UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2021

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: 001-37798

Selecta Biosciences, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-1622110**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
65 Grove Street, Watertown, MA	**02472**
(Address of principal executive offices)	(Zip Code)

(617) 923-1400

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

As of November 5, 2021, the registrant had 116,648,919 shares of common stock, par value $0.0001 per share, outstanding.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, or the Quarterly Report, contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, timing and likelihood of success, the plans and objectives of management for future operations and future results of anticipated products, the impact of the COVID-19 pandemic on our business and operations and our future financial results, and the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential”, or “continue” or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the sections in this Quarterly Report titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the following:

- our status as a development-stage company and our expectation to incur losses in the future;
- our future capital needs and our need to raise additional funds;
- our ability to build a pipeline of product candidates and develop and commercialize such pipeline;
- our unproven approach to therapeutic intervention;
- our ability to enroll patients in clinical trials, timely and successfully complete those trials and receive necessary regulatory approvals;
- our ability to access manufacturing facilities and to receive or manufacture sufficient quantities of our product candidates;
- our ability to maintain our existing or future collaborations or licenses;
- the continuing impact of the COVID-19 pandemic on our operations, the continuity of our business, including our preclinical studies and clinical trials, and general economic conditions;
- our ability to protect and enforce our intellectual property rights;
- federal, state, and foreign regulatory requirements, including FDA regulation of our product candidates;
- our ability to obtain and retain key executives and attract and retain qualified personnel;
- developments relating to our competitors and our industry, including the impact of government regulation; and
- our ability to successfully manage our growth.

Moreover, we operate in an evolving environment. New risks and uncertainties may emerge from time to time, and it is not possible for management to predict all risk and uncertainties.

You should read this Quarterly Report and the documents that we reference in this Quarterly Report completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Selecta Biosciences, Inc. and Subsidiaries
Consolidated Balance Sheets
(Amounts in thousands, except share data and par value)

	September 30, 2021	December 31, 2020
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 114,645	$ 138,685
Marketable securities	24,018	—
Accounts receivable	7,324	7,224
Prepaid expenses and other current assets	5,781	5,434
Total current assets	151,768	151,343
Non-current assets:		
Property and equipment, net	1,807	1,395
Right-of-use asset, net	10,117	10,948
Long-term restricted cash	1,379	1,379
Investments	2,000	—
Other assets	91	370
Total assets	$ 167,162	$ 165,435
Liabilities and stockholders' (deficit) equity		
Current liabilities:		
Accounts payable	$ 1,593	$ 443
Accrued expenses	10,742	8,146
Loan payable	4,125	—
Lease liability	1,013	908
Income taxes payable	15,828	—
Deferred revenue	62,315	72,050
Total current liabilities	95,616	81,547
Non-current liabilities:		
Loan payable, net of current portion	21,304	24,793
Lease liability	8,873	9,647
Deferred revenue	20,057	38,746
Warrant liabilities	40,043	28,708
Total liabilities	185,893	183,441
Commitments and contingencies (Note 17)		
Stockholders' (deficit) equity:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock, $0.0001 par value; 200,000,000 shares authorized; 115,443,500 and 108,071,249 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	12	11
Additional paid-in capital	428,371	391,175
Accumulated deficit	(442,555)	(404,629)
Accumulated other comprehensive loss	(4,559)	(4,563)
Total stockholders' (deficit) equity	(18,731)	(18,006)
Total liabilities and stockholders' (deficit) equity	$ 167,162	$ 165,435

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

Selecta Biosciences, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
(Amounts in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Unaudited)			
Grant and collaboration revenue	$ 24,427	$ 4,646	$ 55,140	$ 4,646
Operating expenses:				
Research and development	20,951	13,960	48,418	39,414
General and administrative	5,445	4,420	15,397	14,155
Total operating expenses	26,396	18,380	63,815	53,569
Operating loss	(1,969)	(13,734)	(8,675)	(48,923)
Investment income	11	4	35	257
Loss on extinguishment of debt	—	(461)	—	(461)
Foreign currency transaction, net	2	43	(5)	83
Interest expense	(711)	(365)	(2,133)	(843)
Change in fair value of warrant liabilities	592	4,779	(11,335)	(3,606)
Other income, net	9	5	15	63
Loss before income taxes	(2,066)	(9,729)	(22,098)	(53,430)
Income tax expense	(15,828)	—	(15,828)	—
Net loss	$ (17,894)	$ (9,729)	$ (37,926)	$ (53,430)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1)	(32)	5	(61)
Unrealized loss on marketable securities	(1)	—	(1)	—
Total comprehensive loss	$ (17,896)	$ (9,761)	$ (37,922)	$ (53,491)
Net loss per share:				
Basic and diluted	$ (0.16)	$ (0.09)	$ (0.34)	$ (0.54)
Weighted average common shares outstanding:				
Basic and diluted	115,169,949	105,325,788	113,161,622	98,968,359

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

Selecta Biosciences, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' (Deficit) Equity
(Amounts in thousands, except share data)
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Stockholders' (Deficit) Equity
	Shares	Amount				
Balance at December 31, 2020	108,071,249	$ 11	$ 391,175	$ (404,629)	$ (4,563)	$ (18,006)
Issuance of common stock under Employee Stock Purchase Plan	34,696	—	72	—	—	72
Issuance of common stock upon exercise of options	153,278	—	244	—	—	244
Issuance of vested restricted stock units	10,937	—	—	—	—	—
Issuance of common stock through at-the-market offering, net	4,706,844	—	20,943	—	—	20,943
Stock-based compensation expense	—	—	1,780	—	—	1,780
Currency translation adjustment	—	—	—	—	(6)	(6)
Unrealized (losses) on marketable securities	—	—	—	—	(1)	(1)
Net loss	—	—	—	(24,597)	—	(24,597)
Balance at March 31, 2021	112,977,004	$ 11	$ 414,214	$ (429,226)	$ (4,570)	$ (19,571)
Issuance of common stock upon exercise of options	242,278	—	425	—	—	425
Issuance of vested restricted stock units	10,938	—	—	—	—	—
Issuance of common stock through at-the-market offering, net	1,849,072	1	8,562	—	—	8,563
Stock-based compensation expense	—	—	1,783	—	—	1,783
Currency translation adjustment	—	—	—	—	12	12
Unrealized gain on marketable securities	—	—	—	—	1	1
Net income	—	—	—	4,565	—	4,565
Balance at June 30, 2021	115,079,292	$ 12	$ 424,984	$ (424,661)	$ (4,557)	$ (4,222)
Issuance of common stock under Employee Stock Purchase Plan	24,098	—	89	—	—	89
Issuance of common stock upon exercise of options	1,936	—	5	—	—	5
Issuance of vested restricted stock units	10,937	—	—	—	—	—
Issuance of common stock through at-the-market offering, net	327,237	—	1,389	—	—	1,389
Stock-based compensation expense	—	—	1,904	—	—	1,904
Currency translation adjustment	—	—	—	—	(1)	(1)
Unrealized (losses) on marketable securities	—	—	—	—	(1)	(1)
Net loss	—	—	—	(17,894)	—	(17,894)
Balance at September 30, 2021	115,443,500	$ 12	$ 428,371	$ (442,555)	$ (4,559)	$ (18,731)

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

Selecta Biosciences, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' (Deficit) Equity
(Amounts in thousands, except share data)
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Stockholders' (Deficit) Equity
	Shares	Amount				
Balance at December 31, 2019	86,325,547	$ 9	$ 348,664	$ (335,753)	$ (4,523)	$ 8,397
Issuance of common stock under Employee Stock Purchase Plan	78,583	—	114	—	—	114
Issuance of common stock upon exercise of options	5,128	—	3	—	—	3
Issuance of vested restricted stock units	10,937	—	—	—	—	—
Issuance of common stock through at-the-market offering, net	598,977	—	1,141	—	—	1,141
Other financing fees	—	—	(147)	—	—	(147)
Stock-based compensation expense	—	—	1,409	—	—	1,409
Currency translation adjustment	—	—	—	—	(60)	(60)
Net loss	—	—	—	(19,620)	—	(19,620)
Balance at March 31, 2020	87,019,172	$ 9	$ 351,184	$ (355,373)	$ (4,583)	$ (8,763)
Issuance of common stock upon exercise of options	37,500	—	98	—	—	98
Issuance of vested restricted stock units	10,938	—	—	—	—	—
Issuance of common stock through at-the-market offering, net	470,509	—	967	—	—	967
Issuance of common stock upon exercise of pre-funded warrants	8,342,128	1	—	—	—	1
Issuance of common stock upon exercise of common warrants	4,967,563	—	17,214	—	—	17,214
Stock-based compensation expense	—	—	1,481	—	—	1,481
Currency translation adjustment	—	—	—	—	31	31
Net loss	—	—	—	(24,081)	—	(24,081)
Balance at June 30, 2020	100,847,810	$ 10	$ 370,944	$ (379,454)	$ (4,552)	$ (13,052)
Issuance of common stock under Employee Stock Purchase Plan	31,629	—	70	—	—	70
Issuance of vested restricted stock units	60,937	—	—	—	—	—
Issuance of common stock through private placement	5,416,390	1	10,268	—	—	10,269
Issuance of common warrants with long-term debt, net	—	—	444	—	—	444
Issuance of common stock upon exercise of common warrants	879,210	—	3,485	—	—	3,485
Other financing fees	—	—	(133)	—	—	(133)
Stock-based compensation expense	—	—	1,296	—	—	1,296
Currency translation adjustment	—	—	—	—	(32)	(32)
Net loss	—	—	—	(9,729)	—	(9,729)
Balance at September 30, 2020	107,235,976	$ 11	$ 386,374	$ (389,183)	$ (4,584)	$ (7,382)

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

Selecta Biosciences, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
(Amounts in thousands)

	Nine Months Ended September 30,	
	2021	2020
	(Unaudited)	
Cash flows from operating activities		
Net loss	$ (37,926)	$ (53,430)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	851	490
Amortization of premiums and discounts on marketable securities	37	—
Non-cash lease expense	832	861
Loss on disposal of property and equipment	—	(39)
Stock-based compensation expense	5,467	4,186
Non-cash interest expense	800	406
Warrant liabilities revaluation	11,335	3,606
Loss on extinguishment of debt	—	461
Changes in operating assets and liabilities:		
Accounts receivable	(100)	(7,626)
Prepaid expenses, deposits and other assets	(510)	(6,656)
Accounts payable	1,148	(29)
Income taxes payable	15,828	—
Deferred revenue	(28,424)	99,512
Accrued expenses and other liabilities	1,740	389
Net cash (used in) provided by operating activities	(28,922)	42,131
Cash flows from investing activities		
Proceeds from maturities of marketable securities	6,400	—
Payment made for investments	(2,000)	—
Purchases of marketable securities	(30,455)	—
Purchases of property and equipment	(807)	(625)
Proceeds from the sale of property and equipment	—	50
Net cash used in investing activities	(26,862)	(575)
Cash flows from financing activities		
Proceeds from issuance of long-term debt, net of expenses	—	24,838
Repayments of principal on outstanding debt	—	(19,313)
Net proceeds from issuance of common stock- at-the-market offering	30,906	2,137
Net proceeds from issuance of common stock- private placement	—	10,269
Issuance costs paid for December 2019 financing	—	(4,381)
Other financing fees	—	(192)
Proceeds from exercise of pre-funded and common warrants	—	978
Proceeds from exercise of stock options	674	101
Proceeds from issuance of common stock under Employee Stock Purchase Plan	161	184
Net cash provided by financing activities	31,741	14,621
Effect of exchange rate changes on cash	3	(88)
Net change in cash, cash equivalents, and restricted cash	(24,040)	56,089
Cash, cash equivalents, and restricted cash at beginning of period	140,064	91,551
Cash, cash equivalents, and restricted cash at end of period	$ 116,024	$ 147,640
Supplement cash flow information		
Cash paid for interest	$ 1,503	$ 519
Noncash investing and financing activities		
Cashless warrant exercise	$ —	$ 18,228
Reclassification of warrant liability to equity upon exercise of warrants	$ —	$ 1,494
Fair value of warrants issued in connection with issuance of long-term debt	$ —	$ 444
Purchase of property and equipment not yet paid	$ 17	$ 17
Equity offering costs in accrued liabilities	$ 11	$ 117
Unrealized (losses) on marketable securities	$ (1)	$ —
Debt issuance costs in accrued liabilities	$ —	$ 100

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

Selecta Biosciences, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

1. Nature of the Business and Basis of Presentation

Selecta Biosciences, Inc., or the Company, was incorporated in Delaware on December 10, 2007, and is based in Watertown, Massachusetts. The Company is a clinical-stage biopharmaceutical company leveraging its ImmTOR™ immune tolerance platform with the goals of amplifying the efficacy of biologics, including enabling the re-dosing of life-saving gene therapies, and restoring self-tolerance in autoimmune diseases. The Company's ImmTOR platform encapsulates rapamycin, also known as sirolimus, an immunomodulator, in biodegradable nanoparticles and is designed to induce antigen-specific immune tolerance. The Company believes ImmTOR has the potential to enhance the efficacy without compromising the safety of biologic therapies, improve product candidates under development, and enable novel therapeutic modalities. Since inception, the Company has devoted its efforts principally to research and development of its technology and product candidates, recruiting management and technical staff, acquiring operating assets, and raising capital.

The Company is subject to risks common to companies in the biotechnology industry including, but not limited to, new technological innovations, protection of proprietary technology, dependence on key personnel, compliance with government regulations and the need to obtain additional financing. Product candidates currently under development will require significant additional research and development efforts, including extensive preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel infrastructure and extensive compliance-reporting capabilities.

The Company's product candidates are in development. There can be no assurance that the Company's research and development will be successfully completed, that adequate protection for the Company's intellectual property will be obtained, or maintained, that any products developed will obtain necessary government regulatory approval or that any approved products will be commercially viable. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will generate significant revenue from product sales. The Company operates in an environment of rapid change in technology and substantial competition from pharmaceutical and biotechnology companies. In addition, the Company is dependent upon the services of its employees and consultants.

Unaudited Interim Financial Information

The accompanying unaudited consolidated financial statements for the three and nine months ended September 30, 2021 and 2020 have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission, or the SEC, for interim financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 included in the Company's Annual Report on Form 10-K that was filed with the SEC on March 12, 2021. The unaudited interim financial statements have been prepared on the same basis as the audited consolidated financial statements. In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all adjustments that are necessary for a fair statement of the Company's financial position as of September 30, 2021, the consolidated results of operations for the three and nine months ended September 30, 2021, and cash flows for the nine months ended September 30, 2021. Such adjustments are of a normal and recurring nature. The results of operations for the three and nine months ended September 30, 2021 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2021.

Liquidity and Management's Plan

The future success of the Company is dependent on its ability to develop its product candidates and ultimately upon its ability to attain and sustain profitable operations. The Company is subject to a number of risks similar to other early-stage life science companies, including, but not limited to, successful development of its product candidates, raising additional capital with favorable terms, protection of proprietary technology and market acceptance of any approved future products. The successful development of product candidates requires substantial working capital, which may not be available to the Company on favorable terms or at all.

To date, the Company has financed its operations primarily through the initial public offering of its common stock, private placements of its common stock, issuances of common and preferred stock, debt, research grants and research collaborations. The Company currently has no source of product revenue, and it does not expect to generate product revenue for the foreseeable future. To date, all of the Company's revenue has been collaboration and grant revenue. The Company has devoted substantially all of its financial resources and efforts to developing its ImmTOR platform, identifying potential product

candidates and conducting preclinical studies and clinical trials. The Company is in the early stages of development of its product candidates, and it has not completed development of any ImmTOR-enabled therapies.

As of September 30, 2021, the Company's cash, cash equivalents, restricted cash and marketable securities were $140.0 million, of which $1.4 million was restricted cash related to lease commitments and $0.3 million was held by its Russian subsidiary designated solely for use in its operations. The Company believes the cash, cash equivalents, restricted cash and marketable securities as of September 30, 2021 will enable it to fund its operating expenses and capital expenditure requirements for at least twelve months from the issuance of these financial statements. As of September 30, 2021, the Company had an accumulated deficit of $442.6 million. The Company anticipates operating losses to continue for the foreseeable future due to, among other things, costs related to research and development of its product candidates and its administrative organization. The Company will require substantial additional financing to fund its operations and to continue to execute its strategy, and the Company intends to pursue a range of options to secure additional capital.

At this time, any impact of COVID-19 on the Company's business, revenues, results of operations and financial condition will largely depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or business disruptions, supply chain disruptions, the ultimate impact on financial markets and the global economy, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Guarantees and Indemnifications

As permitted under Delaware law, the Company indemnifies its officers, directors, consultants and employees for certain events or occurrences that happen by reason of the relationship with, or position held at, the Company. Through September 30, 2021, the Company had not experienced any losses related to these indemnification obligations, and no claims were outstanding. The Company does not expect significant claims related to these indemnification obligations and, consequently, concluded that the fair value of these obligations is negligible, and no related reserves were established.

2. Summary of Significant Accounting Policies

The Company disclosed its significant accounting policies in Note 2 – Summary of Significant Accounting Policies included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes previously disclosed, with the exception of the matters discussed in recent accounting pronouncements.

Recent Accounting Pronouncements

Recently Adopted

In October 2020, the FASB issued ASU 2020-10, *Codification Improvements*, which updates various codification topics by clarifying or improving disclosure requirements to align with the SEC's regulations. The Company adopted the new standard effective January 1, 2021, and there was no impact on its consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes.* ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The Company adopted the new standard effective January 1, 2021, and there was no impact on its consolidated financial statements.

Not Yet Adopted

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt – Modifications and Extinguishments (Subtopic 470-50), Compensation – Stock Compensation (Topic 718), and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*. ASU 2021-04 provides guidance as to how entities should account for a modification of the terms or conditions or an exchange of a freestanding equity-classified written call option (i.e., a warrant) that remains equity-classified after modification or exchange as an exchange of the original instrument for a new instrument. An entity should apply the guidance provided in ASU 2021-04 prospectively to modifications or exchanges occurring on or after the effective date. This new standard will be effective for us for fiscal years beginning after December 15, 2021 including interim periods within those fiscal years. The adoption of ASU 2021-04 is not expected to have an impact on the Company's financial position or results of operations upon adoption.

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40)*. ASU 2020-06 simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. This new standard will be effective for us for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Company is assessing the impact this standard will have on its consolidated financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. Subsequently, in November 2018, the FASB issued ASU 2018-19, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses*. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgments used in estimating credit losses. This new standard will be effective for us for fiscal years beginning after December 15, 2021. The adoption of ASU 2016-13 is not expected to have an impact on the Company's financial position or results of operations upon adoption.

3. Marketable Securities

The following table summarizes the marketable securities held as of September 30, 2021 (in thousands):

	Amortized cost	Unrealized gains	Unrealized losses	Fair value
September 30, 2021				
Corporate bonds	$ 2,035	$ —	$ (1)	$ 2,034
Commercial paper	21,984	—	—	21,984
Total	$ 24,019	$ —	$ (1)	$ 24,018

All marketable securities held at September 30, 2021 had maturities of less than 12 months when purchased and are classified as short-term marketable securities on the accompanying consolidated balance sheet. During the nine months ended September 30, 2021, there were no marketable securities adjusted for other than temporary declines in fair value.

As of December 31, 2020, the Company held no marketable securities.

4. Net Loss Per Share

The Company has reported a net loss for the three and nine months ended September 30, 2021 and 2020. The Company used the treasury stock method to determine the number of dilutive shares. The following table sets forth the computation of basic and diluted net loss per share (in thousands, except share and per-share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net loss	$ (17,894)	$ (9,729)	$ (37,926)	$ (53,430)
Denominator:				
Weighted-average common shares outstanding - basic and diluted	115,169,949	105,325,788	113,161,622	98,968,359
Net loss per share:				
Basic and diluted	$ (0.16)	$ (0.09)	$ (0.34)	$ (0.54)

The following table represents the potential dilutive common shares excluded from the computation of the diluted net loss per share for all periods presented, as the effect would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Options, RSUs and ESPP shares	11,701,844	7,638,839	11,701,844	7,638,839
Warrants to purchase common stock	12,378,016	13,888,525	12,378,016	13,888,525
Total	24,079,860	21,527,364	24,079,860	21,527,364

5. Fair Value Measurements

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2021 and December 31, 2020 (in thousands):

	September 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds (included in cash equivalents)	$ 56,563	$ 56,563	$ —	$ —
Marketable securities:				
Corporate bonds	2,034	—	2,034	—
Commercial paper	21,984	—	21,984	—
Total assets	$ 80,581	$ 56,563	$ 24,018	$ —
Liabilities:				
Warrant liabilities	$ 40,043	$ —	$ —	$ 40,043
Total liabilities	$ 40,043	$ —	$ —	$ 40,043

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds (included in cash equivalents)	$ 80,576	$ 80,576	$ —	$ —
Total assets	$ 80,576	$ 80,576	$ —	$ —
Liabilities:				
Warrant liabilities	$ 28,708	$ —	$ —	$ 28,708
Total liabilities	$ 28,708	$ —	$ —	$ 28,708

There were no transfers within the fair value hierarchy during the nine months ended September 30, 2021 or the year ended December 31, 2020.

Cash, Cash Equivalents, and Restricted Cash

As of September 30, 2021 and December 31, 2020, the money market funds were classified as cash and cash equivalents on the accompanying consolidated balance sheets as they mature within 90 days from the date of purchase.

As of September 30, 2021, the Company had restricted cash balances relating to a secured letter of credit in connection with its lease for the Company's headquarters (see Note 8 included elsewhere in this Quarterly Report). The Company's consolidated statement of cash flows includes the following as of September 30, 2021 and 2020 (in thousands):

	September 30,	
	2021	2020
Cash and cash equivalents	$ 114,645	$ 146,261
Long-term restricted cash	1,379	1,379
Total cash, cash equivalents, and restricted cash	$ 116,024	$ 147,640

Marketable Securities

As of September 30, 2021, marketable securities classified as Level 2 within the valuation hierarchy consist of corporate bonds and commercial paper. Marketable securities represent holdings of available-for-sale marketable debt securities in accordance with the Company's investment policy. The Company estimates the fair value of these marketable securities by taking into consideration valuations that include market pricing based on real-time trade data for the same or similar securities, and other observable inputs. The amortized cost of available-for-sale debt securities is adjusted for amortization of premiums and accretion of discounts to the earliest call date for premiums or to maturity for discounts.

Loans Payable

At September 30, 2021, in light of the recent issuance of the Term A Loan under the 2020 Term Loan, the Company believes the carrying value approximates the fair value of the loan.

Common Warrants

In December 2019, the Company issued common warrants in connection with a private placement of common shares. Pursuant to the terms of the common warrants, the Company could be required to settle the common warrants in cash in the event of certain acquisitions of the Company and, as a result, the common warrants are required to be measured at fair value and reported as a liability on the balance sheet. The Company recorded the fair value of the common warrants upon issuance using the Black-Scholes valuation model and is required to revalue the common warrants at each reporting date with any changes in fair value recorded in the statement of operations and comprehensive loss. The valuation of the common warrants is considered Level 3 of the fair value hierarchy due to the need to use assumptions in the valuation that are both significant to the fair value measurement and unobservable including the volatility rate and the estimated term of the warrants. Generally, increases (decreases) in the fair value of the underlying stock and estimated term would result in a directionally similar impact to the fair value measurement. The changes in the fair values of the Level 3 warrant liability are reflected in the statement of operations and comprehensive loss for the three and nine months ended September 30, 2021 and 2020.

The estimated fair value of warrants is determined using Level 3 inputs inherent in the Black-Scholes simulation valuation.

Estimated fair value of the underlying stock. The Company estimates the fair value of the common stock based on the closing stock price at the end of each reporting period.

Risk-free interest rate. The risk-free interest rate is based on the U.S. Treasury at the valuation date commensurate with the expected remaining life assumption.

Dividend rate. The dividend rate is based on the historical rate, which the Company anticipates will remain at zero.

