against such Seller's Pro Rata Percentage of any and all Losses, whether or not involving a Third Party Claim, arising out of or directly or indirectly resulting from:

(a) the breach or violation of or inaccuracy in any representation or warranty made by FibroGen contained in this Option Agreement (in each case, as such representation or warranty would read if all qualifications as to materiality, including each reference to the words "Material Adverse Change", "material" and "materiality" and all similar phrases and words, were deleted therefrom); or

(b) the breach or violation of any covenant or agreement of FibroGen contained in this Option Agreement.

Section 9.4. Limits on Indemnification.

(a) [*]

(b) [*]

(c) [*]

(d) [*]

(e) [*]

Section 9.5. Notice of Loss; Third Party Claims.

(a) A claim for indemnification for any matter not involving a Third Party Claim may be asserted by written notice by FibroGen or the Sellers' Representative, as applicable, to the Indemnifying Party. Such notice shall include in reasonable detail the facts constituting the basis for such claim for indemnification, the sections of this Option Agreement upon which such claim for indemnification is then based and an estimate, if possible, of the amount of Losses suffered or reasonably expected to be suffered by the Indemnified Party (a "*Claim Notice*").

(b) Upon reasonable request, the Indemnified Party shall furnish the Indemnifying Party with any information to the extent that such information is reasonably necessary in order to evaluate the Claim Notice. If the Indemnifying Party in good faith objects to any claim made by the Indemnified Party in the Claim Notice, then the Indemnifying Party shall deliver a written notice (an "*Claim Dispute Notice*") to the Indemnified Party within [*] by the Indemnifying Party of a Claim Notice from such Indemnified Party. The Claim Dispute Notice shall set forth in reasonable detail the principal basis for the dispute of any claim made by the Indemnified Party in the Claim Notice. If the Indemnifying Party fails to deliver a Claim Dispute Notice prior to the expiration of such [*], then the indemnity claim set forth in the Claim Notice shall be conclusively determined in the Indemnified Party's favor for purposes of this Article 9, and the Indemnified Party shall be indemnified for the amount of the Losses stated in such Claim Notice (or, in the case of any notice in which the Losses (or any portion thereof) are estimated, the amount of such Losses (or such portion thereof) as finally determined) or, in the case of any notice in which the Losses (or any portion thereof) are estimated, on such later date when the amount of such Losses (or such portion thereof) becomes finally determined, in either case, subject to the limitations of this Article 9.

(c) If the Indemnifying Party delivers a Claim Dispute Notice, then the Indemnified Party and the Indemnifying Party shall attempt in good faith to resolve any such objections raised by Indemnifying Party in such Claim Dispute Notice. If the Indemnified Party and the Indemnifying Party agree to a resolution of such objection, then a memorandum setting forth the matters conclusively determined by the Indemnified Party and the Indemnifying Party shall be prepared and signed by both parties, and shall be binding and conclusive.

(d) If no such resolution can be reached during the [*] of a given Claim Dispute Notice, then upon the expiration of such [*] (or such longer period as may be mutually agreed), either FibroGen or the Seller's Representative may initiate any suit, action or proceeding in accordance with Section 11.4(a) to resolve such dispute.

(e) In the event that any Action shall be instituted or asserted by any Third Party in respect of which payment may be sought under Section 9.2 or Section 9.3 hereof (regardless of the limitations set forth in Section 9.4) (each, a "*Third Party Claim*"), the Indemnified Party shall promptly cause written notice of the assertion of any Third Party Claim of which it has knowledge which is covered by this indemnity to be forwarded to the Indemnifying Party. The failure of the Indemnified Party to give reasonably prompt notice of any Third Party Claim shall not release, waive or otherwise affect the Indemnifying Party's obligations with respect thereto except to the extent that the Indemnifying Party is actually prejudiced as a result of such failure. The Indemnifying Party shall have the right, [*] to be represented by counsel reasonably acceptable to the Indemnified Party and to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified by it hereunder; *provided*, *however*, that the Indemnifying Party may not assume control of defense to a Third Party Claim (i) involving criminal liability or in which equitable relief other than monetary damages is sought, (ii) involving a purported class action, (iii) if the Indemnifying Party has not notified the Indemnified Party in writing that it will be liable to indemnify the Indemnified Party with respect to all Losses relating to such Third Party Claim subject to the limitations of Section 9.4, or (iv) if the Third Party Claim relates to Fortis Intellectual Property. If the Indemnifying Party elects to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified by it hereunder, it shall within [*] notify the Indemnified Party of its intent to do so. If the Indemnifying Party elects not to defend against, negotiate, settle or otherwise deal with any Third Party Claim which relates to any Losses indemnified against hereunder, or is not permitted to assume the defense of a Third Party Claim pursuant to the proviso to the third sentence of this Section 9.5(b), the Indemnified Party may defend against, negotiate, settle or otherwise deal with such Third Party Claim, subject to the provisions below. If the Indemnifying Party shall assume the defense of any Third Party Claim pursuant to the terms of this Option Agreement, the Indemnified Party may participate, [*] in the defense of such Third Party Claim; *provided*, *however*, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (A) so requested by the Indemnifying Party to participate or (B) in the reasonable opinion of outside counsel to the Indemnified Party a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; and *provided*, *further*, that the Indemnifying Party shall not be required to pay for more than one such counsel for all Indemnified Parties in connection with any Third Party Claim. The Parties hereto agree to reasonably cooperate with each other in connection with the defense, negotiation or settlement of any Third Party Claim. Notwithstanding anything in this Section 9.5 to the contrary, neither the Indemnifying Party nor the Indemnified Party shall, without the written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), settle or compromise any Third Party Claim or permit a default or consent to entry of any judgment unless (1) the claimant provides to such other Party an unqualified release of the Indemnified and Indemnifying Parties from all liability in respect of such Third Party Claim, (2) where the Indemnifying Party is the controlling Party, such settlement does not involve any injunctive relief binding upon the Indemnified Party or any of its Affiliates, (3) where the Indemnifying Party is the controlling Party, such settlement does not encumber any of the material assets of any Indemnified Party or impose any restriction or condition that would apply to or materially affect any Indemnified Party or the conduct of any Indemnified Party's business and (4) where the Indemnifying Party is the controlling Party, such settlement does not involve any admission of liability or wrongdoing by any Indemnified Party or any of its Affiliates. Notwithstanding anything to the contrary in this Option Agreement, all Tax Actions shall be governed by Section 7.2(k) and not this Section 9.5(e).