Expected life. The expected life of the warrants is assumed to be equivalent to their remaining contractual term which expires on December 23, 2024.

Volatility. The Company estimates stock price volatility based on the Company's historical volatility and the historical volatility of peer companies for a period of time commensurate with the expected remaining life of the warrants.

A summary of the Black-Scholes pricing model assumptions used to record the fair value of the warrant liability is as follows:

	September 30, 2021
Risk-free interest rate	0.53 %
Dividend yield	—
Expected life (in years)	3.23
Expected volatility	98.07 %

Changes in Level 3 Liabilities Measured at Fair Value on a Recurring Basis

The following table reflects a roll-forward of fair value for the Company's Level 3 warrant liabilities (see Note 10), for the nine months ended September 30, 2021 (in thousands):

	Warrant liabilities
Fair value as of December 31, 2020	$ 28,708
Change in fair value	11,335
Fair value as of September 30, 2021	$ 40,043

6. Property and Equipment

Property and equipment consists of the following (in thousands):

	September 30, 2021	December 31, 2020
Laboratory equipment	$ 5,095	$ 4,427
Computer equipment and software	734	532
Leasehold improvements	45	38
Furniture and fixtures	327	327
Office equipment	163	163
Construction in process	93	163
Total property and equipment	6,457	5,650
Less accumulated depreciation	(4,650)	(4,255)
Property and equipment, net	$ 1,807	$ 1,395

Depreciation expense was $0.1 million and $0.4 million for the three and nine months ended September 30, 2021, respectively. Depreciation expense was $0.1 million and $0.5 million for the three and nine months ended September 30, 2020, respectively.

7. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	September 30, 2021	December 31, 2020
Payroll and employee related expenses	$ 2,552	$ 3,049
Collaboration and licensing	1,350	1,350
Accrued patent fees	457	534
Accrued external research and development costs	4,551	2,029
Accrued professional and consulting services	1,205	798
Accrued interest	165	170
Other	462	216
Accrued expenses	$ 10,742	$ 8,146

8. Leases

65 Grove Street Lease

In July 2019, the Company entered into a lease for 25,078 square feet of laboratory and office space located at 65 Grove Street, Watertown, Massachusetts, or the Headquarters Lease. As part of the Headquarters Lease, the Company incurred $0.8 million in non-reimbursable construction costs. The lease began in March 2020, when the Company took control of the office space, and the lease term is 8 years. The discount rate of 8.9% was determined based on the Company's incremental borrowing rate adjusted for the lease term, including any reasonably certain renewal periods. In connection with the Headquarters Lease, the Company secured a letter of credit from Silicon Valley Bank, or SVB, for $1.4 million, recognized as long-term restricted cash, as of September 30, 2021 and December 31, 2020, respectively, which automatically renews each year.

Moscow, Russia Lease

The Company has a month-to-month facility agreement for its Moscow, Russia office. Rent expense is recognized as incurred.

For the three and nine months ended September 30, 2021 and 2020 the components of lease costs were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Operating lease cost	$ 457	$ 506	$ 1,355	$ 1,590
Variable lease cost	182	123	652	496
Short-term lease cost	2	3	7	8
Total lease cost	$ 641	$ 632	$ 2,014	$ 2,094

The maturity of the Company's operating lease liabilities as of September 30, 2021 were as follows (in thousands):

	September 30, 2021
2021 (remainder)	$ 457
2022	1,866
2023	1,922
2024	1,980
2025	2,039
Thereafter	4,945
Total future minimum lease payments	13,209
Less imputed interest	3,323
Total operating lease liabilities	$ 9,886

The supplemental disclosure for the statement of cash flows related to operating leases were as follows (in thousands):

	September 30,	
	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:	$ 1,355	$ 2,079

Other than the initial recording of the right-of-use asset and lease liability for the Headquarters Lease in 2020, which was non-cash, the changes in the Company's right-of-use asset and lease liability for the nine months ended September 30, 2021 and 2020 are reflected in the non-cash lease expense and accrued expenses and other liabilities, respectively, in the consolidated statements of cash flows.

The following summarizes additional information related to operating leases:

	September 30,	
	2021	2020
Weighted-average remaining lease term	6.6 years	7.7 years
Weighted-average discount rate	8.9 %	8.9 %

9. Debt

2020 Term Loan

On August 31, 2020, the Company entered into a term loan of up to $35.0 million, or the 2020 Term Loan, consisting of term loans in an aggregate amount of $25.0 million, or the Term A Loan, and term loans in an aggregate amount of $10.0 million, or the Term B Loan, governed by a loan and security agreement, or the Loan Agreement, between the Company and Oxford Finance LLC, or Oxford, as Collateral Agent and a Lender, and SVB, as a Lender. The Term A Loan was funded in full on August 31, 2020, or the Funding Date.

The Term B Loan was to be available, subject to Collateral Agent's discretion and customary terms and conditions, during the period commencing on the date the Company had delivered to the Collateral Agent and the Lenders evidence: (i) the Company or one of the Company's collaboration partners has enrolled its first patient for a Phase 1 clinical trial evaluating the treatment of methylmalonic acidemia, or MMA, and (ii) the Company has enrolled the first patient in each of two Phase 3 pivotal trials evaluating SEL-212, or the Second Draw Period Milestone, and ending on the earliest of (i) the date which is 30 days following the date the Second Draw Period Milestone is achieved, (ii) September 30, 2021 and (iii) the occurrence of an event of default, other than an event of default that has been waived in writing by Collateral Agent and the Lenders in their sole

discretion, with such period referred to as the Second Draw Period. The Second Draw Period expired on September 30, 2021 and the Term B Loan is no longer available to be drawn by the Company in the future.

The 2020 Term Loan will mature on August 1, 2025. Each advance under the Term Loan accrues interest at a floating per annum rate equal to the greater of (a) 7.90%, and (b) the lesser of (x) the sum of (i) the prime rate reported in The Wall Street Journal on the last business day of the month that immediately precedes the month in which the interest will accrue, and (ii) 4.65% and (y) 10.00%. The Term Loan provides for interest-only payments on a monthly basis until April 1, 2022. Thereafter, amortization payments will be payable monthly in equal installments of principal and interest to fully amortize the outstanding principal over the remaining term of the loan, subject to recalculation upon a change in the prime rate. The Company may prepay the Term Loan in full but not in part provided that the Company (i) provides ten days' prior written notice to Collateral Agent, (ii) pays on the date of such prepayment (A) all outstanding principal plus accrued and unpaid interest, and (B) a prepayment fee of between 3.0% and 1.0% of the aggregate original principal amount advanced by the lender depending on the timing of the prepayment. Amounts outstanding during an event of default are payable upon SVB's demand and shall accrue interest at an additional rate of 5.0% per annum of the past due amount outstanding. At the end of the loan term (whether at maturity, by prepayment in full or otherwise), the Company shall make a final payment to the lender in the amount of 9.0% of the aggregate original principal amount advanced by the lender. The final payment fee totaling $2.3 million is recorded as a loan discount.

The Term Loan is secured by a lien on substantially all of the assets of the Company, other than intellectual property, provided that such lien on substantially all assets includes any rights to payments and proceeds from the sale, licensing or disposition of intellectual property. The Company has also granted the Collateral Agent a negative pledge with respect to its intellectual property.

The Loan Agreement contains customary covenants and representations, including but not limited to financial reporting obligations and limitations on dividends, indebtedness, collateral, investments, distributions, transfers, mergers or acquisitions, taxes, corporate changes, deposit accounts, and subsidiaries. The Loan Agreement also contains other customary provisions, such as expense reimbursement, non-disclosure obligations as well as indemnification rights for the benefit of the Collateral Agent.

The events of default under the Loan Agreement include, but are not limited to, the Company's failure to make any payments of principal or interest under the Loan Agreement or other transaction documents, the Company's breach or default in the performance of any covenant under the Loan Agreement or other transaction documents, the occurrence of a material adverse change, the Company making a false or misleading representation or warranty in any material respect under the Loan Agreement, the Company's insolvency or bankruptcy, any attachment or judgment on the Company's assets of at least $0.5 million, or the occurrence of any default under any agreement or obligation of the Company involving indebtedness in excess of $0.5 million. If an event of default occurs, the Collateral Agent is entitled to take enforcement action, including acceleration of amounts due under the Loan Agreement.

The Company incurred $0.4 million in debt issuance costs in connection with the closing of the 2020 Term Loan. Debt issuance costs are presented in the consolidated balance sheet as a direct deduction from the associated liability and amortized to interest expense over the term of the related debt.

The Company assessed all terms and features of the 2020 Term Loan to identify any potential embedded features that would require bifurcation. As part of this analysis, the Company assessed the economic characteristics and risks of the 2020 Term Loan, including any put, call, and contingent features. The Company determined that the interest rate collar and prepayment call option did not require bifurcation; whereas the contingent put option and default (contingent) interest rate feature met bifurcation criteria resulting in immaterial amounts.

Warrants

On August 31, 2020, in connection with the 2020 Term A Loan, the Company issued warrants to the Lenders to purchase an aggregate of 196,850 shares of its common stock at an exercise price equal to $2.54 per share. In accordance with ASC 815-40, these warrants are classified as permanent equity in the accompanying consolidated balance sheets and will expire ten years from the date of issuance. The initial grant date fair value of the warrants was $0.4 million as determined by the Black-Scholes valuation model and recorded to stockholders' equity, with the SVB portion allocated to the reacquisition price of the 2017 Term Loan and the Oxford fair value portion as a loan discount to the Term A Loan.

Additionally, on August 31, 2020, pursuant to the terms of a Warrant Side Letter agreement among the Company and the Lenders, the Company agreed to issue to the Lenders, on the date the Company draws the Term B Loan and in accordance with each party's respective pro rata share with respect to the Term B Loan, one or more warrants to purchase an aggregate number of shares of its common stock that is equal to $200,000 divided by the average closing price of the Company's common stock on The Nasdaq Stock Market LLC for the ten consecutive trading days ending the day before such issuance, rounded down to the nearest whole number of shares, and having an exercise price equal to the Term B Warrant Price. As the Company is no

longer able to draw the Term B Loan due to the expiration of the Second Draw Period, this additional warrant issuance is no longer possible.

Payoff

On the Funding Date, the Company entered into a payoff letter with SVB, pursuant to which the Company utilized $13.7 million of the 2020 Term Loan to pay off all outstanding obligations under the previous term loan, consisting of the principal payment, final prepayment and accrued interest. During the three and nine months ended September 30, 2020, the Company recognized a loss on extinguishment of debt in the amount of $0.5 million determined as the difference between the reacquisition price and carrying value at August 31, 2020.

As of September 30, 2021 and December 31, 2020, the outstanding principal balance under the 2020 Term Loan was $25.0 million.

Future minimum principal and interest payments on the 2020 Term Loan as of September 30, 2021 are as follows (in thousands):

2021 (remainder)	$	499
2022		7,343
2023		8,611
2024		8,027
2025		7,274
Total minimum debt payments		31,754
Less: Amount representing interest		(4,505)
Less: Debt discount and deferred charges		(1,820)
Less: Current portion of loan payable		(4,125)
Loan payable, net of current portion	$	21,304

10. Equity

Equity Financings

August 2020 Shelf Registration Statement

On August 6, 2020, the Company filed an updated universal shelf registration statement on Form S-3 (Reg. No. 333-241692) with the SEC to sell an aggregate amount of up to $200.0 million of certain of its securities. The shelf registration statement was declared effective by the SEC on August 14, 2020.

“At-the-Market” Offerings

2017 Sales Agreement

In August 2017, the Company entered into a sales agreement, or the 2017 Sales Agreement, with Jefferies LLC, as sales agent, to sell shares of its common stock with an aggregate value of up to $50.0 million in an “at the market offering.” On August 6, 2020, concurrent with the filing of the updated shelf registration statement, the Company entered into a sales agreement, or the 2020 Sales Agreement with Jefferies LLC, as sales agent, pursuant to which the Company may, from time to time, issue and sell common stock with an aggregate value of up to $50.0 million in an “at the market offering.” The 2017 Sales Agreement terminated pursuant to its terms in August 2020.

During the nine months ended September 30, 2021, the Company sold 6,883,153 shares of its common stock pursuant to the 2020 Sales Agreement for aggregate net proceeds of $30.9 million, after deducting commissions and other transaction costs. During the year ended December 31, 2020, the Company sold 1,069,486 shares of its common stock pursuant to the 2020 and 2017 Sales Agreements at an average price of approximately $2.16 per share for aggregate net proceeds of $2.1 million, after deducting commissions and other transaction costs. On October 8, 2021, the Company delivered notice to Jefferies LLC that the Company was terminating the 2017 Sales Agreement, with effect as of October 19, 2021. Refer to Note 18 Subsequent Events.

June 2020 Sobi Stock Purchase

On June 11, 2020, the Company entered into a stock purchase agreement with Sobi, pursuant to which the Company sold an aggregate of 5,416,390 shares of its common stock at a purchase price equal to $4.6156 per share, which represented 120% of the 10-day volume-weighted average price of the Company’s common stock prior to signing, for aggregate gross proceeds of $25.0 million, or the Sobi Private Placement. The closing of the Sobi Private Placement occurred on July 31, 2020. The shares

of common stock acquired in the Sobi Private Placement are subject to a one-year lock-up from closing, during which time Sobi is prohibited from selling or otherwise disposing of such shares.

In accordance with ASC 815, this forward sale treatment qualified as equity classification as the shares are not within the scope of ASC 480. The gross proceeds of $25.0 million were determined to include a premium to the fair value of the Company's shares as of July 28, 2020 of approximately $14.5 million. As a result, such amount was included in the transaction price for revenue recognition of the Sobi License. See Note 12 for details.

Also on June 11, 2020, the Company entered into a registration rights agreement (as amended by that certain letter agreement, dated as of November 4, 2020) with Sobi, pursuant to which the Company agreed to prepare and file a registration statement with respect to the resale of the shares of common stock acquired in the Sobi Private Placement. The Company will be required to file this resale registration statement within 30 days following receipt by the Company of a written request from Sobi to file such resale registration statement, and to have the registration statement declared effective within 10 business days after the SEC informs the Company that no review of such resale registration statement will be made or that the SEC has no further comments on such resale registration statement.

December 2019 Financing

On December 18, 2019, the Company entered into a securities purchase agreement, or the 2019 Purchase Agreement, with a group of institutional investors and certain members of the Board of Directors. Pursuant to the 2019 Purchase Agreement, the Company sold an aggregate of 37,634,883 shares of its common stock at a purchase price of $1.46 per share, warrants to purchase an aggregate of 22,988,501 shares of common stock at a purchase price of $0.125 per share underlying each common warrant, and pre-funded warrants to purchase an aggregate of 8,342,128 shares of common stock at a purchase price of $1.46 per share, all with five year terms, or the 2019 PIPE. The closing of the 2019 PIPE occurred on December 23, 2019. The exercise price of the pre-funded warrants is $0.0001 per share and the exercise price for the common warrants is $1.46 per share. In the event of a certain sale of the Company, the terms of the common warrants require us to make a payment to such common warrant holders based on a Black-Scholes valuation (using variables as specified in the warrants). This provision does not apply to the pre-funded warrants. Therefore, the Company is required to account for the common warrants as liabilities and record them at fair value, while the pre-funded warrants met the criteria to be classified as permanent equity.

The Company recorded the fair value of the common warrants of $40.7 million upon issuance using the Black-Scholes valuation model. Issuance costs were allocated between the equity component with an offset to additional paid-in capital and the liability component recorded as expense on a relative fair value basis. Total net proceeds from the equity offering was $65.6 million, after deducting transaction costs and commissions of $4.4 million which was paid in the three months ended March 31, 2020.

The common warrants were revalued as of September 30, 2021 at $40.0 million. During the three months ended September 30, 2021 and 2020, the Company recorded a decrease in the fair value of the warrants of $0.6 million and $4.8 million, respectively, in the unaudited consolidated statements of operations and comprehensive loss. During the nine months ended September 30, 2021 and 2020, the Company recorded an increase in the fair value of the warrants of $11.3 million and $3.6 million, respectively, in the unaudited consolidated statements of operations and comprehensive loss.

Warrants

During the nine months ended September 30, 2021, there were no warrants issued, exercised, or canceled.

	Number of Warrants			
	Equity classified	Liability classified	Total	Weighted average exercise price
Outstanding at September 30, 2021	292,469	12,085,547	12,378,016	$ 1.60

Reserved Shares

The Company has authorized shares of common stock for future issuance as follows:

	As of	
	September 30, 2021	December 31, 2020
Exercise of common warrants	12,378,016	12,378,016
Shares available for future stock incentive awards	6,049,422	4,916,374
Unvested restricted stock units	561,888	87,500
Outstanding common stock options	11,082,277	7,775,249
Total	30,071,603	25,157,139

11. Stock Incentive Plans

The Company maintains the 2008 Stock Incentive Plan, or the 2008 Plan, for employees, consultants, advisors, and directors. The 2008 Plan provided for the granting of incentive and non-qualified stock option and restricted stock awards as determined by the Board.

In June 2016, the Company's stockholders approved the 2016 Incentive Award Plan, or the 2016 Plan, which authorized 1,210,256 shares of common stock for future issuance under the 2016 Plan and the Company ceased granting awards under the 2008 Plan. Upon the effective date of the 2016 Plan, awards issued under the 2008 Plan remain subject to the terms of the 2008 Plan. Awards granted under the 2008 Plan that expire, lapse or terminate become available under the 2016 Plan as shares available for future grants.

Additionally, pursuant to the terms of the 2016 Plan, the Board is authorized to grant awards with respect to common stock, and may delegate to a committee of one or more members of the Board or executive officers of the Company the authority to grant options and restricted stock units. On December 9, 2020, the Board established a Stock Option Committee authorized to grant awards to certain employees and consultants subject to conditions and limitations within the 2016 Plan. In January 2021 and 2020, the number of shares of common stock that may be issued under the 2016 Plan was increased by 4,322,850 and 3,453,022 shares, respectively. As of September 30, 2021, 1,935,395 shares remain available for future issuance under the 2016 Plan.

In September 2018, the Company's 2018 Employment Inducement Incentive Award Plan, or the 2018 Inducement Incentive Award Plan was adopted by the Board without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Stock Market LLC listing rules, which authorized 1,175,000 shares of its common stock for issuance. In March 2019, the Board approved the amendment and restatement of the 2018 Inducement Incentive Award Plan to reserve an additional 2,000,000 shares of the Company's common stock for issuance thereunder. As of September 30, 2021, there are 1,591,661 shares available for future grant under the 2018 Inducement Incentive Award Plan.

Stock-based Compensation Expense

Stock-based compensation expense by classification included within the consolidated statements of operations and comprehensive loss was as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Research and development	$ 791	$ 532	$ 2,331	$ 1,773
General and administrative	1,113	764	3,136	2,413
Total stock-based compensation expense	$ 1,904	$ 1,296	$ 5,467	$ 4,186

Stock Options

Employees

The estimated grant date fair values of employee stock option awards granted under the 2016 Plan and the 2018 Inducement Incentive Award Plan were calculated using the Black-Scholes option pricing model, based on the following weighted-average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Risk-free interest rate	1.01 %	0.24 %	0.79 %	1.19 %
Dividend yield	—	—	—	—
Expected term	6.06	6.08	6.03	6.05
Expected volatility	93.55 %	94.88 %	95.05 %	90.19 %
Weighted-average fair value of common stock	$ 4.19	$ 2.47	$ 3.58	$ 2.39

The weighted average grant date fair value of stock options granted to employees during the three and nine months ended September 30, 2021 and 2020 was $3.17 and $1.88, $2.73 and $1.77 respectively.

As of September 30, 2021, total unrecognized compensation expense related to unvested employee stock options was $12.8 million, which is expected to be recognized over a weighted average period of 2.9 years.

Non-employee consultants

As of September 30, 2021, there was no unrecognized compensation expense related to non-employee consultants' stock options.

The following table summarizes the stock option activity under the 2008 Plan, 2016 Plan, and 2018 Inducement Incentive Award Plan:

	Number of options	Weighted-average exercise price ($)	Weighted-average remaining contractual term (in years)	Aggregate intrinsic value (in thousands)
Employees				
Outstanding at December 31, 2020	7,302,176	$ 3.98	8.43	$ 4,456
Granted	4,609,811	$ 3.58		
Exercised	(397,492)	$ 1.72		
Forfeited	(905,291)	$ 2.82		
Outstanding at September 30, 2021	10,609,204	$ 3.99	8.44	$ 11,080
Vested at September 30, 2021	3,583,316	$ 5.27	7.32	$ 4,133
Vested and expected to vest at September 30, 2021	9,775,480	$ 4.04	8.36	$ 10,400
Non-employee consultants				
Outstanding at December 31, 2020	473,073	$ 5.89	5.23	$ 86
Granted	—	$ —		
Exercised	—	$ —		
Forfeited	—	$ —		
Outstanding at September 30, 2021	473,073	$ 5.89	4.48	$ 282
Vested at September 30, 2021	473,073	$ 5.89	4.48	$ 282
Vested and expected to vest at September 30, 2021	473,073	$ 5.89	4.48	$ 282

Restricted Stock Units

In January 2021, the Company granted 369,800 restricted stock awards to employees under the 2016 Plan, which will vest over a four year term. In addition, during the first quarter of 2021, the Company awarded 197,500 restricted stock units to executives under the 2016 Plan, of which 98,750 were determined to be granted as of the award date consistent with ASC 718.

On September 24, 2021, the Compensation Committee of the Board of Directors, under authority duly granted to them by the Board of Directors, determined a definitive performance metric for the second performance condition previously undefined, and therefore granted the previously reserved 98,750 restricted stock units. These restricted stock units will vest in two equal installments on the dates an applicable performance condition is achieved, on or prior to December 31, 2021. If the performance conditions are not satisfied on or prior to December 31, 2021, the restricted stock units will be forfeited for no consideration.

The restricted stock units granted during the first quarter of 2021 had a weighted average fair value of $2.99 per share based on the closing price of the Company's common stock on the date of grant. The restricted stock units were valued at approximately $1.4 million on their grant date. Forfeitures are estimated at the time of grant and are adjusted, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has estimated a forfeiture rate of 10% for restricted stock awards to employees based on historical attrition trends.

In September 2021, the Company granted 36,300 restricted stock awards to executives under the 2016 Plan which will vest over a four-year term.

Unrecognized compensation expense for all restricted stock units was $1.4 million as of September 30, 2021, which is expected to be recognized over a weighted average period of 2.1 years.

The following table summarizes the Company's restricted stock units under the 2016 Plan and 2018 Inducement Incentive Award Plan:

	Number of shares	Weighted average grant date fair value ($)
Unvested at December 31, 2020	87,500	$ 6.03
Granted	603,600	3.24
Vested	(32,812)	6.03
Forfeited	(96,400)	2.99
Unvested at September 30, 2021	561,888	$ 3.56

Employee Stock Purchase Plan

In June 2016, the Company approved the 2016 Employee Stock Purchase Plan, or the ESPP, which authorized 173,076 shares of common stock for future issuance under the ESPP to participating employees. In January 2021 and 2020, the number of shares of common stock authorized for issuance under the ESPP was increased by 1,080,711 shares and 863,254 shares, respectively. During the nine months ended September 30, 2021, the Company issued 58,794 shares of common stock under the ESPP. As of September 30, 2021, 2,522,366 shares remain available for future issuance under the ESPP.

For each of the three and nine months ended September 30, 2021 and 2020, the Company recognized less than $0.1 million and $0.1 million of stock-based compensation expense under the ESPP, respectively.

12. Revenue Arrangements

Swedish Orphan Biovitrum

License and Development Agreement

On June 11, 2020, the Company and Sobi entered into the Sobi License. Pursuant to the Sobi License, the Company has agreed to grant Sobi an exclusive, worldwide (except as to Greater China) license to develop, manufacture and commercialize the Company's SEL-212 drug candidate, which is currently in development for the treatment of chronic refractory gout. The SEL-212 drug candidate is a pharmaceutical composition containing a combination of SEL-037, or the Compound, and ImmTOR. Pursuant to the Sobi License, in consideration of the license, Sobi agreed to pay the Company a one-time, up-front payment of $75.0 million. Sobi has also agreed to make milestone payments totaling up to $630.0 million to the Company upon the achievement of various development and regulatory milestones and, if commercialized, sales thresholds for annual net sales of SEL-212, and tiered royalty payments ranging from the low double digits on the lowest sales tier to the high teens on the highest sales tier.

Pursuant to the Sobi License, the Company has agreed to supply (at cost) quantities of the Compound and ImmTOR as necessary for completion of the two Phase 3 clinical trials of SEL-212 (DISSOLVE I and DISSOLVE II) and a 6-month placebo extension. The Company is required to supply quantities of the Compound until all rights to the Compound and any materials needed to manufacture the Compound are transferred to Sobi. Sobi has agreed to reimburse the Company for all budgeted costs incurred to complete development of SEL-212, including but not limited to costs incurred while conducting and completing the Phase 3 DISSOLVE trials, except for any costs of additional development activities required that are related to ImmTOR and that are unrelated to SEL-212. Sobi will have control and responsibility over all regulatory filings, including any investigational drug applications (IND), biologics license applications (BLA), and marketing authorization applications (MAA) relating to the licensed product.

The transactions contemplated by the Sobi License were consummated on July 28, 2020 following the expiration or termination of the required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Sobi may

terminate the Sobi License for any reason upon 180 days' written notice to the Company, whereby all rights granted under the Sobi License would revert back to the Company. In addition, if Sobi were to terminate the Sobi License, the Company has the option to obtain a license to all patents and know-how necessary to exploit SEL-212 in existence as of the termination date from Sobi in return for making an equitable royalty payment to Sobi.

Additionally, on June 11, 2020, the Company entered into the Sobi Purchase Agreement in connection with the Sobi License. The closing of the Sobi Private Placement occurred on July 31, 2020, following the closing of the transactions contemplated under the Sobi License. See Note 10 for details.

The Company determined that the Sobi License represents a service arrangement under the scope of ASC 606. In addition, given the Sobi License and Sobi Purchase Agreement were executed contemporaneously and negotiated as a package with a single commercial objective, the Company will account for the two agreements as a single contract. The term of the Sobi License commenced upon the effective date of July 28, 2020 and will continue on a product-by-product basis until the royalty terms for each country have expired. The royalty term for a given product begins upon the first commercial sale of the product in a country and ends at the later of ten years from the first commercial sale, expiration of the last valid patent claim covering the product and expiration of all regulatory exclusivity periods for the product in a country. Given the reversion of the rights under the Sobi License represents a penalty in substance for a termination by Sobi, the contract term would remain the stated term of the Sobi License.

The Company determined that the Sobi License contains three distinct performance obligations due to the nature of the promises in the contract, which includes conducting the Phase 3 DISSOLVE trials, Sobi's option to set-up a second source supplier, and a combined obligation comprised of the delivery of the license to SEL-212, transfer of the know-how and the manufacturing and delivery of SEL-212 supply for development, or the Combined License Obligation. As the set-up of a second source supplier is optional for Sobi and the Company will be reimbursed at cost for its efforts in the subsequent set-up and technology transfer, the option for this future service was determined to be at a significant and incremental discount to its standalone selling price and treated as a material right in the arrangement, namely a distinct performance obligation.

In determining the transaction price, the Company concluded the upfront payment of $75.0 million and the $5.0 million development milestone associated with the dosing of the first patient in the Phase 3 DISSOLVE trials will be included in the transaction price. All other development milestones will be fully constrained and only be included in the transaction price when the respective milestone is deemed probable of achievement. Each of these variable consideration items was evaluated under the most likely amount method to determine whether such amounts were probable of occurrence, or whether such amounts should be constrained until they become probable. As part of the evaluation of the constraint, the Company considered numerous factors, including that receipt of such milestones is outside the control of the Company and probability of success criteria is estimated. The Company will re-evaluate the transaction price in each reporting period, as uncertain events are resolved. In accordance with ASC 606, the Company will only recognize revenue associated with sales-based milestones and royalties when the subsequent sales thresholds are reached and underlying sales occur, respectively. In connection with the Sobi Purchase Agreement, the Company determined that the gross proceeds of $25.0 million from the Sobi Private Placement included a premium to the fair value of the Company's shares as of July 28, 2020 equal to approximately $14.5 million. The premium amount will be included in the transaction price for revenue recognition. The Company will estimate and include in the transaction price the total reimbursements to be received from Sobi for both the manufacturing and delivery of the Compound and ImmTOR as well as conducting the Phase 3 DISSOLVE trials. The Company determined that a significant financing component does not exist in its arrangement with Sobi.

The Company allocated the transaction price based on the relative standalone selling prices of the three distinct performance obligations. The Company estimated the standalone selling price of conducting the Phase 3 DISSOLVE trials by forecasting its anticipated costs and applying a margin reflective of the industry. The Company must determine the standalone selling price of the second source supplier option by determining the discount given to Sobi multiplied by the likelihood that Sobi will exercise the option in the future. Similar to the Phase 3 program estimate, the Company estimated the discount of the option by forecasting the set-up costs and applying a margin that is reflective of the industry. As the Company will be providing the set-up and technology transfer services and the future supply at cost, the discount of the option is equal to the margin amount. The Company considered discussions with Sobi as well as probability of regulatory success of SEL-212 in determining the likelihood of exercise. The Company estimated the standalone selling price of the Combined License Obligation by utilizing a discounted cash flow model.

The Company determined that the delivery of the supply to Sobi best represents the pattern of delivery of the Combined License Obligation as the supply is essential to the utility of the license and know-how. The Company will recognize the revenue allocated to the Combined License Obligation by utilizing the output method. The Company estimated the total supply of the Compound and ImmTOR to be required during the clinical trial period and will recognize revenue as this supply is shipped for use in the clinical trials. The Company will recognize the revenue allocated to the conducting of the Phase 3 DISSOLVE trials obligation by utilizing the input method. The Company estimated the total budgeted costs to be incurred over the Phase 3 DISSOLVE trials and will recognize revenue as these costs are incurred. The Company's costs best represent the pattern of transfer as these will capture all performance of the trials completed to date and can be readily measured. The

Company will recognize the revenue allocated to the second source supplier option when the future services and goods are transferred.

As of September 30, 2021 and December 31, 2020, the Company recorded $55.9 million and $68.3 million, respectively, as a short-term contract liability and $5.5 million and $24.2 million, respectively, as a long-term contract liability, representing deferred revenue associated with this agreement. In addition, as of September 30, 2021 the Company has recorded $1.0 million of contract assets related to incremental costs that would not have been incurred if the Sobi License had not been obtained, of which $0.9 million is presented in prepaid expenses and other current assets and $0.1 million is presented in other assets in the accompanying unaudited consolidated balance sheets. Amortization of contract assets was $0.4 million for the nine months ended September 30, 2021.

As of September 30, 2021 and December 31, 2020, the Company recorded a total outstanding receivable of $7.0 million and $6.9 million, respectively, representing billings for the Phase 3 DISSOLVE program that are subject to reimbursement by Sobi. Revenue of $24.3 million and $54.8 million related to the Sobi License was recognized during the three and nine months ended September 30, 2021, respectively. Revenue of $4.3 million related to the Sobi License was recognized during the three and nine months ended September 30, 2020.

Sarepta Therapeutics, Inc.

Research License and Option Agreement

On June 13, 2020, the Company and Sarepta entered into a Research License and Option Agreement, or the Sarepta Agreement. Pursuant to the Sarepta Agreement, the Company agreed to grant Sarepta a license under the Company's intellectual property rights covering the Company's antigen-specific biodegradable nanoparticle encapsulating ImmTOR to research and evaluate ImmTOR in combination with Sarepta's adeno-associated virus gene therapy technology, or gene editing technology, using viral or non-viral delivery, to treat Duchenne Muscular Dystrophy and certain Limb-Girdle Muscular Dystrophy subtypes, or the Indications. Sarepta will have an option term of 24 months during which it can opt-in to obtain an exclusive license to further develop and commercialize the Product to treat at least one Indication, with a potential to extend the option term for an additional fee. The Company will supply ImmTOR to Sarepta for clinical supply on a cost-plus basis.

Sarepta paid a $2.0 million up-front payment to the Company upon signing of the Sarepta Agreement, and the Company is eligible to receive additional preclinical payments during the option term. If Sarepta opts-in to an exclusive license agreement, the Company could receive option exercise payments per Indication upon execution of the exclusive license, and the Company would be entitled to significant development and commercial milestone payments and tiered royalties ranging from the mid-to-high single digits based on net sales.

Pursuant to the Sarepta Agreement, the Company determined the Sarepta Agreement represents a service arrangement under the scope of ASC 606, with a 24 month contract duration. Given the reversion of the rights under the Sarepta Agreement represents a penalty in substance for a termination by Sarepta, the contract term would remain the stated term of the Sarepta Agreement.

The Company determined that the Sarepta Agreement and supply obligation including the delivery of the research license, the licensed know-how, the manufactured supply and delivery of materials represent a single promise and performance obligation to be transferred to Sarepta over time due to the nature of the promises in the contract. The delivery of the manufactured supply is the predominant promise within the arrangement, as it is essential to the utility of the licensed intellectual property. As such, consideration in the initial transaction price will be allocated to the single performance obligation based on the contractual price.

In determining the transaction price, the Company concluded the payment associated with all the performance milestones will be fully constrained and only be included in the transaction price when the respective milestone is deemed probable of achievement. Each of these variable consideration items was evaluated under the most likely amount method to determine whether such amounts were probable of occurrence, or whether such amounts should be constrained until they become probable. As part of its evaluation of the constraint, the Company considered numerous factors, including that receipt of such study milestones is outside the control of the Company and probability of success criteria is estimated.

The Company also determined the option to enter into a future commercial license agreement and extend the term of the option does not represent a material right since it was not priced at an incremental discount. Sarepta may terminate the Sarepta Agreement for any reason upon 30 days' written notice to the Company. The Sarepta Agreement contains other customary terms and conditions, including representations and warranties, covenants, termination, and indemnification obligations in favor of each party. During the year ended December 31, 2020, the Company and Sarepta entered into two amendments relating to an additional feasibility study. During the nine months ended September 30, 2021, the Company and Sarepta entered into a third amendment relating to the additional feasibility study.

On April 13, 2021, the Company was notified by Sarepta of the achievement of the milestone event related to the completion of a non-clinical study for Duchenne muscular dystrophy and certain limb-girdle muscular dystrophies under the

Sarepta Agreement. Accordingly, the Company received a milestone payment of $3.0 million during the three months ended June 30, 2021.

As of September 30, 2021, two milestones remained constrained, and as of December 31, 2020, all milestones were constrained. The Company will re-evaluate the transaction price in each reporting period, as uncertain events are resolved. The Company will recognize the revenue associated with the upfront payment and combined single performance obligation utilizing the output method, over the 24 month term as the manufactured supply is delivered to Sarepta.

As of September 30, 2021 and December 31, 2020, the Company recorded $4.8 million and $2.0 million, respectively, as a short-term contract liability representing deferred revenue associated with this agreement. Revenue of $0.2 million related to the Sarepta Agreement was recognized during each of the three and nine months ended September 30, 2021. Revenue of $0.3 million related to the Sarepta License Agreement was recognized during the three and nine months ended September 30, 2020.

Asklepios Biopharmaceutical, Inc.

License Agreement for Pompe Disease

On December 17, 2019, the Company and AskBio entered into a license agreement, or the AskBio License Agreement. Pursuant to the AskBio License Agreement, AskBio has exercised its option to exclusively license the Company's intellectual property rights covering the Company's ImmTOR platform to research, develop, and commercialize certain AAV gene therapy products utilizing ImmTOR, and targeting the GAA gene, or derivatives thereof, to treat Pompe Disease.

Pursuant to the AskBio License Agreement and ancillary documents, AskBio agreed to pay to the Company upfront fees of an aggregate of $7.0 million. Assuming successful development and commercialization, the Company could receive up to an additional $237.0 million in development, regulatory, and sales milestone payments. If commercialized, the Company would be eligible to receive tiered royalties on global net sales at percentages ranging from mid-to-high single digits. Under the terms of the agreement, the Company will be eligible to receive these royalties commencing on the first commercial sale of the licensed product until the expiration of the later of (i) ten years after the first commercial sale and (ii) expiration of the last to expire valid claim on patents covering the licensed product.

Pursuant to the AskBio License Agreement, the Company will supply AskBio with its ImmTOR platform, or the Supply Obligation, and AskBio will be responsible for all preclinical, clinical and commercial manufacture and supply of licensed products (other than ImmTOR) and carry out all other activities related to the research, development, and commercialization of licensed products at its sole expense, including all regulatory activities related thereto.

The Company determined that the AskBio License Agreement and Supply Obligation represent a single promise and performance obligation. This is because AskBio cannot derive benefit from the license without the simultaneous transfer of the patent protected ImmTOR supply. Therefore, the License Obligation and Supply Obligation represent the only promise in the arrangement and are combined as a single performance obligation.

In determining the transaction price, the Company concluded that the future development milestones, regulatory milestones, sales milestones, and sales royalties all represent variable consideration. Each of these variable consideration items was evaluated under the most likely amount method to determine whether such amounts were probable of occurrence, or whether such amounts should be constrained until they become probable. As part of its evaluation of the constraint, the Company considered numerous factors, including that receipt of such milestones is outside the control of the Company. Consideration related to sales-based milestones as well as royalties on net sales upon commercialization by AskBio, will be recognized when the related sales occur, as they were determined to relate predominantly to the intellectual property granted to AskBio and, therefore, have also been excluded from the transaction price in accordance with the royalty recognition constraint. As of September 30, 2021 and December 31, 2020, all milestones were constrained. The Company will re-evaluate the transaction price in each reporting period, as uncertain events are resolved, or as other changes in circumstances occur.

The total initial transaction price of the contract on the effective date was $7.0 million, comprised of a $2.0 million initial up-front payment upon agreement of terms, and a $5.0 million initial up-front execution fee.

At each of September 30, 2021 and December 31, 2020, the Company recorded $1.7 million as short-term contract liability and $5.3 million as a long-term contract liability, representing deferred revenue associated with this agreement. Revenue will be recognized over the period in which the particles are delivered. No revenue related to the AskBio License Agreement was recognized during the three and nine months ended September 30, 2021 and 2020 as no deliveries were made during these periods.

Spark Therapeutics, Inc.

Spark License Agreement

The disclosures relating to the Company's license and option agreement, or the Spark License Agreement, with Spark pursuant to which the Company and Spark agreed to collaborate on the development of gene therapies for certain targets

utilizing the ImmTOR platform reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 which was filed with the SEC on March 12, 2021 have not materially changed since the Company filed such report.

Skolkovo Foundation

During the nine months ended September 30, 2021, revenue of $0.1 million related to the remaining contract liability of the Russia-based Development Fund of New Technologies Development and Commercialization Center, or Skolkovo, grant funding was recognized at the expiration of the three-year audit period.

Transaction Price Allocated to Future Performance Obligations

Remaining performance obligations represent the transaction price of contracts for which work has not been performed (or has been partially performed). As of September 30, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was $82.4 million.

Contract Balances from Contracts with Customers (*Sobi, Sarepta, AskBio, Spark and Skolkovo*)

The following table presents changes in the Company's contract liabilities during the nine months ended September 30, 2021 (in thousands):

	Balance at beginning of period	Additions	Deductions	Balance at end of period
Nine Months Ended September 30, 2021				
Contract liabilities:				
Deferred revenue	$ 110,796	$ 3,000	$ (31,424)	$ 82,372
Total contract liabilities	$ 110,796	$ 3,000	$ (31,424)	$ 82,372

13. Related-Party Transactions

Consulting Services

The Company incurred expenses for consulting services provided by its founders totaling less than $0.1 million and $0.1 million during the three and nine months ended September 30, 2021 and 2020, respectively. The Company entered into consulting agreements with its founders to serve on its Scientific Advisory Board, effective January 1, 2020 to December 31, 2021, under which they will be paid quarterly for their services.

14. Collaboration and License Agreements

Cyrus Biotechnology, Inc.

Collaboration and License Agreement

On September 7, 2021, the Company and Cyrus Biotechnology, Inc., or Cyrus, entered into a collaboration and license agreement, or the Cyrus Agreement. Pursuant to the Cyrus Agreement, Cyrus agreed to grant the Company an exclusive, worldwide license to certain intellectual property to form a protein engineering collaboration combining the Company's ImmTOR platform with Cyrus' ability to redesign protein therapeutics. The lead program is a proprietary interleukin-2, or IL-2, protein agonist designed to selectively promote expansion of regulatory T cells for treatment of patients with autoimmune diseases and other deleterious immune conditions. Cyrus will contribute its expertise to apply its Rosetta-based computational platform to design candidate variants. Cyrus will also experimentally screen and characterize candidate variants for expression, stability, and receptor binding. The Company will experimentally characterize lead candidates for regulatory T cell expansion and activation in vitro and in vivo. In return for the licensed intellectual property, the Company is obligated to make an upfront payment and pay certain discovery, development, and sales-based milestones which could potentially total up to approximately $1.5 billion across multiple programs. The Cyrus Agreement was assessed for collaboration components and was determined not to be within the scope of ASC 808 as the risk is not shared by both parties. The Company will expense costs related to the Cyrus Agreement as incurred until regulatory approval is received in accordance with ASC 730. The Company will assess the capitalization of costs incurred after the receipt of regulatory approval and, if applicable, will amortize these payments based on the expected useful life of each asset, typically based on the expected commercial exclusivity period. The Company is also obligated to pay Cyrus tiered royalties ranging from mid-single digit to low-double digit percentages of annual net sales of collaboration products which will be expensed as the commercial sales occur.

Additionally, on September 7, 2021, the Company entered into a stock purchase agreement, or the Series B Preferred Stock Purchase Agreement, in connection with the Cyrus Agreement. Pursuant to the Series B Preferred Stock Purchase Agreement, the Company purchased 2,326,934 shares of Cyrus' Series B Preferred Stock, par value $0.0001 per share at a purchase price of $0.8595 per share for $2.0 million.

In accordance with ASC 810, the Company has a variable interest in Cyrus resulting from its equity investment. The Company will share in Cyrus' expected losses or receive a portion of its expected returns and absorb the variability associated with changes in the entity's net assets. However, the Company is not the primary beneficiary as it does not have the power to direct the activities most significant to Cyrus, and therefore it is not required to consolidate Cyrus. The Company determined its equity interest to be within the scope of ASC 321 and elected to record the $2.0 million investment of Cyrus' Series B Preferred Stock at cost on the purchase date.

As of September 30, 2021, no impairment indicators are present and therefore the carrying value of the investment in Cyrus is $2.0 million on the accompanying consolidated balance sheet. The Company's maximum exposure to loss related to this variable interest entity is limited to the carrying value of the investment. The Company has not provided financing to Cyrus other than the amount contractually required by the Series B Preferred Stock Purchase Agreement.

Asklepios Biopharmaceutical, Inc.

Feasibility Study and License Agreement

In August 2019, the Company entered into a feasibility study and license agreement with AskBio, or the AskBio Collaboration Agreement. Pursuant to the AskBio Collaboration Agreement, the Company and AskBio agreed to license intellectual property rights to each other as part of a collaboration to research, develop, and commercialize certain AAV gene therapy products utilizing the Company's ImmTOR platform to enable re-dosing of such AAV gene therapy products to treat serious rare and orphan genetic diseases for which there is a significant unmet medical need.

Pursuant to the AskBio Collaboration Agreement, the Company and AskBio agreed to conduct proof of concept studies to potentially validate the use of ImmTOR in conjunction with AskBio's AAV gene therapy, or SEL-302, (previously disclosed as MMA-101, in combination with ImmTOR) for the treatment of MMA, to mitigate the formation of neutralizing anti-AAV capsid antibodies, or the POC Studies. On April 29, 2021, the Company was notified by AskBio that it intended to opt-out of development of the MMA indication. Consequently, the Company will assume all rights to the MMA program and intends to continue to progress the SEL-302 program through clinical development.

The SEL-399 program combines an empty AAV capsid (EMC-101), which is an AAV capsid containing no transgene, with ImmTOR and is being conducted in partnership with AskBio. Building on the preclinical data the Company has generated showing ImmTOR's effect on mitigating or reducing the formation of neutralizing antibodies to AAV gene therapies, the Company has commenced a clinical trial of SEL-399 in healthy adult volunteers in Belgium. The goal of the SEL-399 clinical trial is to demonstrate the appropriate dose of ImmTOR in humans to mitigate the formation of antibodies to AAV capsids used in gene therapies.

The Company and AskBio will share responsibility for the research, development and commercialization of products developed under the SEL-399 program collaboration. The parties will also share research, development, and commercialization costs equally for all collaboration products, but with a right of either party to opt out of certain products, and thereby no longer be required to share costs for such products. Each party will receive a percentage of net profits under the collaboration equal to the percentage of shared costs borne by such party in the development of such product. Pursuant to the AskBio Collaboration Agreement, AskBio is responsible for manufacturing the AAV capsids and AAV vectors and the Company is responsible for manufacturing ImmTOR.

The AskBio Collaboration Agreement is considered to be within the scope of ASC 808, as both parties are active participants and exposed to the risks and rewards of the collaborative activity. The Company evaluated the terms of the AskBio Collaboration Agreement and have identified the following promises in the arrangement (1) conducting research and development activities to develop and commercialize products under the collaboration, or the R&D Services, (2) granting a non-exclusive, non-transferable, royalty-free, fully paid up, worldwide license to certain intellectual property of the Company, or the IP Rights, for the purpose of performing the POC Studies, or the Research License, (3) granting an exclusive, nontransferable, worldwide license to the IP Rights for use in certain indications, or the Collaboration License, (4) providing manufactured supply of preclinical and clinical ImmTOR, or the Manufactured Supply, (5) participation on identified steering committees responsible for the oversight of the collaboration, or the JSC Participation, and (6) granting an exclusive option to obtain a license under the IP Rights to research, develop and commercialize Licensed Products. The Company determined that the R&D Services, Research License, Collaboration License, Manufactured Supply, and JSC Participation were not capable of being distinct, and therefore must be combined into a single performance obligation. Therefore, promises (1) through (5) identified above were combined into a single performance obligation. Furthermore, the Company evaluated the Option Agreement and determined that it does not provide AskBio with a material right under ASC 606 as the option was not priced at a discount (see discussion of the option exercise in Note 12). The Company noted that AskBio did not meet the definition of a customer within the scope of ASC 606 for any distinct performance obligations as the Company concluded that such items were not an output of the Company's ordinary activities. As such, the Company determined that the entire arrangement would be accounted for within the scope of ASC 808. In accordance with ASC 808, collaboration expenses are recognized within R&D expense and selling, general and administrative expense on the Company's condensed consolidated statements of operations.

Under certain collaborative arrangements, the Company is entitled to reimbursement of certain R&D expense. Activities under collaborative arrangements for which the Company is entitled to reimbursement are considered to be collaborative activities under the scope of ASC 808. For these units of account, the Company does not analogize to ASC 606 or recognize revenue. Rather, the Company analogizes to the guidance in ASC 730, which requires that reimbursements from counterparties be recognized as an offset to the related costs. In accordance with ASC 730, the Company records reimbursement payments received from collaborators as reductions to R&D expense.

For the three and nine months ended September 30, 2021, the Company recognized $0.6 million and $2.3 million, respectively, of collaboration expense under the AskBio Collaboration Agreement in which actual costs incurred by both parties approximate a 50% cost share. For the three and nine months ended September 30, 2020, the Company recognized $0.6 million and $2.6 million, respectively, of collaboration expense under the AskBio Collaboration Agreement.

Massachusetts Institute of Technology

In November 2008, the Company entered into an exclusive patent license agreement, or the MIT License, with the Massachusetts Institute of Technology, or MIT, under which the Company received an exclusive royalty-bearing license to utilize patents held by MIT in exchange for upfront consideration and annual license maintenance fees. Such fees are expensed as incurred and have not been material to any period presented.