(f) In the event that the Indemnified Party conducts the defense of the Third Party Claim pursuant to this Section 9.5, the Indemnifying Party will remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from, arising out of, relating to, in the nature of or caused by the Third Party Claim to the fullest extent provided in this Article 9, but solely to the extent the Indemnified Party shall have proved its right for indemnification pursuant to this Article 9 and such Losses are indemnifiable pursuant to this Article 9. [*]. [*]

Section 9.6. Tax Treatment. To the extent permitted by Law, the Parties agree to treat all payments made under this Article 9, under any other indemnity provision contained in this Option Agreement, and for any misrepresentations or breach of warranties or covenants as adjustments to the purchase price for all Tax purposes.

Section 9.7. Remedies. [*] except as specifically provided herein, [*] of any Indemnified Party for any breach or failure to be true and accurate, or alleged breach or failure to be true and accurate, of any representation or warranty in this Option Agreement, or any breach or violation of any covenant in this Option Agreement to be performed [*] or otherwise relating to matters with respect to this Agreement shall be indemnification in accordance with this Article 9. Notwithstanding the foregoing, this Section 9.7 shall not operate to limit the rights of the Parties to seek equitable remedies (including specific performance or injunctive relief) or, any remedies or amounts of damages available to it under applicable Law, against any Seller in the event of (a) Fraud committed by such Seller or (b) a Seller's breach or violation of any covenant in any Ancillary Agreement, subject to the limitation set forth in the last sentence of Section 9.4(c).

Section 9.8. Set-Off. [*]

Section 9.9. No Circular Recovery. Each Seller hereby agrees that he, she or it will not make any claim for indemnification against FibroGen, the Surviving Corporation or Fortis by reason of the fact that such Seller was a controlling Person, director, employee or Representative of Fortis or the Surviving Corporation or was serving as such for another Person at the request of FibroGen or Fortis (whether such claim is for Losses of any kind or otherwise and whether such claim is pursuant to any statute, organizational document, contractual obligation or otherwise) with respect to any indemnification claim brought by an Indemnified Party against Sellers pursuant to Section 9.2. With respect to any claim brought by an Indemnified Party against Sellers pursuant to Section 9.2, each Seller expressly waives any right of subrogation, contribution, advancement, indemnification or other claim against Fortis with respect to any amounts owed by such Seller pursuant to this Article 9. Notwithstanding the foregoing, nothing in this Section 9.9 shall limit the D&O Indemnified Parties right to indemnification, exculpation and insurance pursuant to Section 7.5.

Section 9.10. No Duplicative Recovery. The Sellers shall not be required to indemnify any FibroGen Indemnified Party under this Agreement with respect to any Losses if Fortis has paid damages to or indemnified FibroGen or such FibroGen Indemnified Party, as applicable, under the Evaluation Agreement for the same Losses or that relate to the same underlying facts or circumstances. In addition, no Indemnified Party shall be entitled to multiple recovery for any indemnifiable Losses that may have resulted from the breach or inaccuracy of more than one of the representations, warranties, agreements and covenants in this Agreement or that may be recoverable under more than one clause of Section 9.2 or Section 9.3 or that relate to the same underlying facts or circumstances.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

ARTICLE 10
TERMINATION

Section 10.1. Termination. This Option Agreement may be terminated, and the Merger contemplated hereby may be abandoned, at any time prior to the Closing:

(a) automatically, (i) upon termination of the Evaluation Agreement by FibroGen without cause pursuant to Section 11.2 of the Evaluation Agreement, (ii) upon termination of the Evaluation Agreement by Fortis pursuant to Section 11.3 of the Evaluation Agreement, (iii) upon termination of the Evaluation Agreement by Fortis pursuant to Section 11.4 of the Evaluation Agreement if such termination of the Evaluation Agreement occurs on or prior to the date that is two (2) years after the date of this Option Agreement or (iv) at [*] following the termination of the Evaluation Agreement by FibroGen pursuant to Section 11.4 of the Evaluation Agreement if FibroGen shall not have delivered the [*] following the termination of the Evaluation Agreement by FibroGen pursuant to Section 11.4 of the Evaluation Agreement;

(b) by FibroGen, at any time for any reason prior to the Closing;

(c) by mutual written consent of FibroGen, on the one hand, and Fortis, on the other hand;

(d) by Fortis, if any court of competent jurisdiction or other Governmental Entity shall have issued a final and nonappealable order, injunction or decree having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger;

(e) [*]; or

(f) automatically, if (i) FibroGen sends a Rejection Notice to Fortis prior to the expiration of the Due Diligence Review Period, (ii) FibroGen withdraws the Exercise Notice prior to the expiration of the Due Diligence Review Period, or (iii) FibroGen does not deliver the Final Exercise Notice prior to the expiration of the Due Diligence Review Period.

Section 10.2. Effect of Termination. If this Option Agreement is terminated and the Merger and the other transactions contemplated hereby are abandoned as described in this Article 10, this Option Agreement shall become void and of no further force or effect, except for the provisions of Section 7.7, Section 8.2, Section 8.4, Article 11, and this Section 10.2 and FibroGen's right of reimbursement (if applicable) under Section 7.1(a); *provided* that nothing in this Section 10.2 shall be deemed to release any Party from any liability for any Fraud or any willful and material breach by such Party of any covenant or agreement contained in this Option Agreement.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

ARTICLE 11
MISCELLANEOUS

Section 11.1. Notices. All notices, requests, claims, demands, waivers and other communications under this Option Agreement shall be in writing and shall be by electronic mail, courier services or personal delivery to the following addresses, or to such other addresses as shall be designated from time to time by a Party in accordance with this Section 11.1:

(a) if to FibroGen:

[*]

with a copy to (which shall not constitute notice):

[*]

[*]

(b) if to Fortis:

[*]

with a copy to (which shall not constitute notice):

[*]

(c) if to the Sellers' Representative:

[*]

All notices and communications under this Option Agreement shall be deemed to have been duly given (i) when delivered by hand, if personally delivered, (ii) upon receipt when delivered by a courier (such date of receipt being evidenced by the courier's service records) or (iii) when sent, if sent by electronic mail (unless an undelivered or "bounceback" message is received by the sender).

Section 11.2. Assignment. Neither this Option Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of Law or otherwise by any of the Parties prior to the Closing without the prior written consent of the other Parties, except that (without limiting or relieving any of FibroGen's obligations under this Option Agreement) FibroGen may assign, in its sole discretion, any or all of its rights, interests and obligations under this Option Agreement to (a) any Affiliate of FibroGen, or (b) to a purchaser of all or substantially all of FibroGen's assets or equity interests or in connection with any transaction in which FibroGen transfers, assigns, licenses, sub-licenses, sells or otherwise disposes all or substantially all of the Products and Modified Products, and all Intellectual Property rights related thereto to a Third Party; *provided*, that, the obligations and terms of Section 2.13(f) shall apply to such assignment, and with respect to any such assignment made at or prior to the Effective Time, FibroGen shall cause such transferee to agree in writing to be bound by all of the obligations of FibroGen hereunder, including FibroGen's obligations under Section 2.4. Subject to the preceding sentence, this Option Agreement shall be binding upon, inure to the benefit of and be enforceable by, the Parties and their respective successors and assigns.

Section 11.3. Consents and Approvals. For any matter under this Option Agreement requiring the consent or approval of any Party, to be valid and binding on the Parties, such consent or approval must be in writing.

Section 11.4. Enforcement.

(a) Any suit, action or other proceeding arising out of this Option Agreement or any transaction contemplated hereby shall be brought exclusively in the Court of Chancery of the State of Delaware; *provided*, that if jurisdiction is not then available in the Court of Chancery of the State of Delaware, then any such suit, action or proceeding may be brought in a court of competent jurisdiction, federal or state, located in the State of Delaware, and in no other jurisdiction. Each Party hereby consents to personal jurisdiction and venue in, and agrees to service of process issued or authorized by, such court. This Section 11.4(a) shall not apply to any dispute under Section 2.15 that is required to be decided by the Auditor.

(b) The Parties agree that irreparable damage would occur and that the Parties would not have any adequate remedy at law in the event that any of the provisions of this Option Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, notwithstanding anything in this Option Agreement to the contrary and in addition to any other remedy to which a non-breaching Party may be entitled at Law, a Party may seek a temporary restraining order or a preliminary injunction from any court of competent jurisdiction in order to prevent immediate and irreparable injury, loss, or damage on a provisional basis, pending the decision of the courts on the ultimate merits of any suit, action or other proceeding arising out of this Option Agreement or any transaction contemplated hereby.