In June 2020, the Company entered into a Fifth Amendment, or the MIT Amendment, to the MIT License, which is effective as of May 15, 2020. Pursuant to the MIT Amendment, certain of the Company's diligence obligations were extended. The extension included the obligation to commence a Phase 3 trial for a licensed product by the second quarter of 2021 or to file an IND (or equivalent) with the FDA or comparable European regulatory agency for a licensed product by the second quarter of 2023. Additionally, certain of the Company's development and regulatory milestones and payments upon achievement of such milestones were adjusted.

As of September 30, 2021, and in connection with the execution of the Spark License Agreement, the Company has made contractual payments pursuant to the MIT License totaling $2.2 million for the sublicense granted to Spark, and $0.4 million relative to the calculated premium paid by Spark for the equity investments made under the Spark Purchase Agreement. The Company made no additional payments during the nine months ended September 30, 2021.

Shenyang Sunshine Pharmaceutical Co., Ltd

In May 2014, the Company entered into a license agreement, or the 3SBio License, with Shenyang Sunshine Pharmaceutical Co., Ltd., or 3SBio. The Company has paid to 3SBio an aggregate of $7.0 million in upfront and milestone-based payments under the 3SBio License as of September 30, 2021. The Company is required to make future payments to 3SBio contingent upon the occurrence of events related to the achievement of clinical and regulatory approval milestones of up to an aggregate of $15.0 million for products containing the Company's ImmTOR platform.

15. Income Taxes

The Company provides for income taxes under ASC 740. Under ASC 740, the Company provides deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the Company's financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates expected to be in effect in the years in which the differences are expected to reverse.

On June 11, 2020, the Company entered into the Sobi License (see Note 12). In September 2020, Sobi paid the Company a one-time up-front payment of $75.0 million. Sobi has also agreed to make milestone payments totaling up to $630.0 million to the Company upon the achievement of various development and regulatory milestones and sales thresholds for annual net sales of SEL-212, and tiered royalty payments ranging from the low double digits on the lowest sales tier to the high teens on the highest sales tier.

For income tax purposes, the transfer of trademark and product rights is treated as a sale and the net proceeds from the sale are taxed under the default installment method as cash is received by the Company. During the three months ended September 30, 2021, the Company completed an analysis of future tax obligations under the default installment sale method versus making a timely filed election on its 2020 tax return due October 15, 2021 to elect out of the installment sale method for income tax purposes. As a result, the Company elected out of the default installment sale treatment with the filing of its tax return. In the elect out method, the Company was taxed based upon the estimated fair value of all present and future proceeds from the sale and the Company utilized all of its available net operating losses and income tax credits, which served to reduce the federal and state tax liability. As such, the Company has recognized a total tax expense, inclusive of estimated penalties and interest, of $15.8 million as of September 30, 2021. As the Company recognizes future revenue under the Sobi license for US GAAP purposes, the Company will exclude that revenue from taxable income.

The Company will maintain its full valuation allowance against its deferred tax assets for 2021, as the Company believes that it is more likely than not that the deferred tax assets will not be realized.

Utilization of the net operating loss and research and development credit carryforwards may be subject to a substantial annual limitation under Section 382 and 383 of the Internal Revenue Code due to ownership change limitations that have occurred previously, or that could occur in the future. These ownership changes may limit the amount of net operating loss and research and development credit carryforwards that can be utilized annually to offset future taxable income and tax, respectively. As of December 31, 2020, the Company completed both a Section 382 and R&D tax credit study. As a result of using the elect out method described above, the Company utilized all available federal and state net operating losses and income tax credits with the filing of its tax returns for the year ended December 31, 2020.

The statute of limitations for assessment by the United States Internal Revenue Service and Massachusetts tax authorities is open for tax years since inception. The Company files income tax returns in the United States and Massachusetts. There are currently no federal, state or foreign audits in progress.

16. Defined Contribution Plan

The Company maintains a defined contribution plan, or the 401(k) Plan, under Section 401(k) of the Internal Revenue Code. The 401(k) Plan covers all employees who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pretax basis. The 401(k) Plan provides for matching contributions on a portion of participant contributions pursuant to the 401(k) Plan's matching formula. All matching contributions vest ratably over 4 years and participant contributions vest immediately. Contributions by the Company totaled less than $0.1 million during each of the three months ended September 30, 2021 and 2020, respectively, and $0.1 million during each of the nine months ended September 30, 2021 and 2020.

17. Commitments and Contingencies

As of September 30, 2021, the Company was not a party to any litigation that could have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

On August 4, 2020, a putative stockholder of Selecta filed a stockholder derivative action, purportedly on behalf of Selecta and against certain current and former members of the Company's Board of Directors, as well as one affiliated company owned by a current board member, in the Court of Chancery of the State of Delaware, namely Franchi v. Barabe, et al. The complaint alleges that the individual defendants breached their fiduciary duties and committed corporate waste when they authorized a private placement transaction, announced on December 19, 2019, at a price allegedly below fair value. The complaint further alleges that the four defendant directors who participated in the private placement were unjustly enriched in connection with the transaction. On September 25, 2020, the defendants filed a motion to dismiss the lawsuit. On November 6, 2020, the plaintiff filed an amended complaint, and the defendants filed a second motion to dismiss on January 8, 2021. On December 31, 2020, the Company received a litigation demand letter from two other putative stockholders relating to the same private placement transaction. On April 12, 2021, the Court of Chancery in the State of Delaware granted a motion to stay the litigation pending a review by a Special Committee appointed by the Company's Board of Directors. At this time, the Company has not accrued a liability for this matter, as any liability has been determined to be either not estimable or not probable.

Other

As permitted under Delaware law, the Company indemnifies its directors for certain events or occurrences while the director is, or was, serving at the Company's request in such capacity. The term of the indemnification is for the director's lifetime. The maximum potential amount of future payments the Company could be required to make is unlimited; however, the Company has directors' insurance coverage that limits its exposure and enables it to recover a portion of any future amounts paid. The Company also has indemnification arrangements under certain of its facility leases that require it to indemnify the landlord against certain costs, expenses, fines, suits, claims, demands, liabilities, and actions directly resulting from certain breaches, violations, or non-performance of any covenant or condition of the Company's lease. The term of the indemnification is for the term of the related lease agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. To date, the Company had not experienced any material losses related to any of its indemnification obligations, and no material claims with respect thereto were outstanding.

The Company is a party in various other contractual disputes and potential claims arising in the ordinary course of business. The Company does not believe that the resolution of these matters will have a material adverse effect the Company's business, financial position, results of operations or cash flows.

18. Subsequent Events

Licenses and Collaborations

On October 25, 2021, the Company entered into a Collaboration and License Agreement, or the Ginkgo Agreement, with Ginkgo Bioworks Holdings, Inc., or Ginkgo. Under the Ginkgo Agreement, the Company will engage with Ginkgo to design novel and improved enzymes with transformative therapeutic potential to advance treatments for orphan and rare diseases. In return, Ginkgo is eligible to earn both upfront research and development fees and milestone payments, including certain milestone payments in the form of Selecta common stock, clinical and commercial milestone payments of up to $85.0 million in cash, as well as downstream value in the form of royalties on sales.

On October 21, 2021, the Company entered into an Exclusive License Agreement, or the Genovis Agreement, with Genovis AB (publ.), or Genovis, a Swedish corporation. Under the Genovis Agreement, the Company paid to Genovis an upfront payment in exchange for an exclusive license to Genovis' Xork IgG Protease enzyme technology across all therapeutic uses in humans, excluding research, preclinical, diagnostic and other potential non-therapeutic applications of the enzyme. Additionally, Genovis is eligible to earn development and sales-based milestones, as well as tiered royalties on worldwide sales in the low double digits.

On October 1, 2021, the Company entered into a License Agreement, or the Takeda Agreement, with Takeda Pharmaceuticals USA, Inc., or Takeda. Under the Takeda Agreement, the Company granted Takeda an exclusive license to the Company's ImmTOR technology initially for two specified disease indications within the field of lysosomal storage disorders. Under the terms of the Takeda Agreement, the Company is entitled to receive an upfront payment and up to $1.124 billion in future additional payments over the course of the partnership that are contingent on the achievement of development or commercial milestones or Takeda's election to continue its activities at specified development stages. The Company is also eligible for tiered royalties on future commercial sales of any licensed products.

"At-the-Market" Offerings

2021 Sales Agreement

On October 25, 2021, the Company entered into a Sales Agreement, or the 2021 Sales Agreement, with SVB Leerink LLC to sell shares of the Company's common stock, from time to time, through an "at the market" equity offering program under which SVB Leerink will act as sales agent. The shares of common stock sold pursuant to the 2021 Sales Agreement will be issued pursuant to the Company's shelf registration statement on Form S-3 (File No. 333-241692), filed on August 6, 2020 with the Securities and Exchange Commission and related prospectus supplement, filed on October 25, 2021 with the Securities and Exchange Commission, for aggregate gross sales proceeds of up to $75.0 million.

Under the 2021 Sales Agreement, the Company will set the parameters for the sale of shares, including the number of shares to be issued, the time period during which sales are requested to be made, limitations on the number of shares that may be sold in any one trading day and any minimum price below which sales may not be made. Subject to the terms and conditions of the Sales Agreement, SVB Leerink may sell the shares by methods deemed to be an "at the market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act, in negotiated transactions at market prices prevailing at the time of sale or at prices related to such prevailing market prices and/or any other method permitted by law. If the Company and SVB Leerink so agree, SVB Leerink may act as principal in connection with the sale of shares under the 2021 Sales Agreement. The Company will pay SVB Leerink a commission of up to 3.0% of the gross sales proceeds of any shares of common stock sold through SVB Leerink under the 2021 Sales Agreement, and also has provided SVB Leerink with customary indemnification rights. The offering of shares of common stock pursuant to the 2021 Sales Agreement will terminate upon the earlier of (i) the sale of all shares of common stock subject to the 2021 Sales Agreement and (ii) the termination of the 2021 Sales Agreement as permitted therein.

Warrants

During October 2021, warrant holders exercised 1,642,036 common warrants on a cashless basis and received 1,076,669 shares of common stock.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this Quarterly Report and with our audited financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, which we filed with the SEC on March 12, 2021. In addition, you should read the "Risk Factors" and "Information Regarding Forward-Looking Statements" sections of this Quarterly Report and our Annual Report on Form 10-K

for the year ended December 31, 2020 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a clinical-stage biopharmaceutical company leveraging our ImmTOR™ immune tolerance platform with the goals of amplifying the efficacy of biologics, including enabling the re-dosing of life-saving gene therapies, and restoring self-tolerance in autoimmune diseases. Our ImmTOR platform encapsulates rapamycin, also known as sirolimus, an immunomodulator, in biodegradable nanoparticles and is designed to induce antigen-specific immune tolerance.

We believe ImmTOR has the potential to enhance the efficacy without compromising the safety of biologic therapies, improve product candidates under development, and enable novel therapeutic modalities. We have developed a portfolio of proprietary and collaboration-driven applications of ImmTOR, and we plan to continue to develop proprietary compounds and pursue collaboration-driven development in certain disease areas, which could include strategic collaborations, out-licensing, and in-licensing transactions.

We believe our ImmTOR platform has a broad range of potential applications.

Enzyme therapies. Enzyme therapies are a class of biologic drugs frequently used to treat rare diseases. Through our analysis of biologic drugs, including in our preclinical studies, we have observed that enzymes are especially prone to causing undesired immune responses. Our product candidate, SEL-212, which is currently in Phase 3 clinical development, includes pegadricase, a pegylated uricase enzyme, which is an example of an immunogenic enzyme for which we are applying ImmTOR with the intention of improving the enzyme's efficacy and safety. We are also combining ImmTOR with an immunoglobulin A, or IgA, protease for the treatment of IgA nephropathy. We intend to seek, if appropriate, licenses to other enzymes that we would evaluate in combination with ImmTOR.

Gene therapies. We believe gene therapies have the potential to address key unmet medical needs for many rare genetic diseases, but undesired immune responses to the viral vectors used for gene replacement, augmentation and editing may be restricting their broader use. Through our analysis of genetic diseases, we have identified applications and patient segments that we believe would benefit from our ImmTOR platform. We intend to develop ImmTOR-enabled non-immunogenic gene therapy candidates which are designed to be utilized with adeno-associated virus, or AAV, vectors. We believe our product candidates have the potential to increase transgene expression and to prevent undesired immune responses to the vector and transgene product that can occur with the first dose of gene therapy by using our ImmTOR platform. Our initial area of focus is on genetic metabolic diseases and genetic muscular diseases. We believe we are the first company to systematically pursue the development of AAV gene therapy product candidates with the goal of enabling repeat administration. We have engaged third parties with experience in gene therapy and rare diseases to support the development of our products. We also have licensed our ImmTOR platform to AskBio, Sarepta, Takeda, and Spark for certain pre-specified targets.

Restoring self-tolerance to auto-antigens. We believe that ImmTOR has the potential to restore self-tolerance in autoimmune diseases. Our first program in autoimmune diseases is in primary biliary cholangitis, or PBC. PBC has a significant unmet medical need and a well-defined target antigen, known as PDC-E2. In a strategic collaboration with leading protein design company Cyrus Biotechnology, Inc., or Cyrus, we are developing ImmTOR in connection with a proprietary interleukin-2 (IL-2) protein agonist designed to selectively promote expansion of regulatory T cells for the potential treatment of patients with autoimmune diseases and other deleterious immune conditions.

Other products and product candidates affected by undesired immune responses. We have generated preclinical data which we believe suggests a broad potential benefit of ImmTOR for immune tolerance. For many biologic drugs, undesired immune responses limit efficacy and cause safety concerns. We intend to strategically out-license ImmTOR for use with other products that are outside our focus to larger biopharmaceutical companies. We believe our ImmTOR platform may also be of interest to biopharmaceutical companies with novel biologic development concepts or product candidates in clinical development that have demonstrated initial efficacy but are experiencing issues with safety or sustained efficacy due to inhibitory ADAs.

Our Current Programs

Amplifying the Efficacy of Biologics: Enzyme therapy – Chronic Refractory Gout

SEL-212 is designed to be a monthly treatment for chronic refractory gout, a debilitating rare disease with an unmet medical need. SEL-212 consists of a combination of our ImmTOR platform co-administered with pegadricase. Pegadricase is an investigational recombinant pegylated uricase (urate oxidase), an enzyme not naturally found in humans, and is therefore highly immunogenic. This enzyme is designed to treat patients with symptomatic gout, refractory to standard uric acid lowering treatment, by breaking down the excess uric acid to the more soluble allantoin. In preclinical studies, we observed that ImmTOR, when co-administered with pegadricase, induced antigen-specific immune tolerance to pegadricase and substantially

reduced the formation of associated ADAs. Based on our clinical data, we believe that SEL-212 has the potential to control serum uric acid, or SUA levels and mitigate the formation of ADAs in response to the therapeutic enzyme. Additionally, we believe that SEL-212 serves as proof of concept for the ImmTOR platform in ameliorating the unwanted immune response to an immunogenic biologic. SEL-212 has been licensed (except as to Greater China) to Sobi, pursuant to our license and development agreement dated June 11, 2020 with Sobi, or the Sobi License.

We and Sobi commenced the Phase 3 DISSOLVE clinical program of SEL-212 in September 2020. The Phase 3 clinical program consists of two double blinded, placebo-controlled trials of SEL-212, DISSOLVE I and DISSOLVE II. Each trial is expected to enroll 105 patients, with 35 patients receiving 0.1 mg/kg of ImmTOR and 0.2 mg/kg of pegadricase, 35 patients receiving 0.15 mg/kg of ImmTOR and 0.2 mg/kg of pegadricase, and 35 patients receiving placebo. DISSOLVE I and DISSOLVE II both have a six-month primary endpoint with a six-month safety extension for DISSOLVE I. The primary endpoint of the DISSOLVE program is the maintenance of SUA levels below 6 mg/dL at six months. Secondary endpoints include tender and swollen joint counts, tophus burden, patient reported outcomes of activity limitation and quality of life and gout flare incidence. Topline data from the Phase 3 DISSOLVE clinical program is expected in the second half of 2022. The Phase 3 DISSOLVE clinical program is being conducted by Selecta and funded by Sobi.

Amplifying the Efficacy of Biologics: Enzyme therapy – IgA Nephropathy

The second indication in our enzyme therapy program is IgA nephropathy, an autoimmune kidney disease that occurs when immune complexes of a subclass of antibodies called immunoglobulin A1, or IgA1, accumulates in the kidneys.

In October 2020, we entered into an Option and License Agreement, or the IGAN Agreement, with IGAN Biosciences, Inc., or IGAN. Pursuant to the IGAN Agreement, IGAN has granted us an exclusive license to research, evaluate, and conduct pre-clinical development activities on IGAN's proprietary IgA proteases. Previous studies in animal models conducted at independent laboratories demonstrated that IgA protease removed injurious IgA immune complexes from kidneys and reduced inflammation, fibrosis, and hematuria. These results suggest that it is an excellent candidate to potentially decrease the rate of disease progression and possibly even reverse the disease. The barrier to IgA protease commercialization is the bacterial origin of the protease, which makes it immunogenic. Our ImmTOR platform has shown in clinical studies the ability to mitigate the formation of ADAs to immunogenic enzymes, which has been observed with SEL-212. We intend to combine IgA protease with our ImmTOR platform to develop a novel combination product candidate for the treatment of IgA nephropathy and IgA-mediated diseases. We will have an option term of 24 months, during which we can elect to obtain an exclusive license to further develop and commercialize the product candidate to treat all IgA-mediated diseases, including IgA nephropathy, Linear IgA bullous dermatitis, IgA pemphigus, and Henoch-Schonlein purpura (also known as IgA vasculitis).

We expect to file an Investigational New Drug, or IND, application, for this program in 2022.

Amplifying the Efficacy of Biologics: Gene Therapies

When used in combination with AAV gene therapy vectors, ImmTOR has been observed to inhibit the immune response to the vector and enable successful redosing in mice and non-human primates, or NHPs. Currently, the ability to re-administer systemic AAV gene therapy is limited by the development of neutralizing antibodies. The ability to safely re-dose AAV may help achieve therapeutic benefit in patients who are under-dosed; it may also help restore transgene expression in patients, particularly pediatric patients, who may lose gene expression over time as they grow. In addition, a study conducted in NHPs showed that co-administration of AAV vector and ImmTOR in NHPs enabled higher and more durable transgene expression after the first dose of gene therapy as well as robust inhibition of anti-AAV8 immunoglobulin G, or IgG, and neutralizing antibodies. The observation that co-administration of AAV vector and ImmTOR leads to higher transgene expression demonstrates the potential for dosing lower levels of AAV gene therapies when combined with ImmTOR. Thus, integrating ImmTOR into a gene therapy protocol has the potential to provide a first dose benefit by enhancing liver-directed transgene expression and durability, as well as the potential for enabling re-dosing.

Our lead therapeutic gene therapy program is in methylmalonic acidemia, or MMA, an inherited disorder in which the body is unable to process certain proteins and fats (lipids) properly. This program was previously being conducted under our collaboration with AskBio. In April 2021, we were notified by AskBio that it intended to opt-out of development of the MMA indication. The feasibility study and license agreement with AskBio, or AskBio Collaboration Agreement, otherwise remains in effect. The previously disclosed MMA-101 manufacturing issue was resolved. Manufacturing of a new lot has been completed and is currently undergoing final release testing. We filed an IND to conduct a Phase 1/2 clinical trial of our SEL-302 product candidate in pediatric patients with methylmalonic acidemia in the third quarter of 2021. As of the filing of this quarterly report, the FDA's 30-day review period for this IND has expired. However, we have been informed orally by FDA that they are still considering certain aspects of our filing related to chemistry, manufacturing and control (CMC). We intend to wait for formal clearance from FDA before initiating the proposed Phase 1/2 clinical trial and to work with FDA to resolve any concerns they may have with our submission. If we are unable to do so we expect FDA may impose a clinical hold on this trial. ImmTOR manufacturing, controlled by us, continues to proceed in accordance with our expectations, and we have not observed any impact to any of our ImmTOR programs. In October and November 2020, we and AskBio received rare pediatric disease

designation and orphan drug designation, respectively, from the FDA for MMA-101, for the treatment of MMA due to methylmalonyl-CoA mutase, or MMUT gene mutations.

Our proprietary gene therapy product candidate, SEL-313, is being developed to treat ornithine transcarbamylase, or OTC deficiency, and is currently in preclinical development. OTC deficiency is a rare genetic disorder that causes ammonia to accumulate in the blood due to mutations in the OTC gene, which is critical for proper function of the urea cycle. The most severe form of the disorder presents within the first few days of life. Severe symptoms include inability to control body temperature and breathing rate, seizures, coma, developmental delays and intellectual disability. Less severe forms of the disorder are characterized by delirium, erratic behavior, aversion to high protein foods, vomiting and seizures. We expect to file an IND and/or Clinical Trial Application for SEL-313 in 2022.

SEL-399 combines an empty AAV capsid (EMC-101), which is an AAV capsid containing no transgene, with ImmTOR and is being conducted in partnership with AskBio. Building on the preclinical data we have generated showing ImmTOR's effect on mitigating or reducing the formation of neutralizing antibodies to AAV gene therapies, we have commenced a clinical trial of SEL-399 in healthy adult volunteers in Belgium. The goal of the SEL-399 clinical trial is to demonstrate the appropriate dose of ImmTOR in humans to mitigate the formation of antibodies to AAV capsids used in gene therapies. An initial control cohort of healthy volunteers received a single dose of EMC-101 in December 2020 and dose escalating cohorts of EMC-101 plus ImmTOR were initiated in February 2021. On November 8, 2021, we announced the top-line data from the Phase 1 clinical trial evaluating the potential of the ImmTOR platform in mitigating the formation of neutralizing antibodies against adeno-associated viral serotype 8 (AAV8) capsids used in gene therapies. Top-line results indicated that AAV8 empty capsids elicited peak median anti-AA8 neutralizing antibody (NAb) titers of 1:6875. Median day 30 NAb titers were 1:25 and 1:5 in the 0.15 mg/kg and 0.3 mg/kg ImmTOR cohorts, respectively, representing a 50-fold and 250-fold difference, respectively, compared to the median of control subjects dosed with AAV8 empty capsid alone. Further, we observed that at Day 30, 6 of 6 or 100% of subjects that received 0.3 mg/kg exhibited NAb titers of 1:25 or less, and 4 of 6 or 67% of those subjects at this dose exhibited NAb titers of 1:5 or less. We observed at Day 30 that 6 of 9 or 67% of subjects that received 0.15 mg/kg of ImmTOR exhibited NAb titers of 1:25 or less, and 2 of 9 or 22% of subjects at this dose had a titer of 1:5 or less. At Day 90, 2 of 6 subjects in the 0.3 mg/kg cohort were observed to have sustained control of neutralizing antibodies with titers of 1:25 or less. Consistent with preclinical data, we observed that the single dose ImmTOR cohorts saw delayed formation of neutralizing antibodies eventually reaching similar median levels of neutralizing antibodies to the control group by Day 90. ImmTOR showed safety results consistent with prior human studies and was well tolerated. No serious adverse events were reported. The most common treatment-related adverse events included mild-to-moderate stomatitis and rash.

In a strategic collaboration with Genovis, an enzyme technology company, we are leveraging Genovis' proprietary immunoglobulin G (IgG) protease, IdeXork, or Xork, and our ImmTOR platform to enable the dosing of transformative gene therapies in patients with preexisting adeno-associated virus (AAV) immunity and to treat certain IgG-mediated autoimmune diseases.

Restoring Self-tolerance in Autoimmune Diseases

Our lead autoimmune diseases indication is PBC, a T-cell driven autoimmune disease that causes progressive destruction of the bile ducts. Patients with PBC are in need of a highly targeted, liver-directed approach to treating the root cause of the disorder. We believe PBC has a well-defined target antigen, significant unmet medical need, and is well suited to the application of our ImmTOR immune tolerance platform, as preclinical data suggest that ImmTOR has the potential to enhance the tolerogenic environment in the liver and provide a hepatoprotective benefit. We expect to file an IND for our PBC program in the second half of 2022.

Our collaboration with Cyrus is a proprietary interleukin-2 (IL-2) protein in combination with ImmTOR to potentially mitigate unwanted immune responses by reducing the inherent immunogenicity of the protein while also promoting immune tolerance. The IL-2 pathway influences critical aspects of both immune stimulation and immune regulation, through the development and expansion of Treg cells. These Treg cells are a specialized subpopulation of T cells involved in suppressing certain immune responses and maintaining the body's self-tolerance. Early preclinical data investigating the effects of ImmTOR in combination with a Treg-selective IL-2 mutant protein, or IL-2 mutein, demonstrate substantial synergistic activity in increasing the percentage and durability of Treg expansion in the spleen.

Licenses and Collaborations

Ginkgo Bioworks Holdings, Inc.

On October 25, 2021, Selecta Biosciences, Inc. entered into a Collaboration and License Agreement, or the Ginkgo Agreement, with Ginkgo Bioworks Holdings, Inc., or Ginkgo. Under the Ginkgo Agreement, the Company will engage with Ginkgo to design novel and improved enzymes with potentially transformative therapeutic potential to advance treatments for orphan and rare diseases. In return, Ginkgo is eligible to earn both upfront research and development fees and milestone payments, including certain milestone payments in the form of Selecta common stock, clinical and commercial milestone payments of up to $85 million in cash, as well as downstream value in the form of royalties on sales.

Genovis

On October 21, 2021, we entered into a strategic licensing agreement with Genovis, or the Genovis Agreement. Under the Genovis Agreement, we paid to Genovis an upfront payment in exchange for an exclusive license to Genovis' Xork IgG Protease enzyme technology across all therapeutic uses in humans, excluding research, preclinical, diagnostic and other potential non-therapeutic applications of the enzyme. Additionally, Genovis is eligible to earn development and sales-based milestones, as well as tiered royalties on worldwide sales in the low double digits.

Takeda Pharmaceutical Company Limited

On October 1, 2021, we entered into a strategic licensing agreement with Takeda Pharmaceutical Company Limited, or the Takeda Agreement. Under the Takeda Agreement, we granted Takeda an exclusive license to the Company's ImmTOR technology initially for two specified disease indications within the field of lysosomal storage disorders. Under the terms of the Takeda Agreement, we are entitled to receive an upfront payment and up to $1.124 billion in future additional payments over the course of the partnership that are contingent on the achievement of development or commercial milestones or Takeda's election to continue its activities at specified development stages. We are also eligible for tiered royalties on future commercial sales of any licensed products.

Cyrus Biotechnology, Inc.

On September 7, 2021, we entered into a Collaboration and License Agreement with Cyrus, or the Cyrus Agreement, pursuant to which Cyrus agreed to grant us an exclusive, worldwide license to certain intellectual property in order to form a protein engineering collaboration combining the ImmTOR platform with Cyrus' ability to redesign protein therapeutics. We expect that novel engineered protein therapeutic candidates from the partnership will be used to expand our proprietary pipeline and further bolster the ImmTOR platform. In return for the licensed intellectual property, we are obligated to make an upfront payment and pay certain discovery, development, and sales-based milestones which could potentially total up to approximately $1.5 billion across multiple programs.

Swedish Orphan Biovitrum

In June 2020, we announced that we had entered into the Sobi License, pursuant to which we agreed to grant Sobi an exclusive, worldwide (except as to Greater China) license to develop, manufacture and commercialize SEL-212, which is currently in development for the treatment of chronic refractory gout. In September 2020, pursuant to the Sobi License, Sobi paid us a one-time, up-front payment of $75 million. Sobi has also agreed to make milestone payments totaling up to $630 million to us upon the achievement of various development and regulatory milestones and sales thresholds for annual net sales of SEL-212, and tiered royalty payments ranging from the low double digits on the lowest sales tier to the high teens on the highest sales tier.

Additionally, Sobi purchased an aggregate of 5,416,390 shares of our common stock at $4.6156 for aggregate gross proceeds of $25 million, which we refer to as the Sobi Private Placement. The closing of the Sobi Private Placement occurred on July 31, 2020.

Under the Sobi License, we will have operational oversight of the Phase 3 DISSOLVE clinical program of SEL-212 (DISSOLVE I and DISSOLVE II) that commenced in September 2020, at Sobi's expense.

IGAN Biosciences

In October 2020, we entered into the IGAN Agreement. Pursuant to the IGAN Agreement, IGAN granted us an exclusive license to research, evaluate, and conduct pre-clinical development activities on IGAN's proprietary IgA proteases. We have an option term of 24 months, during which we can elect to obtain an exclusive license to further develop and commercialize the product to treat all IgA-mediated diseases, including IgA nephropathy, Linear IgA bullous dermatitis, IgA pemphigus, and Henoch-Schonlein purpura (also known as IgA vasculitis).

Sarepta Therapeutics

In June 2020, we entered into a research license and option agreement with Sarepta, or the Sarepta Agreement. Pursuant to the agreement, we granted Sarepta a license to research and evaluate ImmTOR in combination with Sarepta's AAV gene therapy or gene editing technology, using viral or non-viral delivery, or the Sarepta Product, to treat Duchenne Muscular Dystrophy and certain Limb-Girdle Muscular Dystrophy subtypes, or the Sarepta Indications. Sarepta will have an option term of 24 months during which it can opt-in to obtain an exclusive license to further develop and commercialize the Sarepta Product to treat at least one Sarepta Indication, with a potential to extend the option term if Sarepta pays an additional fee to us. Sarepta made an up-front payment to us upon signing of the agreement, and we are eligible to receive additional payments under the option term. During the nine months ending September 30, 2021, we received a $3.0 million milestone payment from Sarepta. If Sarepta opts-in to an exclusive license agreement, we could receive option exercise payments per indication, we would be entitled to significant development and commercial milestone payments and tiered royalties ranging from the mid-to-high single digits based on net sales.

AskBio

In August 2019, we entered into the AskBio Collaboration Agreement. The initial proof-of-concept study being conducted under this collaboration is in SEL-399, which combines an empty AAV capsid (EMC-101), an AAV capsid containing no transgene, with ImmTOR, and is being conducted in partnership with AskBio. Building on the preclinical data we have generated showing ImmTOR's effect on mitigating or reducing the formation of neutralizing antibodies to AAV gene therapies, we have commenced a clinical trial of SEL-399 in healthy adult volunteers in Belgium. The goal of the SEL-399 clinical trial is to demonstrate the appropriate dose of ImmTOR in humans to mitigate the formation of antibodies to AAV capsids used in gene therapies, which currently precludes re-dosing. An initial control cohort of healthy volunteers received a single dose of EMC-101 in December 2020 and dose escalating cohorts of EMC-101 plus ImmTOR were initiated in February 2021. On November 8, 2021, we announced the top-line data from the Phase 1 clinical trial evaluating the potential of the ImmTOR platform in mitigating the formation of neutralizing antibodies against adeno-associated viral serotype 8 (AAV8) capsids used in gene therapies. Top-line results indicated that AAV8 empty capsids elicited peak median anti-AA8 neutralizing antibody (NAb) titers of 1:6875. Median day 30 NAb titers were 1:25 and 1:5 in the 0.15 mg/kg and 0.3 mg/kg ImmTOR cohorts, respectively, representing a 50-fold and 250-fold difference, respectively, compared to the median of control subjects dosed with AAV8 empty capsid alone. Further, we observed that at Day 30, 6 of 6 or 100% of subjects that received 0.3 mg/kg exhibited NAb titers of 1:25 or less, and 4 of 6 or 67% of those subjects at this dose exhibited NAb titers of 1:5 or less. We observed at Day 30 that 6 of 9 or 67% of subjects that received 0.15 mg/kg of ImmTOR exhibited NAb titers of 1:25 or less, and 2 of 9 or 22% of subjects at this dose had a titer of 1:5 or less. At Day 90, 2 of 6 subjects in the 0.3 mg/kg cohort were observed to have sustained control of neutralizing antibodies with titers of 1:25 or less. Consistent with preclinical data, we observed that the single dose ImmTOR cohorts saw delayed formation of neutralizing antibodies eventually reaching similar median levels of neutralizing antibodies to the control group by Day 90. ImmTOR showed safety results consistent with prior human studies and was well tolerated. No serious adverse events were reported. The most common treatment-related adverse events included mild-to-moderate stomatitis and rash.

Previously, we and AskBio were developing a gene therapy for MMA, which can cause severe developmental defects and premature death as a result of an accumulation of toxic metabolites. We conducted preclinical studies for this product candidate and will leverage that work within the collaboration. In April 2021, we were notified by AskBio that it intended to opt-out of development of the MMA indication. The AskBio Collaboration Agreement otherwise remains in effect and we intend to continue to develop SEL-302 through clinical development.

Additionally, in December 2019, we entered into a License Agreement with AskBio, or the AskBio License Agreement, which provides AskBio with exclusive worldwide rights to our ImmTOR platform to research, develop and commercialize certain AAV-gene therapy products targeting the GAA gene, or derivatives thereof, to treat Pompe Disease.

Spark Therapeutics

In December 2016, we entered into a license and option agreement with Spark Therapeutics, or the Spark License Agreement, which provides Spark with exclusive worldwide rights to our ImmTOR platform to research, develop and commercialize gene therapies for Factor VIII, an essential blood clotting protein relevant to the treatment of hemophilia A.

Impact of COVID-19

We are closely monitoring how COVID-19 is affecting our employees, business, preclinical studies and clinical trials. In response to the spread of COVID-19, we have continued to have our administrative employees work outside of our offices and limited the number of staff in any given research and development laboratory. Disruptions caused by the COVID-19 pandemic may result in difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials, and the incurrence of unforeseen costs as a result of preclinical study or clinical trial delays.

While the COVID-19 pandemic has not had a material impact on our clinical programs as of the date of this Quarterly Report, it could have an impact on our ability to complete the Phase 3 DISSOLVE clinical program of SEL-212, our ability to commence preclinical studies and clinical trials of our IgA nephropathy, gene therapy, and autoimmune disease programs, and our ability to obtain supply of both active drug substances and finished drug product as well as efficient execution of the overall supply chain for SEL-212 and our other programs. We have been proactively working with our CRO, clinical sites, and principal investigators to provide patients with more convenient locations to have their SUA measured for the primary endpoint of the study, such as at local laboratories or their homes, as well as alternative sites to receive infusions of study drug. We are also working with our primary and back-up suppliers for SEL-037 (pegadricase) and SEL-110 (ImmTOR) to ensure that we have adequate supply of our materials for both our clinical and preclinical programs. We believe we will have adequate supply of all material necessary to conduct our Phase 3 DISSOLVE clinical program of SEL-212 in chronic refractory gout.

At this time, any impact of COVID-19 on the Company's business, revenues, results of operations and financial condition will largely depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the duration of the pandemic, travel restrictions and social distancing in the United States and other countries, business closures or

business disruptions, supply chain disruptions, the ultimate impact on financial markets and the global economy, and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Financial Operations

To date, we have financed our operations primarily through public offerings and private placements of our securities, funding received from research grants and collaboration arrangements and our credit facility. We do not have any products approved for sale and have not generated any product sales. All of our revenue to date has been collaboration and grant revenue.

Since inception, we have incurred significant operating losses. We incurred net losses of $37.9 million and $53.4 million for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, we had an accumulated deficit of $442.6 million. We expect to continue to incur significant expenses and operating losses for at least the next several years as we:

- continue the research and development of our other product candidates as well as product candidates that we may be developing jointly with collaboration partners;
- seek to enhance our ImmTOR platform and discover and develop additional product candidates;
- seek to enter into collaboration, licensing and other agreements, including, but not limited to research and development, and/or commercialization agreements;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- potentially establish a sales, marketing and distribution infrastructure and scales-up external manufacturing capabilities to commercialize any products for which we may obtain regulatory approval;
- maintain, expand and protect our intellectual property portfolio, including through licensing arrangements; and
- add clinical, scientific, operational, financial and management information systems and personnel, including personnel to support our product development and potential future commercialization efforts and to support our operations as a public company.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, license and collaboration agreements, and research grants. We may be unable to raise capital when needed or on reasonable terms, if at all, which would force us to delay, limit, reduce or terminate our product development or future commercialization efforts. We will need to generate significant revenues to achieve profitability, and we may never do so.

We believe that our existing cash, cash equivalents, restricted cash, and marketable securities as of September 30, 2021 will enable us to fund our operating expenses and capital expenditure requirements into the second quarter of 2023. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

The consolidated financial information presented below includes the accounts of Selecta Biosciences, Inc. and our wholly owned subsidiaries, Selecta (RUS) LLC, a Russian limited liability company, or Selecta (RUS), and Selecta Biosciences Security Corporation, a Massachusetts securities corporation. All intercompany accounts and transactions have been eliminated.

Collaboration and grant revenue

To date, we have not generated any revenue from product sales. Our revenue consists of collaboration and grant revenue, which includes amounts recognized related to upfront and milestone payments for research and development funding under collaboration and license agreements. In addition, we earn revenue under the terms of government contracts or grants, which require the performance of certain research and development activities. We expect that any revenue we generate will fluctuate from quarter to quarter because of the timing and amount of fees, research and development reimbursements and other payments from collaborators. We do not expect to generate revenue from product sales for at least the next several years. If we or our collaborators fail to complete the development of our product candidates in a timely manner or fail to obtain regulatory approval as needed, our ability to generate future revenue will be harmed, and will affect the results of our operations and financial position. For a further description of the agreements underlying our collaboration and grant-based revenue, see Notes 2 and 12 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Research and development

Our research and development expenses consist of external research and development costs, which we track on a program-by-program basis and primarily include CMO-related costs, fees paid to CROs and internal research and development costs, which are primarily compensation expenses for our research and development employees, lab supplies, analytical testing,

allocated overhead costs and other related expenses. Our internal research and development costs are often devoted to expanding our programs and are not necessarily allocable to a specific target.

We have incurred a total of $343.8 million in research and development expenses from inception through September 30, 2021, with a majority of the expenses being spent on the development of SEL-212 and a prior nicotine vaccine candidate, and the remainder being spent on our various discovery and preclinical stage product candidate programs and the general expansion of our technology.

We expense research and development costs as incurred. Conducting a significant amount of research and development is central to our business model. Product candidates in clinical development generally have higher development costs than those in earlier stages of development, primarily due to the size, duration and cost of clinical trials. The successful development of our clinical and preclinical product candidates is highly uncertain. Clinical development timelines, the probability of success and development costs can differ materially from our expectations. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those which we currently expect will be required for the completion of clinical development of a product candidate, or if we experience significant delays in enrollment in any of our clinical trials, we could be required to expend significant additional financial resources and time to complete any clinical development.

On June 11, 2020, we and Sobi entered into the Sobi License. Pursuant to the Sobi License, clinical trial costs incurred to complete development of SEL-212, including but not limited to costs incurred while conducting and completing the Phase 3 DISSOLVE trials, will be reimbursed by Sobi. These costs, when reimbursed, will be recognized as revenue consistent with the revenue recognition methodology disclosed in Note 12 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report. The reimbursable costs exclude any costs of additional development activities required that are related to ImmTOR and that are unrelated to SEL-212.

General and administrative

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation, related to our executive, finance, business development and support functions. Other general and administrative expenses include facility-related costs not otherwise allocated to research and development expenses, travel expenses for our general and administrative personnel and professional fees for auditing, tax and corporate legal services, including intellectual property-related legal services.

Investment income

Investment income consists primarily of interest income earned on our cash, cash equivalents and marketable securities.

Interest expense

Interest expense consists of interest expense on amounts borrowed under our credit facilities.

Other income (expense)

Other income was de minimis during the three and nine months ended September 30, 2021 and 2020.

Change in fair value of warrant liabilities

Common warrants classified as liabilities are remeasured at fair value, utilizing a Black-Scholes valuation methodology, quarterly with the change in fair value recognized as a component of earnings.

Foreign currency transaction gain (loss)

The functional currency of our Russian subsidiary is the Russian ruble. In addition to holding cash denominated in Russian rubles, our Russian bank accounts also hold cash balances denominated in U.S. dollars to facilitate payments to be settled in U.S. dollars or other currencies. As of September 30, 2021 and December 31, 2020, we maintained cash of $0.3 million in Russian banks, all of which was denominated in U.S. dollars. The amounts denominated in U.S. dollars and used in transacting the day-to-day operations of our Russian subsidiary are subject to transaction gains and losses, which are reported as incurred.

Results of Operations

Comparison of the Three Months Ended September 30, 2021 and 2020

Revenue

The following is a comparison of revenue for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three Months Ended September 30,		Increase (decrease)	
	2021	2020		
Collaboration revenue	$ 24,427	$ 4,646	$ 19,781	426 %

During the three months ended September 30, 2021, collaboration revenue was $24.4 million, compared to $4.6 million of revenue recognition in 2020. During the three months ended September 30, 2021 and 2020, we recognized $24.3 million and $4.4 million, respectively, under the license agreement with Sobi resulting from both the shipment of clinical supply and the reimbursement of costs incurred for the Phase 3 DISSOLVE clinical program. The significant revenue increase is the result of the continued enrollment of the Phase 3 DISSOLVE clinical program that was initiated in the third quarter of 2020.

Additionally, we recognized $0.2 million for each of the three months ended September 30, 2021 and 2020, for shipments under the license agreement with Sarepta.

Research and development

The following is a comparison of research and development expenses for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three Months Ended September 30,		Increase (decrease)	
	2021	2020		
SEL-212	$ 10,231	$ 9,059	$ 1,172	13 %
AskBio collaboration	1,705	445	1,260	283 %
Preclinical stage product candidate programs	2,997	204	2,793	1,369 %
Other internal research and development expenses	6,018	4,252	1,766	42 %
Total research and development expenses	$ 20,951	$ 13,960	$ 6,991	50 %

During the three months ended September 30, 2021, our research and development expenses increased by $7.0 million, or 50%, as compared to 2020. The increase in cost was primarily the result of expenses incurred for the preclinical programs, salaries, headcount and AskBio collaboration costs.

General and administrative

The following is a comparison of general and administrative expenses for the three months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Three Months Ended September 30,		Increase (decrease)	
	2021	2020		
General and administrative	$ 5,445	$ 4,420	$ 1,025	23 %

During the three months ended September 30, 2021, our general and administrative expenses increased by $1.0 million, or 23%, as compared to 2020. The increase in costs was primarily the result of salaries, professional fees and stock compensation expenses.

Investment income

Investment income was de minimis for each of the three months ended September 30, 2021 and 2020.

Foreign currency transaction gain (loss)

We recognized minimal foreign currency fluctuations during each of the three months ended September 30, 2021 and 2020.

Interest expense

Interest expense was $0.7 million and $0.4 million for the three months ended September 30, 2021 and 2020, respectively, representing interest expense and amortization of the carrying costs of our credit facilities.

Change in fair value of warrant liabilities

For the three months ended September 30, 2021, we recognized $0.6 million of income from the change in the fair value of warrant liabilities utilizing the Black-Scholes valuation methodology. The decrease in value was primarily driven by a decrease in the Company's share price. For the three months ended September 30, 2020, we recognized $4.8 million change in the fair value of warrant liabilities primarily driven by a decrease in the Company's share price and volatility, and a decreased discount rate this quarter.

Other income (expense)

Other income was de minimis for each of the three months ended September 30, 2021 and 2020.

Income taxes

For the three months ended September 30, 2021, we recognized $15.8 million of expense for the income taxes primarily related to the license agreement with Sobi upon the Company's election to opt out of the installment sale method of taxation. As a result of this election, the Company has prepaid all taxes related to future Sobi License revenue streams.

Net loss

Net loss for the three months ended September 30, 2021 was $17.9 million compared to a net loss of $9.7 million for the three months ended September 30, 2020.

Comparison of the Nine Months Ended September 30, 2021 and 2020

Revenue

The following is a comparison of revenue for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine Months Ended September 30,		Increase (decrease)	
	2021	2020		
Collaboration revenue	$ 55,140	$ 4,646	$ 50,494	1,087 %

During the nine months ended September 30, 2021, we recognized $54.8 million under the license agreement with Sobi resulting from the shipment of clinical supply and the reimbursement of costs incurred for the Phase 3 DISSOLVE clinical program, all of which began in July 2020, $0.2 million for shipments under the license agreement with Sarepta, and $0.1 million resulting from the expiration of the contractual audit term under the Skolkovo Foundation grant. During the nine months ended September 30, 2020, we recognized $4.3 million under the license agreement with Sobi resulting from the shipment of clinical supply and the reimbursement of costs incurred for the Phase 3 DISSOLVE clinical program and $0.3 million for shipments under the collaboration agreement with Sarepta.

Research and development

The following is a comparison of research and development expenses for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine Months Ended September 30,		Increase (decrease)	
	2021	2020		
SEL-212	$ 22,911	$ 23,992	$ (1,081)	(5)%
AskBio collaboration	2,882	2,019	863	43 %
Preclinical stage product candidate programs	6,389	684	5,705	834 %
Other internal research and development expenses	16,236	12,719	3,517	28 %
Total research and development expenses	$ 48,418	$ 39,414	$ 9,004	23 %

During the nine months ended September 30, 2021, our research and development expenses increased by $9.0 million, or 23%, as compared to 2020. The increase in cost was primarily the result of expenses incurred for the OTC and gene therapy preclinical programs, salaries, and AskBio collaboration costs for SEL-399, offset by a decrease of clinical supply expense for the SEL-212 clinical programs.

General and administrative

The following is a comparison of general and administrative expenses for the nine months ended September 30, 2021 and 2020 (in thousands, except percentages):

	Nine Months Ended September 30,		Increase (decrease)	
	2021	2020		
General and administrative	$ 15,397	$ 14,155	$ 1,242	9 %

During the nine months ended September 30, 2021, our general and administrative expenses increased by $1.2 million, or 9%, as compared to 2020. The increase in costs was the result of expenses incurred for consulting and professional fees and stock compensation expense, offset by decreased patent costs and less travel expense.

Investment income

Investment income was less than $0.1 million and $0.3 million, respectively during the nine months ended September 30, 2021 as compared to 2020. The decrease reflects reduced interest rates.

Foreign currency transaction gain (loss)

We recognized minimal foreign currency fluctuations during each of the nine months ended September 30, 2021 and 2020.

Interest expense

Interest expense was $2.1 million and $0.8 million for the nine months ended September 30, 2021 and 2020, respectively, representing interest expense and amortization of the carrying costs of our credit facilities.

Change in fair value of warrant liabilities

For the nine months ended September 30, 2021, we recognized a $11.3 million charge for the increase in the fair value of warrant liabilities utilizing a Black-Scholes valuation methodology. The increase in value was primarily driven by an increase in the Company’s share price and a small increase in the discount rate this quarter. For the nine months ended September 30, 2020, we recognized $3.6 million charge for the increase in the fair value of warrant liabilities primarily driven by an increase in the Company’s share price and volatility, offset by a decreased discount rate this quarter.

Other income (expense)

Other income was de minimis for each of the nine months ended September 30, 2021 and 2020.

Income taxes

For the nine months ended September 30, 2021, we recognized $15.8 million of expense for the income taxes primarily related to the license agreement with Sobi upon the Company’s election to opt out of the installment sale method of taxation. As a result of this election, the Company has prepaid all taxes related to future Sobi License revenue streams.

Net loss

Net loss for the nine months ended September 30, 2021 was $37.9 million compared to $53.4 million for the nine months ended September 30, 2020.

Liquidity and Capital Resources

Since our inception, we have incurred recurring net losses. We expect that we will continue to incur losses and that such losses will increase for the foreseeable future. We expect that our research and development and general and administrative expenses will continue to increase and, as a result, we will need additional capital to fund our operations, which we may raise through a combination of equity offerings, debt financings, third-party funding and other collaborations and strategic alliances.