(c) During the pendency of any dispute resolution proceeding between the Parties under this Section 11.4, the obligation to make any payment under this Option Agreement from one Party to the other Party, which payment is the subject, in whole or in part, of a proceeding under this Section 11.4, shall be tolled until the final outcome of such dispute has been established.

(d) Any and all activities conducted under this Section 11.4, including any and all proceedings and decisions under Section 11.4(a), shall be subject to the restrictions set forth in Section 7.7.

(e) In connection with the Parties' rights under Section 11.4(a), EACH PARTY, TO THE EXTENT PERMITTED BY LAW, KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY IN ANY ACTION OR OTHER LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS OPTION AGREEMENT AND THE TRANSACTIONS IT CONTEMPLATES. THIS WAIVER APPLIES TO ANY ACTION OR LEGAL PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE.

Section 11.5. Amendment and Waiver.

(a) No failure or delay on the part of any Party in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Except as expressly set forth in Article 9, the remedies provided for herein are cumulative and are not exclusive of any remedies that may be available to any Party at Law, in equity or otherwise.

(b) Except as otherwise specifically set forth in this Option Agreement, this Option Agreement may be amended by (i) Fortis and FibroGen at any time prior to Closing and (ii) the Sellers' Representative and FibroGen at any time after the Closing, whether before or after the Shareholder Approval has been obtained; *provided*, *however*, that, after the Shareholder Approval has been obtained, there shall be made no amendment that by Law requires further approval by stockholders of Fortis, without the further approval of such stockholders. This Option Agreement may not be amended except by an instrument in writing signed on behalf of FibroGen and [*].

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

(c) Except as otherwise specifically set forth in this Option Agreement, any waiver of any provision of this Option Agreement shall be effective (i) only if it is made or given in writing and signed by the Party granting the waiver and (ii) only in the specific instance and for the specific purpose for which made or given.

Section 11.6. Entire Agreement. This Option Agreement and the Evaluation Agreement, together with their schedules (including the Disclosure Schedule and the Updated Disclosure Schedule) and exhibits and all Ancillary Agreements, contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and thereof and, as of the Restatement Effective Date, supersede all prior discussions, negotiations, commitments, agreements and understandings, both written and oral, relating to such subject matter, including the Original Agreement; provided that the amendment and restatement of the Original Agreement shall not affect any rights or obligations of the parties hereto that accrued under the Original Agreement between the Original Effective Date and the Restatement Effective Date.

Section 11.7. No Third-Party Beneficiaries. Except as otherwise provided in this Option Agreement, this Option Agreement is for the sole benefit of the Parties and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the Parties and such successors and assigns, any legal or equitable rights hereunder (except that (i) Article 9 is intended to benefit the FibroGen Indemnified Parties and the Seller Indemnified Parties, and the FibroGen Indemnified Parties and the Seller Indemnified Parties shall be third-party beneficiaries of Article 9, (ii) Section 7.5 is intended to benefit the D&O Indemnified Parties, and the D&O Indemnified Parties shall be third-party beneficiaries of Section 7.5, and (iii) following the Closing, all Sellers shall be deemed to be third-party beneficiaries of the provisions of Article 2). No covenant or other undertakings in this Option Agreement shall constitute an amendment to any plan, program, policy or arrangement, and any covenant or undertaking that suggests that a plan, program, policy or arrangement will be amended shall be effective only upon the adoption of a written amendment in accordance with the amendment procedures of such plan, program, policy or arrangement. Nothing in this Section 11.7 shall be construed to impair the rights and powers of the Sellers' Representative to take or refrain from taking any action for and on behalf of the Sellers to enforce the rights of the Sellers under this Option Agreement as provided in Section 2.12.

Section 11.8. Counterparts. This Option Agreement may be executed in any number of counterparts and by the Parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. This Option Agreement may be executed by facsimile, .pdf or other electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were the original signatures.

Section 11.9. Governing Law. This Option Agreement shall be governed by, and construed in accordance with, the substantive Law of the [*], regardless of the Laws that might otherwise govern under applicable principles of conflict of laws thereof.

Section 11.10. Severability. Any term or provision of this Option Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. The Parties shall use all reasonable efforts to replace such invalid or unenforceable provision of this Option Agreement with a valid and enforceable provision that shall achieve, to the greatest extent possible, the economic, business and other purposes of such invalid or unenforceable provision.

Section 11.11. English Language. This Option Agreement shall be written and executed in, and all other communications under or in connection with this Option Agreement shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Section 11.12. Conflict of Interest. If the Sellers' Representative so desires, acting on behalf of the Sellers and without the need for any consent or waiver by Fortis or FibroGen, Cooley LLP ("*Cooley*") shall be permitted to represent the Sellers' Representative or the Sellers after the Closing in connection with any matter, including without limitation, anything related to the transactions contemplated by this Option Agreement, any other agreements referenced herein or any disagreement or dispute relating thereto. Without limiting the generality of the foregoing, after the Closing, Cooley shall be permitted to represent the Sellers' Representative, the Sellers, any of their agents and Affiliates, or any one or more of them, in connection with any negotiation, transaction or dispute (including any litigation, arbitration or other adversary proceeding) with FibroGen, Fortis or any of their agents or Affiliates under or relating to this Option Agreement, any transaction contemplated by this Option Agreement, and any related matter, such as claims or disputes arising under other agreements entered into in connection with this Option Agreement, including with respect to any indemnification claims. Upon and after the Closing, Fortis shall cease to have any attorney-client relationship with Cooley, unless and to the extent Cooley is specifically engaged in writing by Fortis to represent Fortis after the Closing and either such engagement involves no conflict of interest with respect to the Sellers or the Sellers' Representative consents in writing at the time to such engagement. Any such representation of Fortis by Cooley after the Closing shall not affect the foregoing provisions hereof.