From our inception through September 30, 2021, we have raised an aggregate of $606.4 million to fund our operations, which includes $118.5 million from the sale of preferred stock, $11.1 million in government grant funding, $36.7 million from borrowings under our credit facilities past and present, $192.3 million from our collaborations and license agreements, $64.5 million in combined net proceeds from our initial public offering, $149.3 million in combined net proceeds from private placements and follow-on offerings of our common stock, and, through September 30, 2021, $34.0 million in aggregate net proceeds from “at-the-market” offerings of our common stock.

As of September 30, 2021, our cash, cash equivalents, restricted cash, and marketable securities were $140.0 million, of which $1.4 million was restricted cash related to lease commitments and $0.3 million was held by our Russian subsidiary designated solely for use in its operations. Our Russian subsidiary cash is consolidated for financial reporting purposes.

In addition to our existing cash equivalents, we receive research and development funding pursuant to our collaboration agreements. Currently, funding from payments under our collaboration agreements represent our only source of committed external funds.

Indebtedness

On August 31, 2020, we entered into a term loan of up to $35.0 million, consisting of term loans in an aggregate amount of $25.0 million, or the Term A Loan, and term loans in an aggregate amount of $10.0 million, or the Term B Loan, governed by a loan and security agreement among us and Oxford Finance LLC, or Oxford, as collateral agent and a lender, and Silicon Valley Bank, or SVB, as a lender. The Term A Loan was funded in full on August 31, 2020, the proceeds of which were used to repay our previously existing 2017 Term Loan and for general corporate and working capital purposes. The Term B Loan was to be available, subject to the collateral agent's discretion and customary terms and conditions, during the period commencing on the date we have delivered to Oxford and SVB evidence: (i) we or one of the our collaboration partners has enrolled its first patient for a Phase 1 clinical trial evaluating the treatment of MMA, and (ii) we have enrolled the first patient in each of two Phase 3 pivotal trials evaluating SEL-212, or the Second Draw Period Milestone, and ending on the earliest of (i) the date which is 30 days following the date the Second Draw Period Milestone is achieved, (ii) September 30, 2021 (iii) and the occurrence of an event of default, other than an event of default that has been waived in writing by Oxford and SVB in their sole discretion. The Second Draw Period expired on September 30, 2021 and the Term B Loan is no longer available to be drawn in the future.

The 2020 Term Loan is secured by a lien on substantially all of our assets, other than intellectual property, provided that such lien on substantially all assets includes any rights to payments and proceeds from the sale, licensing or disposition of intellectual property. We also granted Oxford a negative pledge with respect to our intellectual property.

The 2020 Term Loan contains customary covenants and representations, including but not limited to financial reporting obligations and limitations on dividends, indebtedness, collateral, investments, distributions, transfers, mergers or acquisitions, taxes, corporate changes, deposit accounts, and subsidiaries. The 2020 Term Loan also contains other customary provisions, such as expense reimbursement, non-disclosure obligations as well as indemnification rights.

The events of default under the 2020 Term Loan include, but are not limited to, our failure to make any payments of principal or interest under the 2020 Term Loan or other transaction documents, our breach or default in the performance of any covenant under the 2020 Term Loan or other transaction documents, the occurrence of a material adverse event, making a false or misleading representation or warranty in any material respect under the 2020 Term Loan, our insolvency or bankruptcy, any attachment or judgment on our assets of at least approximately $0.5 million, or the occurrence of any default under any of our agreements or obligations involving indebtedness in excess of approximately $0.5 million. If an event of default occurs, Oxford and SVB are entitled to take enforcement action, including acceleration of amounts due under the 2020 Term Loan. If we raise any additional debt financing, the terms of such additional debt could further restrict our operating and financial flexibility.

For a further description of the 2020 Term Loan, see Note 9 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Plan of operations and future funding requirements

As of the date of this Quarterly Report, we have not generated any revenue from product sales. We do not know when, or if, we will generate revenue from product sales. We will not generate significant revenue from product sales unless and until we obtain regulatory approval and commercialize one of our current or future product candidates. Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical research and development services, laboratory and related supplies, clinical costs, legal and other regulatory expenses, and general overhead costs. We expect that we will continue to generate losses for the foreseeable future, and we expect the losses to increase as we continue the development of, and seek regulatory approvals for, our product candidates, and begin to commercialize any approved products. We are subject to risks in the development of our products, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. We expect that we will need substantial additional funding to support our continuing operations.

As of September 30, 2021, we had an accumulated deficit of $442.6 million. We anticipate operating losses to continue for the foreseeable future due to, among other things, costs related to research, development of our product candidates, conducting preclinical studies and clinical trials, and our administrative organization. We will require substantial additional financing to fund our operations and to continue to execute our strategy, and we will pursue a range of options to secure additional capital.

We are continually evaluating various potential sources of additional funding such as strategic collaborations and the issuance of equity to fund our operations. If we raise additional funds through strategic collaborations and alliances, which may include existing collaboration partners, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms that are not favorable to us. To the extent that we raise additional capital through the sale of equity, the ownership interest of our existing shareholders will be diluted, and other preferences may be necessary that adversely affect the rights of existing shareholders.

We believe that our existing cash, cash equivalents, restricted cash, and marketable securities as of September 30, 2021 will enable us to fund our operating expenses and capital expenditure requirements into the second quarter of 2023. Additionally, while the potential economic impact brought by and the duration of the COVID-19 pandemic may be difficult to assess or predict, the widespread pandemic has resulted in, and may continue to result in, significant disruption of global financial markets, reducing our ability to access capital as and when needed. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Our future capital requirements will depend on many factors, including:

- the number of product candidates that we pursue;
- our collaboration agreements remaining in effect, our entering into additional collaboration agreements and our ability to achieve milestones under these agreements;
- the cost of manufacturing clinical supplies of our product candidates;
- our headcount growth and associated costs;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials for our other product candidates;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs and timing of future commercialization activities, including manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the effect of competing technological and market developments; and
- the extent to which we acquire or invest in businesses, products and technologies, including entering into licensing or collaboration arrangements for product candidates.

As noted above, the magnitude and duration of the COVID-19 pandemic and its impact on our liquidity future funding requirements is uncertain as of the filing date of this Quarterly Report as this continues to evolve globally.

Summary of Cash Flows

		Nine Months Ended September 30,	
thousands)		**2021**	**2020**
;h (used in) and provided by:			
Operating activities	$	(28,952)	42,131
Investing activities		(26,862)	(575)
Financing activities		31,741	14,621
ect of exchange rate changes on cash		3	(88)
change in cash, cash equivalents, and restricted cash	$	(24,049)	56,089

Operating activities

Cash used in operating activities of $28.9 million for the nine months ended September 30, 2021 included approximately $18.6 million of net losses, adjusted for non-cash items, and uses of cash of approximately $10.3 million for changes in operating assets and liabilities.

Cash provided by operating activities of $42.1 million for the nine months ended September 30, 2020 included $43.5 million of net losses, adjusted for non-cash items, partially offset by cash generated from changes in operating assets and liabilities of $85.6 million, principally related to changes in accounts receivable and deferred revenue.

Investing activities

Net cash used in investing activities for the nine months ended September 30, 2021 was $26.9 million compared to net cash used in investing activities of $0.6 million in the same period in 2020. The net cash used in investing activities in 2021 was

primarily to purchase marketable securities and to invest in Cyrus Biotechnology, offset by proceeds from the maturities of marketable securities. The net cash used in investing activities in 2020 was to purchase property and equipment.

Financing activities

Net cash provided by financing activities for the nine months ended September 30, 2021 was $31.7 million compared to net cash provided by financing activities of $14.6 million in the same period in 2020. The net cash provided by financing activities in 2021 was primarily the result of net proceeds from "at-the-market" offerings and from the exercise of stock options.

The net cash provided by financing activities in 2020 was the result of $10.3 million from the Sobi Private Placement, $24.8 million from the Term A Loan, and $2.1 million net proceeds from sales of common stock in "at-the-market" offerings, offset by $4.4 million of issuance costs paid for December 2019 financing and $19.3 million principal payment on outstanding debt.

Recent Accounting Pronouncements

For a discussion of recently adopted or issued accounting pronouncements please see Note 2 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Off-Balance Sheet Arrangements

As of September 30, 2021, we did not have any off-balance sheet arrangements as defined in the rules and regulations of the Securities and Exchange Commission.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported revenues and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. During the three and nine months ended September 30, 2021, there were no material changes to our critical accounting policies from those described in our Annual Report on Form 10-K for the year ended December 31, 2020.

Emerging Growth Company Status

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, permits an ''emerging growth company'' such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We will remain an emerging growth company until December 31, 2021, the last day of the fiscal year following the fifth anniversary of the closing of the initial public offering of our common stock. However, if certain events occur prior to December 31, 2021, including if we become a "large accelerated filer," our annual gross revenues exceed $1.07 billion or we issue more than $1.07 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to December 31, 2021.

Smaller Reporting Company

We qualify as a "smaller reporting company" under the rules of the Securities Act and the Exchange Act. As a result, in addition to the exemptions available to us as an "emerging growth company," we may choose to take advantage of certain scaled disclosure requirements available specifically to smaller reporting companies. Additionally, even if we cease to be an emerging growth company as noted above, as long as we continue to be a smaller reporting company, we may continue to rely on the reduced executive compensation disclosure obligations available to emerging growth companies. We will remain a smaller reporting company until the last day of the fiscal year in which the aggregate market value of our common stock held by non-affiliated persons and entities, or our public float, is more than $700 million as of the last business day of our most recently completed second fiscal quarter, or the last day of the fiscal year in which we have at least $100 million in revenue and at least $250 million in public float as of the last business day of our most recently completed second fiscal quarter.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The market risk inherent in our financial instruments and in our financial position represents the potential loss arising from adverse changes in interest rates. As of September 30, 2021 and December 31, 2020, we had cash, cash equivalents, restricted cash and marketable securities of $140.0 million and $140.1 million, respectively, consisting of non-interest and interest-bearing money market accounts. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term and the low risk profile of our money market accounts and marketable securities, and our current plan to hold marketable securities to maturity, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents or short-term marketable securities.

In addition, we are subject to currency risk for balances held in Russian rubles in our foreign subsidiary. We hold portions of our funds in both U.S. dollars and Russian rubles. The exchange rate between the U.S. dollar and Russian ruble changes from period to period. As of September 30, 2021, we held cash and cash equivalents totaling $0.3 million in Russian banks to support our Russian subsidiary, all of which were denominated in U.S. dollars. We do not hedge against foreign currency risks. We do not believe that inflation and changing prices had a significant impact on our results of operations for any periods presented herein.

Item 4. Controls and Procedures

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable 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 that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of disclosure controls and procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2021.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 4, 2020, a putative stockholder of Selecta filed a stockholder derivative action, purportedly on behalf of Selecta and against certain current and former members of the Company's Board of Directors, as well as one affiliated company owned by a current board member, in the Court of Chancery of the State of Delaware, namely Franchi v. Barabe, et al. The complaint alleges that the individual defendants breached their fiduciary duties and committed corporate waste when they authorized a private placement transaction, announced on December 19, 2019, at a price allegedly below fair value. The complaint further alleges that the four defendant directors who participated in the private placement were unjustly enriched in connection with the transaction. On September 25, 2020, the defendants filed a motion to dismiss the lawsuit. On November 6, 2020, the plaintiff filed an amended complaint, and the defendants filed a second motion to dismiss on January 8, 2021. On December 31, 2020, we received a litigation demand letter from two other putative stockholders relating to the same private placement transaction. On April 12, 2021, the Court of Chancery in the State of Delaware granted a motion to stay the litigation pending a review by a Special Committee appointed by the Company's Board of Directors.

Item 1A. Risk Factors

Our risk factors are disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2020. Except as set forth below, there have been no material changes from the risk factors previously disclosed in such filing.

Clinical drug development involves a lengthy and expensive process, with an uncertain outcome. We may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

Aside from SEL-212, our product candidates are in preclinical development. It is impossible to predict when or if any of our product candidates will prove effective and safe in humans or will receive regulatory approval, and the risk of failure through the development process is high. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical development and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Preclinical development is costly and inherently uncertain. Early preclinical results may not be predictive of future results, however, if our technology proves to be ineffective or unsafe as a result of, among other things, adverse side effects, pre-existing anti-drug antibodies that can neutralize the viral vector and block gene transfer, or cellular immune response to the transduced cells, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the clinical development and commercialization of our product candidates.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we must conduct extensive clinical trials to demonstrate the safety and efficacy of the product candidate for its intended indications. Clinical testing is expensive, difficult to design and implement, can take many years to complete and its outcome is inherently uncertain. A failed clinical trial can occur at any stage of testing. Moreover, the outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. For example, the topline clinical trial results we reported from our Phase 2 head-to-head COMPARE study of SEL-212 may not be predictive of future results. Moreover, we may not be able to complete, or may be required to deviate from the current clinical trial protocol for a variety of reasons.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in clinical trials after achieving positive results in preclinical development or early-stage clinical trials, and we cannot be certain that we will not face similar setbacks. Serious adverse events, or SAEs, caused by, or other unexpected properties of, any product candidates that we may choose to develop could cause us, an institutional review board or regulatory authority to interrupt, delay or halt clinical trials of one or more of such product candidates and could result in a more restrictive label or the delay or denial of marketing approval by the FDA or comparable non-U.S. regulatory authorities. If any product candidate that we may choose to develop is associated with SAEs or other unexpected properties, we may need to abandon development or limit development of that product candidate to certain uses or subpopulations in which those undesirable characteristics would be expected to be less prevalent, less severe or more tolerable from a risk-benefit perspective. For example, in the SEL-403 Phase 1 clinical trial, a Grade 5 SAE (patient death) occurred that was deemed by the trial investigator to be probably related to SVP-Rapamycin and possibly related to the patient's pleural mesothelioma condition which led us to abandon development of SEL-403. In the SEL-212 Phase 1/2 clinical program, multiple SAEs have occurred, and future SAEs may occur causing us to incur additional costs or experience delays in completing, or causing us to ultimately be unable to complete, the development and commercialization of our product candidates, and delay or prevent our ability to obtain FDA approval. Moreover, preclinical and clinical data is often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA or other regulatory authority approval. If we fail to produce positive results in clinical trials of our product candidates, the development timeline

and regulatory approval and commercialization prospects for our product candidates, and, correspondingly, our business and financial prospects, would be negatively impacted.

In addition, we cannot be certain as to what type and how many clinical trials the FDA will require us to conduct before we may gain regulatory approval to market any of our product candidates in the United States or other countries, if any. Prior to approving a new therapeutic product, the FDA generally requires that safety and efficacy be demonstrated in two adequate and well-controlled clinical trials. We expect that we and Sobi will need to conduct more than one Phase 3 trial for SEL-212 for a chronic refractory gout indication in order to gain approval from the FDA. Even if we and Sobi conduct more than one Phase 3 trial for SEL-212, the FDA may not accept the data, and may delay, limit or deny approval of SEL-212, which could have an impact on the timing of development milestone payments owed to us by Sobi.

We may experience numerous unforeseen events during, or as a result of, clinical trials that could delay or prevent our ability to receive marketing approval for, or commercialize, our product candidates, including:

- clinical trials of our product candidates may produce unfavorable, incomplete or inconclusive results;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable terms with contract research organizations, or CROs, or clinical trial sites;
- we may be unable to recruit suitable patients to participate in a clinical trial, the number of patients required for clinical trials of our product candidates may be larger than we expect, enrollment in these clinical trials may be slower than we expect or participants may drop out of these clinical trials at a higher rate than we expect;
- the number of clinical trial sites required for clinical trials of our product candidates may be larger than we expect;
- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- we may have to suspend or terminate clinical trials of our product candidates for various reasons, including a finding that the participants are being exposed to unacceptable health risks;
- investigators, regulators, data safety monitoring boards or institutional review boards may require that we or our investigators suspend or terminate clinical research, or we may decide to do so ourselves;
- investigators may deviate from the trial protocol, fail to conduct the trial in accordance with regulatory requirements or misreport study data;
- the cost of clinical trials of our product candidates may be greater than we expect or we may have insufficient resources to pursue or complete certain aspects of our clinical trial programs or to do so within the timeframe we planned;
- the supply or quality of raw materials or manufactured product candidates (whether provided by us or third parties) or other materials necessary to conduct clinical trials of our product candidates may be insufficient, inadequate or not available at an acceptable cost, or in a timely manner, or we may experience interruptions in supply;
- regulators may revise the requirements for approving our product candidates, or such requirements may not be as we expect;
- the FDA or comparable foreign regulatory authorities may disagree with our clinical trial design or our interpretation of data from preclinical studies and clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design of our clinical trials; and
- regarding trials managed by our existing or any future collaborators, our collaborators may face any of the above issues, and may conduct clinical trials in ways they view as advantageous to them but potentially suboptimal for us.

If we are required to conduct additional clinical trials or other testing of our product candidates beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, or if we are forced to delay or abandon certain clinical trials or other testing in order to conserve capital resources, we may:

- be delayed in obtaining marketing approval for our product candidates, if at all;
- lose the support of collaborators, requiring us to bear more of the burden of research and development;
- obtain marketing approval in some countries and not in others;
- obtain approval for indications or patient populations that are not as broad as intended or desired;

- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be subject to additional post-marketing testing requirements; or
- have a product removed from the market after obtaining marketing approval.

In addition, disruptions caused by the COVID-19 pandemic may increase the likelihood that we encounter such difficulties or delays in initiating, enrolling, conducting or completing our planned and ongoing clinical trials. We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by a data safety monitoring board for such trial or by the FDA or comparable foreign regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or comparable foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

We filed an IND to conduct a Phase 1/2 clinical trial of our SEL-302 product candidate in pediatric patients with methylmalonic acidemia in the third quarter of 2021. As of the filing of this quarterly report, the FDA's 30-day review period for this IND has expired. However, we have been informed orally by FDA that they are still considering certain aspects of our filing related to chemistry, manufacturing and control, or CMC. We intend to wait for formal clearance from FDA before initiating the proposed Phase 1/2 clinical trial and to work with FDA to resolve any concerns they may have with our submission. If we are unable to do so we expect FDA may impose a clinical hold on this trial.

Our product development costs will increase if we experience delays in clinical testing or in obtaining marketing approvals. We do not know whether any of our preclinical studies or clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant preclinical or clinical trial delays also could shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do, potentially impairing our ability to successfully commercialize our product candidates and harming our business and results of operations.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Restated Certificate of Incorporation of Selecta Biosciences, Inc.	8-K	001-37798	3.1	6/29/2016
3.2	Amended and Restated By-laws of Selecta Biosciences, Inc.	8-K	001-37798	3.2	9/30/2021
10.1#	Employment Agreement, dated September 3, 2021, by and between Selecta Biosciences, Inc. and Kevin Tan	-	-	-	Filed herewith
10.2#	Non-Employee Director Compensation Program	-	-	-	Filed herewith
10.3	First Amendment to Loan and Security Agreement, dated September 7, 2021, by and among Selecta Biosciences, Inc., Oxford Finance LLC, and Silicon Valley Bank	-	-	-	Filed herewith
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	-	-	-	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	-	-	-	Filed herewith
32.1	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	-	-	-	Furnished herewith
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)	-	-	-	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	-	-	-	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	-	-	-	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	-	-	-	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	-	-	-	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	-	-	-	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	-	-	-	Filed herewith

# Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

SELECTA BIOSCIENCES, INC.

Date: November 9, 2021

By: /s/ Carsten Brunn, Ph.D.
Carsten Brunn, Ph.D.
President and Chief Executive Officer, and Director
(Principal Executive Officer)

Date: November 9, 2021

By: /s/ Kevin Tan
Kevin Tan
Chief Financial Officer
(Principal Financial Officer)

Employment Agreement

This Employment Agreement (this "Agreement"), dated as of September 3, 2021, is made by and between SELECTA BIOSCIENCES, INC., a Delaware corporation (together with any successor thereto, the "Company"), and KEVIN TAN ("Executive") (collectively referred to as the "Parties" or individually referred to as a "Party"), and effective as of September 20, 2021 (the "Effective Date").

RECITALS

A. It is the desire of the Company to assure itself of the services of Executive on the Effective Date and thereafter by entering into this Agreement.

B. Executive and the Company mutually desire that Executive provide services to the Company on the terms herein provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the Parties hereto agree as follows:

1. Employment.

(a) General. Effective on the Effective Date, the Company shall employ Executive and Executive shall be employed by the Company, for the period and in the positions set forth in this Section 1, and subject to the other terms and conditions herein provided.

(b) At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and that Executive's employment with the Company may be terminated by either Party at any time for any or no reason (subject to the notice requirements of Section 3(b)). This "at-will" nature of Executive's employment shall remain unchanged during Executive's tenure as an employee and may not be changed, except in an express writing signed by Executive and a duly authorized officer of the Company. If Executive's employment terminates for any reason, Executive shall not be entitled to any payments, benefits, damages, award or compensation other than as provided in this Agreement or otherwise agreed to in writing by the Company or as provided by applicable law. The term of this Agreement (the "Term") shall commence on the Effective Date and end on the date this Agreement is terminated under Section 3.

(c) Positions and Duties. Executive shall serve as the Chief Financial Officer of the Company with such responsibilities, duties and authority normally associated with such positions and as may from time to time be reasonably assigned to Executive by the Chief Executive Officer of the Company. Executive will report directly to Chief Executive Officer of the Company. Executive acknowledges that the Company's principal place of business is currently in Watertown, Massachusetts, and that Executive is expected to be primarily available to spend time at the Company's principal place of business in Watertown, Massachusetts as the Company's Chief Executive Officer reasonably determines is necessary or appropriate for Executive to perform his duties and responsibilities under this Agreement. Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Company (which shall include service to its affiliates, if applicable), provided that Executive may engage in outside business activities (including serving on outside boards or committees) following approval by the Board of Directors of the Company or an authorized committee thereof (in either case, the "Board") to the extent such activities do not materially interfere with the performance of Executive's duties and responsibilities under this Agreement or violate the terms of the Employee Nondisclosure, Noncompetition and Assignment of Intellectual Property Agreement attached as Exhibit B (the "Restrictive Covenant Agreement"). Executive agrees to observe and comply with the rules and policies of the Company as

adopted by the Company from time to time, in each case as amended from time to time, as set forth in writing, and as delivered or made available to Executive (each, a "Policy").

2. Compensation and Related Matters.

(a) Annual Base Salary. During the Term, Executive shall receive a base salary at a rate of $410,000 per annum, which shall be paid in accordance with the customary payroll practices of the Company and shall be pro-rated for partial years of employment. Upon or prior to the one- year anniversary of the commencement of Executive's employment with the Company, the Company will re-evaluate Executive's base salary according to external market data and performance. Such annual base salary shall further be reviewed (and may be increased) from time to time by the Board (such annual base salary, as it may be increased from time to time, the "Annual Base Salary").

(b) Bonus. During the Term, Executive will be eligible to participate in an annual incentive program established by the Board. Executive's annual incentive compensation under such incentive program (the "Annual Bonus") shall be targeted at 40% of Executive's Annual Base Salary (the "Target Bonus"). The Annual Bonus payable under the incentive program shall be based on the achievement of performance goals to be determined by the Board; provided that, Executive's Annual Bonus for the 2021 fiscal year shall not be less than $46,280. The payment of any Annual Bonus will be made on or before March 15 of the year following the calendar year in which such Annual Bonus is earned, subject to Executive's continued employment through the last day of such year.

(c) Benefits. During the Term, Executive shall be eligible to participate in employee benefit plans, programs and arrangements of the Company (including medical, dental and 401(k) plans), consistent with the terms thereof and as such plans, programs and arrangements may be amended from time to time. In no event shall Executive be eligible to participate in any severance plan or program of the Company, except as set forth in Section 4 of this Agreement.

(d) Vacation. During the Term, Executive shall be entitled to accrue four weeks of paid vacation per year in accordance with the Company's Policies. Vacation days accrued, but not used by the end of the calendar year may be used in the subsequent calendar year; provided that no more than five accrued vacation days may be carried over from one year to the next. Any vacation shall be taken at the reasonable and mutual convenience of the Company and Executive.

(e) Business Expenses. During the Term, the Company shall reimburse Executive for all reasonable travel and other business expenses incurred by Executive in the performance of Executive's duties to the Company in accordance with the Company's expense reimbursement Policy.

(f) Key Person Insurance. At any time during the Term, the Company shall have the right to insure the life of Executive for the Company's sole benefit. The Company shall have the right to determine the amount of insurance and the type of policy. Executive shall reasonably cooperate with the Company in obtaining such insurance by submitting to physical examinations, by supplying all information reasonably required by any insurance carrier, and by executing all necessary documents reasonably required by any insurance carrier, provided that any information provided to an insurance company or broker shall not be provided to the Company without the prior written authorization of Executive. Executive shall incur no financial obligation by executing any required document, and shall have no interest in any such policy.

(g) Stock Options. Effective as of the first day of employment, Executive will be granted an option to purchase 750,000 shares of common stock of the Company with an exercise price per share equal to the closing price per share of the Company's common stock on the date of grant or the last trading day preceding the date of grant if the date of grant is not a trading day (the "Option"). Subject to Executive's continued employment by the Company, the Option shall vest over a four-year period, with 25% vesting on the first anniversary of the Effective

Date and the remaining 75% vesting in 36 equal monthly installments following the first anniversary of the Effective Date. The Option will be subject to the terms of the Company's 2016 Incentive Award Plan and the applicable award agreement evidencing such award. Each year, including the 2021 fiscal year, Executive shall also be eligible to participate in the Company's annual equity incentive plans (including, without limitation, the Company's 2016 Incentive Award Plan) as such plans are applicable to executive officers of the Company. Any award for 2021 fiscal year shall not be prorated, reduced or otherwise subject to diminution as a result of Executive's partial year of employment.

(h) Signing Bonus. Executive shall receive a single lump-sum cash payment of $75,000, payable at the same time as Executive's first regularly scheduled Company paycheck, subject to and conditioned upon Executive's continued employment through the payment date (the "Signing Bonus"). If Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason (as defined below), his death or Disability (as defined below), in either case within 12 months of the Effective Date, Executive will repay the Company the full amount of the Signing Bonus and the Company will be entitled (but not required) to deduct the amount of any such repayment obligations from any amounts otherwise payable to Executive by the Company or any of its affiliates.

(i) Tuition Assistance. During the 2022 and 2023 calendar years, the Company shall provide Executive up to a total of $8,000 per calendar year toward school tuition and related tuition expenses (up to a maximum amount of $16,000 over the two calendar year period) (the "Tuition Assistance"). The Tuition Assistance shall be paid directly to the Executive in one or more installments upon Executive's delivery of one or more invoices for each enrolled class. Executive must have all courses pre-approved by the Chief Executive Officer and the Chief People Officer of the Company for which he seeks any Tuition Assistance. In order to be eligible for Tuition Assistance, Executive agrees not to resign from the Company without Good Reason (as defined below) for a period within twelve (12) months of the conclusion of any semester during which Executive took a class for which he is seeking Tuition Assistance (a "Clawback Period"). If Executive resigns from the Company without Good Reason during a Clawback Period, Executive will not be eligible to receive Tuition Assistance for that class (or those classes), and if Executive has already received Tuition Assistance for any class before the expiration of any applicable Clawback Period, Executive acknowledges he will be responsible for paying back to the Company any Tuition Assistance received prior to the expiration of any such Clawback Period.

3. Termination.

Executive's employment hereunder may be terminated by the Company or Executive, as applicable, without any breach of this Agreement under the following circumstances:

(a) Circumstances.

(i) *Death*. Executive's employment hereunder shall terminate upon Executive's death.

(ii) *Disability*. If Executive has incurred a Disability, as defined below, the Company may terminate Executive's employment.

(iii) *Termination for Cause*. The Company may terminate Executive's employment for Cause, as defined below.

(iv) *Termination without Cause*. The Company may terminate Executive's employment without Cause.

(v) *Resignation from the Company with Good Reason.* Executive may resign Executive's employment with the Company with Good Reason, as defined below.

(vi) *Resignation from the Company without Good Reason*. Executive may resign Executive's employment with the Company for any reason other than Good Reason or for no reason.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 3 (other than termination pursuant to Section 3(a)(i)) shall be communicated by a written notice to the other Party hereto (i) indicating the specific termination provision in this Agreement relied upon, (ii) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, if applicable, and (iii) specifying a Date of Termination which, except in the case of a termination pursuant to Section 3(a)(iii), shall be at least thirty (30) days following the date of such notice, but no more than forty (40) days following the date of such notice (a "Notice of Termination"); *provided*, *however*, that the Company may deliver a Notice of Termination to Executive that specifies any Date of Termination that occurs on or after the date of the Notice of Termination (but no more than forty (40) days following the date of such notice) and, in the event that Executive delivers a Notice of Termination to the Company, the Company may, in its sole discretion, change the Date of Termination to any date that occurs on or following the date of the Notice of Termination and is prior to the Date of Termination specified in the Notice of Termination, *provided*, in either case, that if the Company selects a Date of Termination that is less than thirty (30) days after the date of the Notice of Termination the Company will pay Executive the Annual Base Salary Executive would have earned during the period commencing on the Date of Termination selected by the Company and ending thirty (30) days after the date of the Notice of Termination. The failure by either party to set forth in the Notice of Termination any fact or circumstance shall not waive any right of the party hereunder or preclude the party from asserting such fact or circumstance in enforcing the party's rights hereunder.

(c) Company Obligations upon Termination. Upon termination of Executive's employment pursuant to any of the circumstances listed in this Section 3, Executive (or Executive's estate) shall be entitled to receive the sum of: (i) the portion of Executive's Annual Base Salary earned through the Date of Termination, but not yet paid to Executive; (ii) any unpaid Annual Bonus earned by Executive for the year prior to the year in which the Date of Termination occurs, as determined by the Board in its good faith discretion based upon actual performance achieved, which Annual Bonus, if any, shall be paid to Executive when bonuses for such year are paid to actively employed senior executives of the Company but in no event later than March 15 of the year in which the Date of Termination occurs; (iii) any expenses owed to Executive pursuant to Section 2(e); and (iv) any amount accrued and arising from Executive's participation in, or benefits accrued under any employee benefit plans, programs or arrangements, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements (collectively, the "Company Arrangements"). Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided in a benefit plan or herein, all of Executive's rights to salary, severance, benefits, bonuses and other compensatory amounts hereunder (if any) shall cease upon the termination of Executive's employment hereunder.

(d) Deemed Resignation. Upon termination of Executive's employment for any reason, Executive shall be deemed to have resigned from all offices and directorships, if any, then held with the Company or any of its subsidiaries.

4. Severance Payments.

(a) Termination for Cause, or Termination Upon Death, Disability or Resignation from the Company Without Good Reason. If Executive's employment shall terminate as a result of Executive's death pursuant to Section 3(a)(i) or Disability pursuant to Section 3(a)(ii), pursuant to Section 3(a)(iii) for Cause, or pursuant to Section 3(a)(vi) for Executive's resignation from the Company without Good Reason, then Executive shall not be entitled to any severance payments or benefits, except as provided in Section 3(c).

(b) Termination without Cause, or Resignation from the Company with Good Reason. If Executive's employment terminates without Cause pursuant to Section 3(a)(iv), or pursuant to Section 3(a)(v) due to

Executive's resignation with Good Reason, then, subject to Executive signing on or before the 60th day following Executive's Separation from Service (as defined below), and not revoking, a release of claims (which Executive will receive no later than ten (10) business days following Executive's Separation from Service) substantially in the form attached as Exhibit A to this Agreement (the "Release"), and Executive's continued compliance with Section 5, Executive shall receive, in addition to payments and benefits set forth in Section 3(c), the following:

(i) an amount in cash equal to the Annual Base Salary, payable in the form of salary continuation in regular installments over the 12-month period following the date of Executive's Separation from Service (the "Severance Period") in accordance with the Company's normal payroll practices, commencing on the Company's next regular payday that is at least five days following the effective date of the Release (with the first payment including all amounts accrued to that date) (the "Payment Date");

(ii) the Pro-Rata Bonus payable in the form of a lump sum payment by the later of March 15 of the year following the year in which the Date of Termination occurs and the Payment Date. The term "Pro-Rata Bonus" shall mean a pro-rata portion of the Annual Bonus for the fiscal year in which the Date of Termination occurs based on actual results for such year (determined by multiplying the amount of such Annual Bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that Executive is employed by the Company and the denominator of which is 365); and

(iii) if Executive elects to receive continued medical, dental and/or vision coverage under one or more of the Company's group healthcare plans pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse Executive for, the COBRA premiums for Executive and Executive's covered dependents under such plans during the period commencing on Executive's Separation from Service and ending upon the earliest of (X) the last day of the Severance Period, (Y) the date that Executive and/or Executive's covered dependents become no longer eligible for COBRA or (Z) the date Executive becomes eligible to receive medical, dental or vision coverage, as applicable, from a subsequent employer (and Executive agrees to promptly notify the Company of such eligibility). Notwithstanding the foregoing, if the Company determines in its sole discretion that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax, the Company may alter the manner in which medical, dental or vision coverage is provided to Executive after the Date of Termination so long as such alteration does not increase the after-tax cost to Executive of such benefits.

(c) Change in Control. Notwithstanding anything to the contrary in any applicable Company equity plan or equity agreement, in the event Executive's employment terminates without Cause pursuant to Section 3(a)(iv), or pursuant to Section 3(a)(v) due to Executive's resignation with Good Reason, in either case, within 60 days prior to or on or within 12 months following the date of a Change in Control, subject to Executive signing on or before the 60th day following Executive's Separation from Service, and not revoking, the Release (which Executive will receive no later than ten (10) business days following Executive's Separation from Service) and Executive's continued compliance with Section 5, Executive shall receive, in addition to the payments and benefits set forth in Section 3(c) and Section 4(b), immediate vesting of all unvested equity or equity-based awards held by Executive under any Company equity compensation plans that vest solely based on the passage of time (for the avoidance of doubt, with any such awards that vest in whole or in part based on the attainment of performance-vesting conditions being governed by the terms of the applicable award agreement).

(d) Survival. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 5 through 9 will survive the termination of Executive's employment and the termination of the Term.

5. Restrictive Covenants. As a condition to the effectiveness of this Agreement, Executive will execute and deliver to the Company contemporaneously herewith the Restrictive Covenant Agreement. Executive agrees to abide by the terms of the Restrictive Covenant Agreement, which are hereby incorporated by reference into this Agreement. Executive acknowledges that the provisions of the Restrictive Covenant Agreement will survive the termination of Executive's employment and the termination of the Term for the periods set forth in the Restrictive Covenant Agreement.

6. Assignment and Successors.

The Company may assign its rights and obligations under this Agreement to any of its affiliates or to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company, Executive and their respective successors, assigns, personnel and legal representatives, executors, administrators, heirs, distributees, devisees, and legatees, as applicable. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only by will or operation of law. Notwithstanding the foregoing, Executive shall be entitled, to the extent permitted under applicable law and applicable Company Arrangements, to select and change a beneficiary or beneficiaries to receive compensation hereunder following Executive's death by giving written notice thereof to the Company.

7. Certain Definitions.

(a) Cause. The Company shall have "Cause" to terminate Executive's employment hereunder upon:

(i) Executive's willful failure to perform (other than by reason of Disability), or gross negligence in the performance of, Executive's duties and responsibilities to the Company or any of its affiliates;

(ii) Executive's commission of, or indictment or conviction for, any felony or any crime involving dishonesty by Executive;

(iii) Executive's participation in any fraud against the Company or any of its affiliates;

(iv) Any intentional material damage to any property of the Company or any of its affiliates by Executive;

(v) Executive's misconduct which materially and adversely reflects upon the business, operations or reputation of the Company or any of its affiliates, which misconduct has not been cured (or cannot be reasonably cured) within thirty (30) days after the Company gives written notice to Executive regarding such misconduct; or

(vi) Executive's breach of any material provision of this Agreement or any other written agreement between Executive and the Company or any of its affiliates and failure to cure such breach (if reasonably capable of cure) within thirty (30) days after the Company gives written notice to Executive regarding such breach.

(b) Change in Control. "Change in Control" shall have the meaning set forth in the version of the Selecta Biosciences, Inc. 2016 Incentive Award Plan in effect on the Effective Date.

(c) Code. "Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder.

(d) Date of Termination. "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death; or (ii) if Executive's employment is terminated

pursuant to Section 3(a)(ii) – (vi) either the date indicated in the Notice of Termination or the date specified by the Company pursuant to Section 3(b), whichever is earlier.

(e) Disability. "Disability" shall mean, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company's employees, "disability" as defined in such long-term disability plan for the purpose of determining a participant's eligibility for benefits, *provided, however*, if the long-term disability plan contains multiple definitions of disability, "Disability" shall refer to that definition of disability which, if Executive qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Executive has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, "Disability" shall mean Executive's inability to perform, with or without reasonable accommodation, the essential functions of Executive's positions hereunder for a total of six months during any twelve-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed. Any unreasonable refusal by Executive to submit to a medical examination for the purpose of determining Disability shall be deemed to constitute conclusive evidence of Executive's Disability.

(f) Good Reason. For the sole purpose of determining Executive's right to severance payments and benefits as described above, Executive's resignation will be for "Good Reason" if Executive resigns within six months after any of the following events, unless Executive consents to the applicable event in writing: (i) a material reduction in Executive's Annual Base Salary or Target Bonus, (ii) a material diminution in Executive's authority, title or duties or areas of responsibility, (iii) the relocation of Executive's primary office to a location more than 40 miles from the Boston metropolitan area, (iv) requirement that Executive report to someone other than the Chief Executive Officer of the Company, or (v) a material breach by the Company of this Agreement or any other written agreement with Executive. Notwithstanding the foregoing, no Good Reason will have occurred unless and until Executive has: (a) provided the Company, within 60 days of Executive's knowledge of the occurrence of the facts and circumstances underlying the Good Reason event, written-notice stating with specificity the applicable facts and circumstances underlying such finding of Good Reason, and (b) provided the Company with an opportunity to cure the same within 30 days after the receipt of such notice.

8. Parachute Payments.

(a) Notwithstanding any other provisions of this Agreement or any Company equity plan or agreement, in the event that any payment or benefit by the Company or otherwise to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 4(b) and Section 4(c) hereof, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (in the order provided in Section 8(b)) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A of the Code ("Section 409A"), (ii) reduction on

a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, (iii) reduction on a pro-rata basis of any other payments or benefits that are exempt from Section 409A, and (iv) reduction of any payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of clauses (ii), (iii) and (iv), that reduction of any payments attributable to the acceleration of vesting of Company equity awards shall be first applied to Company equity awards that would otherwise vest last in time.

(c) The Company will select an accounting firm or consulting group with experience in performing calculations regarding the applicability of Section 280G of the Code and the Excise Tax (the "Independent Advisors") to make determinations regarding the application of this Section 8. For purposes of such determinations, no portion of the Total Payments shall be taken into account which, in the opinion of the Independent Advisors, (i) does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) or (ii) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

(d) If Executive incurs legal fees or other expenses (including expert witness and accounting fees) in an effort to determine the applicability of this Section 8 or establish entitlement to or obtain any portion of the Total Payments that have been reduced under this Section 8 (collectively, "Legal and Other Expenses"), Executive shall be entitled to payment of or reimbursement for such Legal and Other Expenses in accordance with this Section 8(d). Subject to Sections 9(1)(iv) and 9(m) and the other provisions of this Section 8, the Company will reimburse all Legal and Other Expenses on a monthly basis reasonably promptly after presentation of Executive's written request for reimbursement accompanied by evidence reasonably acceptable to the Company that such Legal and Other Expenses were incurred. If the Company establishes before a court of competent jurisdiction that Executive had no reasonable basis for a claim made by Executive hereunder, or acted in bad faith, no further payment of or reimbursement for Legal and Other Expenses shall be due to Executive in respect of such claim, and Executive shall refund any amounts previously paid or reimbursed hereunder with respect to such claim.

(e) In the event it is later determined that to implement the objective and intent of this Section 8, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by Executive to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess amount shall be paid or provided promptly by the Company to Executive, except to the extent the Company reasonably determines would result in imposition of an excise tax under Section 409A.

9. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed, construed, interpreted and enforced in accordance with its express terms, and otherwise in accordance with the substantive laws of the Commonwealth of Massachusetts without reference to the principles of conflicts of law of the Commonwealth of Massachusetts or any other jurisdiction that would result in application of the laws of a jurisdiction other than the Commonwealth of Massachusetts, and where applicable, the laws of the United States.

(b) Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Notices. Any notice, request, claim, demand, document and other communication hereunder to any Party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally or sent by facsimile or certified or registered mail, postage prepaid, as follows:

(i) If to the Company, to the General Counsel of the Company at the Company's headquarters,

(ii) If to Executive, to the last address that the Company has in its personnel records for Executive, or

(iii) At any other address as any Party shall have specified by notice in writing to the other Party.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement. Signatures delivered by facsimile or PDF shall be deemed effective for all purposes.

(e) Entire Agreement. The terms of this Agreement, the Restrictive Covenant Agreement incorporated herein by reference as set forth in Section 5 and the Indemnification Agreement (defined below) are intended by the Parties to be the final expression of their agreement with respect to the subject matter hereof and supersede all prior understandings and agreements, whether written or oral, including without limitation any prior employment agreement or offer letter between Executive and the Company. The Parties further intend that this Agreement shall constitute the complete and exclusive statement of their terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

(f) Indemnification. The Parties acknowledge that they have or will enter into an Indemnification Agreement in substantially the form attached as Exhibit C hereto.

(g) Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Executive and a duly authorized officer of Company. By an instrument in writing similarly executed, Executive or a duly authorized officer of the Company may waive compliance by the other Party with any specifically identified provision of this Agreement that such other Party was or is obligated to comply with or perform; *provided*, *however*, that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure. No failure to exercise and no delay in exercising any right, remedy, or power hereunder preclude any other or further exercise of any other right, remedy, or power provided herein or by law or in equity.

(h) No Inconsistent Actions. The Parties hereto shall not voluntarily undertake or fail to undertake any action or course of action inconsistent with the provisions or essential intent of this Agreement. Furthermore, it is the intent of the Parties hereto to act in a fair and reasonable manner with respect to the interpretation and application of the provisions of this Agreement.

(i) Construction. This Agreement shall be deemed drafted equally by both the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any Party shall not apply. The headings in this Agreement are only for convenience and are not intended to affect construction or interpretation. Any references to paragraphs, subparagraphs, sections or subsections are to those parts of this Agreement, unless the context clearly indicates to the contrary. Also, unless the context clearly indicates to the contrary, (i) the plural includes the singular and the singular includes the plural; (ii) "and" and "or" are each used both conjunctively and disjunctively; (iii) "any," "all," "each," or "every" means "any and all," and "each and every"; (iv) "includes" and "including" are each "without limitation"; (v) "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to the entire Agreement and not to any particular paragraph, subparagraph, section or subsection; and (vi) all pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the entities or persons referred to may require.

(j) Enforcement. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the Term, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a portion of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision there shall be added automatically as part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(k) Withholding. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

(l) Section 409A.

(i) *General*. The intent of the Parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith.

(ii) *Separation from Service*. For purposes of any compensation or benefits payable to Executive under this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein) (a "Separation from Service").

(iii) *Specified Employee*. Notwithstanding anything in this Agreement to the contrary, if Executive is deemed by the Company at the time of Executive's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (i) the expiration of the six-month period measured from the date of Executive's Separation from Service with the Company or (ii) the date of Executive's death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to Executive (or Executive's estate or beneficiaries), and any remaining payments due to Executive under this Agreement shall be paid as otherwise provided herein.

(iv) *Expense Reimbursements.* To the extent that any reimbursements under this Agreement are subject to Section 409A, any such reimbursements payable to Executive shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, other than medical expenses referred to in Section 105(b) of the Code, and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(v) *Installments.* Executive's right to receive any installment payments under this Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. Except as otherwise permitted under Section 409A, no payment hereunder shall be accelerated or deferred unless such acceleration or deferral would not result in additional tax or interest pursuant to Section 409A. Notwithstanding anything to the contrary contained herein, if the period to

consider, return and not revoke the Release crosses two calendar years, any payments or benefits described in Section 4(b) will be paid in the later calendar year.

10. Executive Acknowledgement.

Executive acknowledges that Executive has read and understands this Agreement, is fully aware of its legal effect, has not acted in reliance upon any representations or promises made by the Company other than those contained in writing herein, and has entered into this Agreement freely based on Executive's own judgment.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first above written.

SELECTA BIOSCIENCES, INC.

By: /s/ Carsten Brunn, Ph.D.

Name: Carsten Brunn, Ph. D.

Title: *President and Chief Executive Officer*

EXECUTIVE

/s/ Kevin Tan

KEVIN TAN

EXHIBIT A

Separation Agreement and Release

This Separation Agreement and Release ("Agreement") is made by and between KEVIN TAN ("Executive") and Selecta Biosciences, Inc. (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Employment Agreement (as defined below).

WHEREAS, the Parties have previously entered into that certain Employment Agreement, dated as of _____, 2021 (the "Employment Agreement") and that certain Employee Nondisclosure, Noncompetition and Assignment of Intellectual Property Agreement, dated as of _____, 2021 (the "RCA"); and

WHEREAS, in connection with Executive's termination of employment with the Company or a subsidiary or affiliate of the Company effective _____, 20__, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that Executive may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Executive's employment with or separation from the Company or its subsidiaries or affiliates but, for the avoidance of doubt, nothing herein will be deemed to release any rights or remedies in connection with Executive's ownership of vested equity securities of the Company, vested benefits or Executive's right to defense or indemnification by the Company or any of its affiliates pursuant to contract or applicable law (collectively, the "Retained Claims"). The Company agrees not to contest Executive's application for unemployment benefits; provided that nothing herein shall prohibit the Company from responding truthfully to requests for information from, or require the Company to make any false or misleading statements to, any governmental authority.

NOW, THEREFORE, in consideration of the severance payments and benefits described in Section 4 of the Employment Agreement, which, pursuant to the Employment Agreement, are conditioned on Executive's execution and non-revocation of this Agreement, and in consideration of the mutual promises made herein, the Company and Executive hereby agree as follows:

1. Severance Payments; Salary and Benefits. The Company agrees to provide Executive with the severance payments and benefits described in Section 4(b) [and Section 4(c)] of the Employment Agreement, payable at the times set forth in, and subject to the terms and conditions of, the Employment Agreement. In addition, to the extent not already paid, and subject to the terms and conditions of the Employment Agreement, the Company shall pay or provide to Executive all other payments or benefits described in Section 3(c) of the Employment Agreement, subject to and in accordance with the terms thereof.

2. Release of Claims. Executive agrees that, other than with respect to the Retained Claims, the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company, any of its direct or indirect subsidiaries and affiliates, and any of their current and former officers, directors, equity holders, managers, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries and predecessor and successor corporations and assigns (collectively, the "Releasees"). Executive, on Executive's own behalf and on behalf of any of Executive's affiliated companies or entities and any of their respective heirs, family members, executors, agents, and assigns, other than with respect to the Retained Claims, hereby and forever releases the Releasees from any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Executive may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the date Executive signs this Agreement, including, without limitation:

(a) any and all claims relating to or arising from Executive's employment or service relationship with the Company or any of its direct or indirect subsidiaries or affiliates and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of any shares of stock or other equity interests of the Company or any of its affiliates, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;

(d) any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and the Sarbanes-Oxley Act of 2002;

(e) any and all claims for violation of the federal or any state constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Executive as a result of this Agreement;

(h) any and all claims arising out of the wage and hour and wage payments laws and regulations of the state or states in which Executive has provided service to the Company or any of its affiliates (including without limitation the Massachusetts Payment of Wages Law); and

(i) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Executive's right to report possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation, Executive's right to file a charge with or participate in a charge, investigation or proceeding by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that Executive's release of claims herein bars Executive from recovering monetary or other individual relief from the Company or any Releasee in connection with any charge, investigation or proceeding, or any related complaint or lawsuit, filed by Executive or by anyone else on Executive's behalf before the federal Equal Employment Opportunity Commission or a comparable state or local agency), claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law, claims to continued participation in certain of the Company's group benefit plans pursuant to the terms and conditions of COBRA, claims to any benefit entitlements vested as the date of separation of Executive's employment, pursuant to written terms of any employee benefit plan of the Company or its affiliates and Executive's right under applicable law and any

Retained Claims. This release further does not release claims for breach of Section 3(c), Section 4(b) or Section 4(c) of the Employment Agreement arising after the date Executive signs this Agreement.