Section 11.13. Attorney-Client Privilege. FibroGen and Fortis agree that all communications between Fortis or the Sellers, on the one hand, and Cooley, on the other hand, relating to the negotiation, preparation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (the "*Covered Materials*"), shall belong to and be controlled by the Sellers' Representative, and not by the Surviving Corporation, following the Closing, and may be waived only by the Sellers' Representative, and not the Surviving Corporation, and shall not pass to or be claimed or used by FibroGen or the Surviving Corporation. Absent the consent of the Sellers' Representative, neither FibroGen nor the Surviving Corporation shall have a right to access the Covered Materials following the Closing and, in the event FibroGen or the Surviving Corporation accesses Covered Materials in violation of this sentence, such access will not waive or otherwise affect the rights of the Sellers' Representative with respect to the related privilege or protection. Notwithstanding the foregoing, if a dispute arises between FibroGen or the Surviving Corporation, on the one hand, and a third party other than (and unaffiliated with) the Sellers and the Sellers' Representative, on the other hand, after the Closing, then the Surviving Corporation may assert such attorney-client privilege to prevent disclosure to such Covered Materials.

Section 11.14. FibroGen Acknowledgment. FibroGen hereby acknowledges and agrees that, (a) FibroGen has conducted its own independent investigation, review and analysis of the business, results of operations, prospects, financial condition and assets of Fortis and that it has been provided adequate access to the personnel, books and records, assets and other documents and data of Fortis for such purpose, (b) FibroGen has relied solely upon its own investigation and the express representations and warranties of Fortis expressly set forth in Article 5 and any certificate delivered by Fortis pursuant to this Option Agreement (in each case as qualified or modified by the Disclosure Schedule or the Updated Disclosure Schedule, as it may be updated pursuant to this Agreement) and disclaims reliance on any other representations and warranties of any kind or nature express or implied, (c) except for the representations and warranties of Fortis expressly set forth in Article 5 and any certificate delivered by Fortis pursuant to this Option Agreement (in each case as qualified or modified by the Disclosure Schedule or the Updated Disclosure Schedule, as it may be updated pursuant to this Agreement) and the Evaluation Agreement, none of Fortis, or any of its Affiliates, stockholders, directors, officers, employees, independent contractors, consultants, agents, or Representatives has made or is making any express or implied representation or warranty with respect to Fortis or its business, operation or condition, including with respect to any estimates, projections, forecasts, forward-looking statements or business plans, and FibroGen will have no claim against Fortis or any of its Affiliates, equityholders, directors, officers, employees, independent contractors, consultants, agents or Representatives, or any other Person, with respect thereto, including as to the accuracy or completeness of any information provided.

[Remainder of page intentionally left blank; signature pages follow.]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

IN WITNESS WHEREOF, the Parties have caused this Option Agreement to be signed by their duly authorized representatives as of the date first written above.

FIBROGEN:

FIBROGEN, INC.

By: /s/ [*]
Name: [*]
Title: [*]

[*Signature Page to First Amended and Restated Option Agreement and Plan of Merger*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

In Witness Whereof, the Parties have caused this Option Agreement to be signed by their duly authorized representatives as of the date first written above.

Fortis:

Fortis Therapeutics, Inc.

By: /s/ [*]
Name: [*]
Title: [*]

[*Signature Page to First Amended and Restated Option Agreement and Plan of Merger*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

IN WITNESS WHEREOF, the Parties have caused this Option Agreement to be signed by their duly authorized representatives as of the date first written above.

SELLERS' REPRESENTATIVE:

SHAREHOLDER REPRESENTATIVE SERVICES LLC

By: /s/ [*]
Name: [*]
Title: [*]

[*Signature Page to First Amended and Restated Option Agreement and Plan of Merger*]

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Exhibit A

Joinder

[*]

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Exhibit B

Written Consent

[*]

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Exhibit C

Certificate of Merger

[*]

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Exhibit D

Amended and Restated Charter of Surviving Corporation

[*]

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Exhibit E

Letter of Transmittal

[*]

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Exhibit F

Exercise Notice

[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Exhibit G

Fortis Compliance Certificate

[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

Exhibit H

Form of Restrictive Covenants Agreement

[*]

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SCHEDULE I

[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

SCHEDULE 1.55

CVR PRODUCT
[*]

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would likely cause competitive harm to the company if publicly disclosed.