3. Acknowledgment of Waiver of Claims under ADEA. Executive understands and acknowledges that Executive is waiving and releasing any rights Executive may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Executive understands and agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date Executive executes this Agreement. Executive understands and acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Executive was already entitled. Executive further understands and acknowledges that Executive is hereby advised by this writing that: (a) Executive should consult with an attorney prior to executing this Agreement; (b) Executive has [21/45][1] days within which to consider this Agreement, and the parties agree that such time period to review this Agreement shall not be extended upon any material or immaterial changes to this Agreement; (c) Executive has 7 business days following Executive's execution of this Agreement to revoke this Agreement pursuant to written notice to the General Counsel of the Company; (d) this Agreement shall not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Executive signs this Agreement and returns it to the Company in less than the [21/45] day period identified above, Executive hereby acknowledges that Executive has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

4. Restrictive Covenants.

(a) Executive acknowledges and agrees that the restrictive covenants and other post-termination obligations set forth in the RCA, including without limitation Executive's obligations relating to confidentiality, non-use and non-disclosure of Confidential Information (as defined in the RCA), non-solicitation, cooperation, and return of property, are hereby incorporated by reference and shall remain in full force and effect pursuant to their terms to the maximum extent permitted by applicable law, except that the parties expressly agree to modify the RCA by removing Section 6, and each subpart thereto, of the RCA, which shall be of no further force or effect upon the Effective Date (as defined below). Executive represents and warrants that Executive has complied with all provisions of the RCA at all times through the Effective Date.

(b) In consideration for the severance payments and benefits set forth in Section 1 of this Agreement, Executive agrees for a period of 12 months after the Effective Date (the "Noncompetition Restricted Period") to not directly or indirectly, on Executive's own behalf or for the benefit of any other individual or entity: (i) operate, conduct, engage in, or own (except as a holder of not more than three percent (3%) of the stock of a publicly held company), or prepare to operate, conduct, engage in, or own any business that develops, markets, distributes, plans, sells or otherwise provides, or is preparing to develop, market, distribute, plan, sell or otherwise provide, any product or service that is in competition with any of the products or services being developed, marketed, distributed, planned, sold or otherwise provided by the Company or its affiliates at the time of, or during the 12 months preceding, Executive's termination from the Company (a "Competing Business") or (ii) participate in, render services to, or assist any individual or entity that engages in a Competing Business in any capacity (whether as an employee, manager, consultant, director, officer, contractor, or otherwise) (A) which involve the same or similar types of services Executive performed for the Company at any time during the last two years of Executive's employment with the Company or (B) in which Executive could reasonably be expected to use or disclose Confidential Information, in each case (i) and (ii) limited to each city, county, state, territory and country in which (x) Executive provided services or had a material presence or influence at any time during Executive's last two years of employment with the Company or (y) the Company is engaged in or has plans to engage in the Competing Business as of the Effective Date. Without limiting the Company's ability to seek other

[1] To be determined by the Company at the time of separation.

remedies available in law or equity, if Executive violates this Section 4(b), the Noncompetition Restricted Period shall be extended by one day for each day that Executive is in violation of such provisions, up to a maximum extension equal to the length of the Noncompetition Restricted Period, so as to give the Company the full benefit of the bargained-for length of forbearance.

(c) Executive's continued compliance with the terms of the RCA (as modified in Section 4(a) above) and the noncompetition obligations set forth in Section 4(b) above (collectively, the "Restrictive Covenants") is a material condition to receipt of the severance payments and benefits set forth in Section 1 of this Agreement. In the event Executive breaches any part of such Restrictive Covenants, then, in addition to any remedies and enforcement mechanisms set forth in the RCA and this Agreement and any other remedies available to the Company (including equitable and injunctive remedies), Executive shall forfeit any additional consideration owing and shall be obligated to promptly return to the Company (within two (2) business days of any breach) the full gross amount of all severance payments and benefits provided.

(d) If any provision of the Restrictive Covenants shall be determined to be unenforceable by any court of competent jurisdiction or arbitrator by reason of its extending for too great a period of time or over too large a geographic area or over too great a range of activities, it shall be interpreted to extend only over the maximum period of time, geographic area or range of activities as to which it may be enforceable.

5. Mutual Non-Disparagement. Executive agrees that, at all times, Executive shall refrain from making any negative, critical, or disparaging statements, implied or express, concerning the Company, its affiliates and their respective directors, officers, agents, or employees. The Company agrees that it shall instruct the members of the Board and senior management of the Company to refrain from making any negative, critical, or disparaging statements, implied or express, concerning Executive. However, nothing in this Section 5 prohibits either Party's disclosure of information that is required to be disclosed to enforce this Agreement or to comply with applicable law or order of a court or other regulatory body of competent jurisdiction.

6. Trade Secrets. In accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement, the Employment Agreement or the RCA (together, the "Subject Documents"): (i) Executive shall not be in breach of any Subject Document, and shall not be held criminally or civilly liable under any federal or state trade secret law (x) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (y) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order. Furthermore, nothing in any Subject Document prevents Executive from reporting possible violations of law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies).

7. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement shall continue in full force and effect without said provision or portion of provision.

8. No Oral Modification. This Agreement may only be amended in a writing signed by Executive and a duly authorized officer of the Company.

9. Governing Law. This Agreement shall be subject to the provisions of Sections 9(a) and 9(c) of the Employment Agreement.

10. Effective Date. Executive has seven (7) business days after Executive signs this Agreement to revoke it, and this Agreement will become effective on the eighth (8th) business day after Executive signed this Agreement (the "Effective Date"), so long as it has been signed by the Parties and has not been revoked by either Party before such date. For the avoidance of doubt, if Executive revokes this Agreement as provided herein, the Parties' modification to the RCA set forth in Section 4(a) above shall be void and of no effect. Unless the Company has elected or elects to expressly waive Executive's noncompetition obligations set forth in Section 6(a) of the RCA as provided in Section 10(e) of the RCA, the RCA, including without limitation Section 6 of the RCA, shall remain in full force and effect.

11. Voluntary Execution of Agreement. Executive understands and agrees that Executive executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of Executive's claims against the Company and any of the other Releasees. Executive acknowledges that: (a) Executive has read this Agreement; (b) Executive has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement; (c) Executive has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of Executive's own choice or has elected not to retain legal counsel; (d) Executive understands the terms and consequences of this Agreement and of the releases it contains; and (e) Executive is fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE

Dated: /s/ Kevin Tan

Kevin Tan

SELECTA BIOSCIENCES, INC.

Dated:

By: /s/ Carsten Brunn, Ph.D.

Name: Carsten Brunn, Ph. D.

Title: *President and Chief Executive Officer*

EXHIBIT B

Employee Nondisclosure, Noncompetition and Assignment of Intellectual Property Agreement

[attached]

EXHIBIT C

Form of Indemnification Agreement

[attached]

Exhibit 10.2

SELECTA BIOSCIENCES, INC.

NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the "***Board***") of Selecta Biosciences, Inc. (the "***Company***") shall receive cash and equity compensation as set forth in this Non-Employee Director Compensation Program (this "***Program***"), as amended by the Board effective March 30, 2021 (the "***Effective Date***"). The cash and equity compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board, to each member of the Board who is not an employee of the Company or any parent or subsidiary of the Company (each, a "***Non-Employee Director***") who is entitled to receive such cash or equity compensation, unless such Non-Employee Director declines the receipt of such cash or equity compensation by written notice to the Company. This Program shall remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time in its sole discretion. The terms and conditions of this Program shall supersede any prior cash and/or equity compensation arrangements for service as a member of the Board between the Company and any of its Non-Employee Directors. No Non-Employee Director shall have any rights hereunder, except with respect to stock options granted pursuant to the Program. This Program shall become effective on the Effective Date.

I. CASH COMPENSATION

A. Annual Retainers. Each Non-Employee Director shall receive an annual retainer of $40,000 for service on the Board.

B. Additional Annual Retainers. In addition, each Non-Employee Director shall receive the following annual retainers:

1. *Chairperson of the Board or Lead Independent Director*. A Non-Employee Director serving as Chairperson of the Board shall receive an additional annual retainer of $30,000 for such service, and a Non-Employee Director serving as Lead Independent Director shall receive an additional annual retainer of $20,000 for such service.

2. *Audit Committee*. A Non-Employee Director serving as Chairperson of the Audit Committee shall receive an additional annual retainer of $15,000 for such service. A Non-Employee Director serving as a member other than the Chairperson of the Audit Committee shall receive an additional annual retainer of $7,500 for such service.

3. *Compensation Committee*. A Non-Employee Director serving as Chairperson of the Compensation Committee shall receive an additional annual retainer of $12,000 for such service. A Non-Employee Director serving as a member other than the Chairperson of the Compensation Committee shall receive an additional annual retainer of $6,000 for such service.

4. *Nominating and Corporate Governance Committee*. A Non-Employee Director serving as Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $8,000 for such service. A Non-Employee Director serving as a member other than the Chairperson of the Nominating and Corporate Governance Committee shall receive an additional annual retainer of $4,000 for such service.

5. *Science Committee*. A Non-Employee Director serving as Chairperson of the Science Committee shall receive an additional annual retainer of $8,000 for such service. A Non-Employee Director serving as a member other than the Chairperson of the Science Committee shall receive an additional annual retainer of $4,000 for such service.

6. *Research and Development Committee*. A Non-Employee Director serving as Chairperson of the Research and Development Committee shall receive an additional annual retainer of $12,000 for such service. A Non-Employee Director serving as a member other than the Chairperson of the Research and Development Committee shall receive an additional annual retainer of $6,000 for such service.

C. Payment of Retainers. The annual retainers described in Sections I(A) and I(B) shall be earned on a quarterly basis based on a calendar quarter and shall be paid in cash by the Company in arrears not later than the fifteenth day following the end of each calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, or in the applicable positions described in Section I(B), for an entire calendar quarter, the retainer paid to such Non-Employee Director shall be prorated for the portion of such calendar quarter actually served as a Non-Employee Director, or in such position, as applicable.

II. EQUITY COMPENSATION

Non-Employee Directors shall be granted the equity awards described below. The awards described below shall be granted under and shall be subject to the terms and provisions of the Company's 2016 Incentive Award Plan or any other applicable Company equity incentive plan then-maintained by the Company (the "***Equity Plan***") and shall be granted subject to award agreements, including attached exhibits, in substantially the form previously approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all grants of stock options hereby are subject in all respects to the terms of the Equity Plan and the applicable award agreement. For the avoidance of doubt, the share numbers in Sections II(A) and II(B) shall be subject to adjustment as provided in the Equity Plan, including without limitation with respect to any stock dividend, stock split, reverse stock split or other similar event affecting the Company's common stock that is effected prior to the Effective Date.

A. Initial Awards. Each Non-Employee Director who is initially elected or appointed to the Board after the Effective Date shall receive an option to purchase 80,000 shares of the Company's common stock on the date of such initial election or appointment. The awards described in this Section II(A) shall be referred to as "***Initial Awards***." No Non-Employee Director shall be granted more than one Initial Award.

B. Subsequent Awards. A Non-Employee Director who (i) has been serving as a Non-Employee Director on the Board for at least six months as of the first business day of any calendar year after the Effective Date (each, a "Subsequent Award Grant Date") and (ii) will continue to serve as a Non-Employee Director immediately following such Subsequent Award Grant Date, shall be automatically granted an option to purchase 40,000 shares of the Company's common stock on such Subsequent Award Grant Date, provided, however that if such Non-Employee Director will serve as Chairperson of the Board as of immediately following such Subsequent Award Grant Date, such Non-Employee Director shall receive an option to purchase 60,000 shares of the Company's common stock on such the Subsequent Award Grant Date. The awards described in this Section II(B) shall be referred to as "***Subsequent Awards***." Notwithstanding anything to the contrary in this paragraph, for the calendar year 2021, each Non-Employee Director, including the Chairperson of the Board, as of the Effective Date shall receive a Subsequent Award grant on the Effective Date.

C. Termination of Employment of Employee Directors. Members of the Board who are employees of the Company or any parent or subsidiary of the Company who subsequently terminate their employment with the Company and any parent or subsidiary of the Company and remain on the Board will not receive an Initial Award pursuant to Section II(A) above, but to the extent that they are otherwise entitled, will receive, after termination from employment with the Company and any parent or subsidiary of the Company, Subsequent Awards as described in Section II(B) above.

D. Terms of Awards Granted to Non-Employee Directors

1. *Exercise Price*. The per share exercise price of each option granted to a Non-Employee Director shall equal the Fair Market Value (as defined in the Equity Plan) of a share of common stock on the date the option is granted.

2. *Vesting*. Each Initial Award shall vest and become exercisable in thirty-six (36) substantially equal monthly installments following the date of grant, such that the Initial Award shall be fully vested on the third anniversary of the date of grant, subject to the Non-Employee Director continuing in service as a Non-Employee Director through each such vesting date. Each Subsequent Award shall vest and become exercisable on the first anniversary of the date of grant, subject to the Non-Employee Director continuing in service on the Board as a Non-Employee Director through each such vesting date. Unless the Board otherwise determines, any portion of an Initial Award or Subsequent Award which is unvested or unexercisable at the time of a Non-Employee Director's termination of service on the Board as a Non-Employee Director shall be immediately forfeited upon such termination of service and shall not thereafter become vested and exercisable. All of a Non-Employee Director's Initial Awards and Subsequent Awards shall vest in full immediately prior to the occurrence of a Change in Control (as defined in the Equity Plan), to the extent outstanding at such time.

3. *Term*. The maximum term of each stock option granted to a Non-Employee Director hereunder shall be ten (10) years from the date the option is granted.

III. COMPENSATION LIMITS

Notwithstanding anything to the contrary in this Program, all compensation payable under this Program will be subject to any limits on the maximum amount of Non-Employee Director compensation set forth in the Equity Plan, as in effect from time to time.

* * * * *

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FIRST AMENDMENT to Loan and Security Agreement (this "**Amendment**") is entered into as of September 7, 2021, by and among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 115 South Union Street, Suite 300, Alexandria, Virginia 22314 ("Oxford"), as collateral agent (in such capacity, "**Collateral Agent**"), the Lenders listed on Schedule 1.1 to the Loan Agreement (as defined below) or otherwise a party thereto from time to time including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("Bank" or "SVB") (each a "**Lender**" and collectively, the "**Lenders**"), and SELECTA BIOSCIENCES, INC., a Delaware corporation with offices located at 65 Grove Street, Suite 101, Watertown, MA 02472 ("**Borrower**").

A. WHEREAS, Collateral Agent, Borrower and Lenders have entered into that certain Loan and Security Agreement dated as of August 31, 2020 (as amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**") pursuant to which Lenders have provided to Borrower certain loans in accordance with the terms and conditions thereof; and

B. WHEREAS, Borrower desires to enter into (i) that certain Collaboration and License Agreement with Cyrus Biotechnology, Inc., a Delaware corporation ("**Cyrus**") (the "**Collaboration Agreement**") pursuant to which Borrower and Cyrus will collaborate to use Cyrus' computerized protein engineering capabilities to identify novel molecules with desired biological functions to be further developed and commercialized by Borrower, all as more particularly described in the Collaboration Agreement, and (ii) that certain Series B Preferred Stock Purchase Agreement with Cyrus (the "**Stock Purchase Agreement**"), pursuant to which Borrower will purchase [2,326,934] shares of Series B Preferred Stock, $0.0001 par value per share, of Cyrus for an aggregate purchase price of $[1,999,999.78], all as more particularly described therein; and

C. WHEREAS, Borrower has requested that Collateral Agent and Lenders (i) modify the defined term Permitted Investments to add the Collaboration Agreement and the Stock Purchase Agreement as Permitted Investments and (ii) make certain other revisions to the Loan Agreement as more fully set forth herein; and

D. WHEREAS, Borrower, the Lenders party to this Amendment (constituting the Required Lenders) and Collateral Agent desire to amend certain provisions of the Loan Agreement as provided herein and subject to the terms and conditions set forth herein.

Agreement

NOW, THEREFORE, in consideration of the promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Lenders and Collateral Agent hereby agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement.

2. Amendments to Loan Agreement.

2.1 Section 10 (Notices). Section 10 of the Loan Agreement is hereby amended by replacing Section 10 in its entirety with the following:

"All notices, consents, requests, approvals, demands, or other communication (collectively, "Communication") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	SELECTA BIOSCIENCES, INC. 65 Grove Street, Suite 101 Watertown, MA 02472 Attention: Carsten Brunn, Ph.D. Email: cbrunn@selectabio.com
with a copy to (which shall not constitute notice) to:	COVINGTON & BURLING LLP The New York Times Building 620 Eighth Avenue New York, NY 10018 Attention: Brian K. Rosenzweig Email: brosenzweig@cov.com
If to Collateral Agent:	OXFORD FINANCE LLC 115 South Union Street Suite 300 Alexandria, VA 22314 Attention: Legal Department Fax: (703) 519-5225 Email: LegalDepartment@oxfordfinance.com
with a copy to:	SILICON VALLEY BANK 275 Grove Street, Suite 2-200 Newton, MA 02472 Attention: Ryan Roller Email: rroller@svb.com
with a copy (which shall not constitute notice) to:	DLA Piper LLP (US) 500 8th Street, NW Washington, DC 20004 Attention: Eric Eisenberg Fax: (202) 799-5211 Email: eric.eisenberg@dlapiper.com

2.2 Section 13.1 (Definitions). The following terms and their respective definitions hereby are added or amended and restated in their entirety, as applicable, to Section 13.1 of the Loan Agreement as follows:

"**Collaboration Agreement**" means that certain Collaboration and License Agreement, dated as of August [__], 2021, by and between Borrower and Cyrus, as in effect on the date thereof or as amended after the date thereof so long as such amendment could not reasonably be expected to be materially adverse to Borrower or to the Lenders.

"**Cyrus**" is Cyrus Biotechnology, Inc., a Delaware corporation.

"**Permitted Investments**" are:

(a) Investments disclosed on the Perfection Certificate(s) and existing on the Effective Date;

(b) (i) Investments consisting of cash and Cash Equivalents, and (ii) any other Investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Collateral Agent;

(c) cash Investments by Borrower in MSC, provided that no Event of Default has occurred and is continuing or would result from such Investment;

(d) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(e) Investments consisting of deposit accounts in which Collateral Agent has a perfected security interest, except pursuant to the terms of Section 6.6;

(f) Investments in connection with Transfers permitted by Section 7.1;

(g) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors; not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate for (i) and (ii) in any fiscal year;

(h) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(i) Investments (i) of Borrower and its Subsidiaries in Borrower or any Guarantor or (ii) by Borrower in other Subsidiaries not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate in any fiscal year;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (j) shall not apply to Investments of Borrower in any Subsidiary;

(k) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of licenses not prohibited hereunder, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed Five Hundred Thousand Dollars ($500,000.00) per fiscal year, and provided further that (i) an Event of Default does not exist at the time of any such Investment and would not exist after giving effect to any such Investment and (ii) the Quarterly Financial Statement (and the opinion of an independent certified public accounting firm reasonably acceptable to Collateral Agent and the Lenders) for the fiscal quarter in which such Investment is made does not contain a qualification as to going concern and a going concern qualification would not result after giving effect to any such Investment;

(l) the Investment in Cyrus pursuant to the terms of that certain Series B Preferred Stock Purchase Agreement, dated as of August [__], 2021, by and among Borrower, Cyrus and the other purchasers party thereto, as in effect on the date thereof;

(m) the Collaboration Agreement; and

(n) other Investments not otherwise permitted hereunder in an amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in any fiscal year.

3. Limitation of Amendment.

3.1 The amendments set forth above are effective for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (a) be a consent to any amendment, waiver or modification of any other term or condition of any Loan Document, or (b) otherwise prejudice any right, remedy or obligation which Lenders or Borrower may now have or may have in the future under or in connection with any Loan Document, as amended hereby.

3.2 This Amendment shall be construed in connection with and as part of the Loan Documents and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Documents are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties. To induce Collateral Agent and Lenders to enter into this Amendment, Borrower hereby represents and warrants to Collateral Agent and Lenders as follows:

4.1 Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date) and (b) no Event of Default has occurred and is continuing;

4.2 Borrower has the power and due authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

4.3 The organizational documents of Borrower delivered to Collateral Agent on the Effective Date, and updated pursuant to subsequent deliveries by or on behalf of the Borrower to the Collateral Agent, remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

4.4 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not contravene (i) any material law or regulation binding on or affecting Borrower, (ii) any material contractual restriction with a Person binding on Borrower, (iii) any material order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on Borrower, or (iv) the organizational documents of Borrower;

4.5 The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on Borrower, except as already has been obtained or made;

4.6 This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

5. Release by Borrower.

5.1 **FOR GOOD AND VALUABLE CONSIDERATION**, Borrower hereby forever relieves, releases, and discharges Collateral Agent and each Lender and their respective present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Amendment solely to the extent such claims arise out of or are in any manner whatsoever connected with or related to the Loan Documents, the Recitals hereto, any instruments, agreements or documents executed in

connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing (collectively "**Released Claims**").

5.2 In furtherance of this release, Borrower expressly acknowledges and waives the provisions of California Civil Code Section 1542 (and any similar provision under the laws of any state), which states:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

5.3 By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected in relation to the Released Claims; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

5.4 This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Collateral Agent and the Lenders to enter into this Amendment, and that Collateral Agent and the Lenders would not have done so but for Collateral Agent's and the Lenders' expectation that such release is valid and enforceable in all events.

6. Effectiveness. This Amendment shall be deemed effective as of the date hereof upon (a) the due execution of this Amendment by the parties thereto, and (b) receipt by Collateral Agent and Lenders of fully-executed copies of the Collaboration Agreement and the Stock Purchase Agreement.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. Delivery by electronic transmission (e.g. ".pdf") of an executed counterpart of this Amendment shall be effective as a manually executed counterpart signature thereof.

8. Governing Law. This Amendment and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of California.

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IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Loan and Security Agreement to be executed as of the date first set forth above.

BORROWER:

SELECTA BIOSCIENCES, INC.

By: /s/ Carsten Brunn, Ph.D.
Name: Carsten Brunn, Ph.D.
Title: *President and Chief Executive Officer*

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By: /s/ Colette H. Featherly
Name: Colette H. Featherly
Title: *Senior Vice President*

LENDER:

SILICON VALLEY BANK

By: /s/ Lauren Cole
Name: Lauren Cole
Title: *Director*

[*Signature Page to First Amendment to Loan and Security Agreement*]

Exhibit 31.1

CERTIFICATIONS

I, Carsten Brunn, Ph.D. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Selecta Biosciences, 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.

November 9, 2021

/s/ Carsten Brunn, Ph.D.

Carsten Brunn, Ph.D.

President and Chief Executive Officer, and Director

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Kevin Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Selecta Biosciences, 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.

November 9, 2021

/s/ Kevin Tan

Kevin Tan
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Selecta Biosciences, Inc. (the "Company") for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 9, 2021

/s/ Carsten Brunn, Ph.D.
Carsten Brunn, Ph.D.
President and Chief Executive Officer, and Director
(Principal Executive Officer)

November 9, 2021

/s/ Kevin Tan
Kevin Tan
Chief Financial Officer
(Principal Financial Officer)