SCHEDULE 4.2(C)

GOVERNMENTAL APPROVALS

[*]

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SCHEDULE 4.2(D)

CONTRACTUAL CONSENTS

[None.]

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EXHIBIT 10.4

FIBROGEN, INC.
RESTRICTED STOCK UNIT GRANT NOTICE
(2024 EQUITY INCENTIVE PLAN)

Fibrogen, Inc. (the "***Company***"), pursuant to its 2024 Equity Incentive Plan (the "***Plan***"), hereby awards to Participant a Restricted Stock Unit Award for the number of shares of the Company's Common Stock ("***Restricted Stock Units***") set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth in this notice of grant (this "***Restricted Stock Unit Grant Notice***") and in the Plan and the Restricted Stock Unit Award Agreement (the "***Award Agreement***"), which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in the Award Agreement and the Plan, the terms of the Plan shall control.

Participant:	%%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%
ID:	%%EMPLOYEE_IDENTIFIER%-%
Date of Grant:	%%OPTION_DATE,'MONTH DD, YYYY'%-%
Grant Number:	%%OPTION_NUMBER%-%
Vesting Commencement Date:	%%VEST_BASE_DATE,'MONTH DD, YYYY'%-%
Number of Shares Subject to Award:	%%TOTAL_SHARES_GRANTED,'999,999,999'%-%

Vesting Schedule: Subject to Section 9(c) of the Plan, the shares subject to the Award shall vest as follows: one-fourth (1/4th) of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of twelve (12) successive substantially equal quarterly installments measured from the first anniversary of the Vesting Commencement Date, subject to Participant's Continuous Service on each applicable vesting date.

Issuance Schedule: Subject to any change on a Capitalization Adjustment, one share of Common Stock will be issued for each Restricted Stock Unit that vests at the time set forth in Section 6 of the Award Agreement.

Additional Terms/Acknowledgements: Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of the Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award with the exception, if applicable, of (i) the written employment agreement or offer letter agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

* * *

By accepting this Award, Participant acknowledges having received and read the Restricted Stock Unit Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

FIBROGEN, INC.

By: /s/ Juan Graham

Title: Chief Financial Officer

ATTACHMENTS: RSU agreement, 2024 Equity Incentive Plan

FIBROGEN, INC.
2024 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") and this Restricted Stock Unit Award Agreement (the "***Agreement***"), Fibrogen, Inc. (the "***Company***") has awarded you ("***Participant***") a Restricted Stock Unit Award (this "***Award***") pursuant to Section 6(b) of the Company's 2024 Equity Incentive Plan (the "***Plan***") for the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. GRANT OF THE AWARD. This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the "***Account***") the number of Restricted Stock Units/shares of Common Stock subject to this Award. This Award was granted in consideration of your services to the Company.

2. VESTING. Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

3. NUMBER OF SHARES. The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to this Award pursuant to this Section 3, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock shall be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

4. SECURITIES LAW COMPLIANCE. You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you shall not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. TRANSFER RESTRICTIONS. Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

(a) Death. Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order or marital settlement agreement that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company's stock plan administrator prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. Date of Issuance.

(a) Subject to the satisfaction of the withholding obligations set forth in Section 11 of this Agreement and subject to Section 6(b) below, in the event that one or more Restricted Stock Units vests, the Company shall issue to you, on the applicable vesting date (subject to any adjustment under Section 3 above), one share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date; *provided*, that if such date falls on a date that is not a business day, delivery will instead occur on the next business day.

(b) Notwithstanding the foregoing, shares will be delivered on a date later than the applicable vesting date or its next following business day, if, to the extent applicable at a vesting date, (i) any shares covered by your Restricted Stock Units are scheduled to be delivered on a date (the "***Original Distribution Date***") that does not occur: (A) during an open "window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities (the "***Policy***"); (B) on a date on which you are permitted to sell shares of Common Stock pursuant to a written plan that meets the requirements of Rule 10b5-1 under the Exchange Act, as determined by the Company in accordance with the Policy; (C) on a date when you are otherwise permitted to sell shares of Common Stock on the open market; or (D) during any applicable lock-up period under any lock-up agreement or market standoff agreement covering shares of Common Stock held by a Participant; and (ii) the Company elects not to satisfy its tax withholding obligations by withholding shares pursuant to one of the methods permitted under Section 11, withholding from other compensation otherwise payable to you by the Company, or by permitting you to pay your Withholding Taxes in cash, then such shares will not be delivered on such Original Distribution Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than the date that is the 15th day of the third calendar month of the year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) Delivery of the shares pursuant to the provisions of this Section 6 is intended to comply with the requirements for the short-term deferral exemption available under Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such manner.

(d) If the Company elects to issue you cash in part or in full satisfaction of the shares of Common Stock issuable upon vesting of your Restricted Stock Units, then the foregoing provisions of this Section 6 will not apply and such cash will be paid to you in a lump sum at any time on after the vesting date of your Restricted Stock Units, but in no event later than the 15th day of the third calendar month of the year following the year in which the shares of Common Stock under the Restricted Stock Units are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

(e) The form of delivery (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

7. Dividends. You shall receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment.

8. Restrictive Legends. The shares of Common Stock issued under your Award shall be endorsed with appropriate legends as determined by the Company.

9. Execution of Documents. You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

10. Award not a Service Contract.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares subject to your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) The Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). Such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. This Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company's right to conduct a reorganization.

11. Withholding Obligations.

(a) On the vesting date, and on or before the date on which you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and/or otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with the vesting and settlement of your Award (the "***Withholding Taxes***"). The Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued to pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided*, *however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Company's Compensation Committee.

(b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to deliver to you any shares of Common Stock in settlement of any vested portion of your Award.

(c) In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

12. Tax Consequences. The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

13. Unsecured Obligation. Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you pursuant to Section 6 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

14. Notices. Any notice or request required or permitted hereunder shall be given in writing to each of the other parties hereto and shall be deemed effectively given on the earlier of (i) the date of personal delivery, including delivery by express courier, or delivery via electronic means, or (ii) the date that is five (5) days after deposit in the United States Post Office (whether or not actually received by the addressee), by registered or certified mail with postage and fees prepaid, addressed at the following addresses, or at such other address(es) as a party may designate by ten (10) days' advance written notice to each of the other parties hereto:

Company:	Fibrogen, Inc. Attn: General Counsel 409 Illinois Street San Francisco, CA 94158
Participant:	Your address as on file with the Company at the time notice is given

15. Headings. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

16. Miscellaneous.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

17. Governing Plan Document. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

18. Effect on Other Employee Benefit Plans. The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

19. Choice of Law. The interpretation, performance and enforcement of this Agreement shall be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules.

20. Severability. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. Other Documents. You hereby acknowledge receipt or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act. In addition, you acknowledge receipt of the Company's Policy.

22. Amendment. This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

23. Compliance with Section 409A of the Code. This Award is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise deferred compensation subject to Section 409A, and if you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h) and without regard to any alternative definition thereunder), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service (or the date of your death, if earlier), with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Restricted Stock Unit Award Agreement shall be deemed to be signed by the Company and the Participant upon the physical or digital signing by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.

EXHIBIT 10.5

FIBROGEN, INC.
STOCK OPTION GRANT NOTICE
(2024 EQUITY INCENTIVE PLAN)

FibroGen, Inc. (the "***Company***"), pursuant to its 2024 Equity Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this notice and the Plan, the terms of the Plan will control.

Optionholder:	%%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%
ID:	%%EMPLOYEE_IDENTIFIER%-%
Date of Grant:	%%OPTION_DATE,'MONTH DD, YYYY'%-%
Grant Number:	%%OPTION_NUMBER%-%
Option Type:	%%OPTION_TYPE%-%
Vesting Commencement Date:	%%VEST_BASE_DATE,'MONTH DD, YYYY'%-%
Number of Shares Subject to Option:	%%TOTAL_SHARES_GRANTED,'999,999,999'%-%
Exercise Price (Per Share):	%%OPTION_PRICE,'$999,999,999.99'%-%
Total Exercise Price:	%%TOTAL_OPTION_PRICE,'$999,999,999.99'%-%
Expiration Date:	%%EXPIRE_DATE_PERIOD1,'MONTH DD, YYYY'%-%

Vesting Schedule:	Subject to Section 9 of the Option Agreement, one-fourth (1/4th) of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of twelve (12) successive substantially equal quarterly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such vesting date.

Additional Terms/Acknowledgements: Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) options previously granted and delivered to Optionholder, (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law and (iii) any written employment or severance arrangement that would provide for vesting acceleration of this option upon the terms and conditions set forth therein.

By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company.

FIBROGEN, INC.

By: /s/ Juan Graham
Signature

Title: Chief Financial Officer

ATTACHMENTS: 2024 Equity Incentive Plan

FibroGen, Inc.
2024 Equity Incentive Plan

Option Agreement
(Incentive Stock Option or Nonstatutory Stock Option)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, FibroGen, Inc. (the "***Company***") has granted you an option under its 2024 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. VESTING. Subject to the provisions contained herein, your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six (6) months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six (6) month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided*, *however*, that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. Method of Payment. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner permitted by your Grant Notice, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover".

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Securities Law Compliance. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the date on which the event giving rise to your termination of Continuous Service for Cause occurs (or, if required by law, the date of termination of Continuous Service for Cause);

(b) three (3) months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided*, *however*, that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service; *provided further*, if during any part of such three (3) month period, the sale of any Common Stock received upon exercise of your option would violate the Company's insider trading policy, then your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service during which the sale of the Common Stock received upon exercise of your option would not be in violation of the Company's insider trading policy. Notwithstanding the foregoing, if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six (6) months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven (7) months after the Date of Grant, and (B) the date that is three (3) months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) twelve (12) months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates for any reason other than Cause or Disability;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. Vesting Upon a Change in Control.

(a) In the event of a Change in Control (as defined in the Plan, except as set forth in Section 9(c) below), if your option is assumed, continued or otherwise substituted in the Change in Control, and your employment is involuntarily terminated by the Company or its successor corporation without Cause (and other than due to your death or disability) within twelve (12) months following the consummation of the Change in Control, or if you terminate your employment due to a Constructive Termination (as defined below) within twelve (12) months following the consummation of the Change in Control, the vesting and exercisability of the unvested portion of your option will accelerate in full on the date of your termination. Notwithstanding the foregoing, in the event of a Change in Control, if your option is not assumed, continued or otherwise substituted in the Change in Control transaction, the unvested portion of your option will vest and become exercisable as of immediately prior to the consummation of the Change in Control.

(b) For purposes of this Agreement, "***Constructive Termination***" means your termination of employment following the occurrence, without your written consent, of any one of the following events:

a substantial reduction in your duties or responsibilities (and not simply a change in title or reporting relationships) in effect immediately prior to the effective date of the Change in Control; *provided*, *however*, that it shall not be a "Constructive Termination" if the Company is retained as a separate legal entity or business unit following the effective date of the Change in Control and you hold the same position in such legal entity or business unit as you held before the effective date of the Change in Control;

a material reduction by the Company (or its successor corporation) in your annual base salary, as in effect on the effective date of the Change in Control or as increased thereafter; any failure by the Company (or its successor corporation) to continue in effect any benefit plan or program, including incentive plans or plans with respect to the receipt of securities of the Company, in which you were participating immediately prior to the effective date of the Change in Control (hereinafter referred to as "***Benefit Plans***"), or the taking of any action

by the Company (or its successor corporation) that would adversely affect your participation in or reduce your benefits under the Benefit Plans or deprive you of any fringe benefit that you enjoyed immediately prior to the effective date of the Change in Control; *provided*, *however*, that a Constructive Termination shall not be deemed to have occurred if the Company (or its successor corporation) provides for your participation in benefit plans and programs that, taken as a whole, are comparable to the Benefit Plans;

a relocation of your business office location more than fifty (50) miles from the location at which you performed your duties as of the effective date of the Change in Control, except for required travel by you on the Company's (or its successor corporation's) business to an extent substantially consistent with your business travel obligations prior to the effective date of the Change in Control; or

a material breach by the Company (or its successor corporation) of any provision of any material agreement between you and the Company concerning the terms and conditions of your employment.

For purposes of this Agreement, notwithstanding anything to the contrary contained in the Plan, the term "Change in Control" shall be defined as in the Plan, except that the term shall not include the implementation of anti-takeover measures, including, without limitation, a recapitalization or reorganization of the Company's capital structure, whether by merger, amendment of the Company's certificate of incorporation or certificate(s) of designations, or otherwise, solely for the purposes of the implementation of a dual class stock structure, in which one class of securities has greater voting power on matters involving a change of control and other related issues, irrespective of (i) whether such anti-takeover measure includes a voting agreement or a proxy with respect to the Company's shares; or (ii) whether such recapitalization, reorganization or anti-takeover measure results in a change in Ownership of greater than fifty percent (50%) of the total voting power of the Company.

10. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the Date of Grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

11. Transferability. Except as otherwise provided in this Section 11, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

12. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

13. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

14. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option.

15. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control. In addition, your option (and any compensation paid or shares issued under your option) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law.

17. Other Documents. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

18. Effect on Other Employee Benefit Plans. The value of this option will not be included as compensation, earnings, salaries, or other similar terms used when calculating your benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

19. VOTING RIGHTS. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this option until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this option, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

20. Severability. If all or any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

21. Miscellaneous.

(a) The rights and obligations of the Company under your option will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your option.

(c) You acknowledge and agree that you have reviewed your option in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your option, and fully understand all provisions of your option.

(d) This Option Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Option Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

* * *

This Option Agreement will be deemed to be signed by you upon your physical or digital signature of the attached Grant Notice.

NOTICE OF EXERCISE

FibroGen, Inc.
Attention: Stock Plan Administrator
409 Illinois St. San Francisco, CA 94158

Date of Exercise: _____

This constitutes notice to FibroGen, Inc. (the "Company") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "Shares") for the price set forth below.

Stock option dated:		_____
Grant Number:		_____
Number of Shares as to which option is exercised:		_____
Total exercise price:	$	_____
Broker:		_____
Broker Contact Information:		_____
DTC number:		_____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the FibroGen, Inc. 2024 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an Incentive Stock Option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such Shares are issued upon exercise of this option.

Very truly yours,

Signature

Print Name

Exhibit 31.1

CERTIFICATION

I, Thane Wettig, certify that:

1. I have reviewed this Form 10-Q of FibroGen, 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: August 6, 2024

/s/ Thane Wettig

Thane Wettig
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Juan Graham, certify that:

1. I have reviewed this Form 10-Q of FibroGen, 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: August 6, 2024

/s/ Juan Graham

Juan Graham
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Thane Wettig, Chief Executive Officer of FibroGen, Inc. (the "Company"), and Juan Graham, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 30, 2024, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and
2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2024

In Witness Whereof, the undersigned have set their hands hereto as of the 6th day of August, 2024.

/s/ Thane Wettig
Thane Wettig
Chief Executive Officer

/s/ Juan Graham
Juan Graham
Senior Vice President and
Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of FibroGen, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.