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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

OR

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

For the transition period from to

Commission file number: 000-31141

INFINITY PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**33-0655706**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

1100 Massachusetts Avenue, Floor 4, Cambridge, Massachusetts 02138
(Address of principal executive offices) (Zip code)

(617) 453-1000
(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, $0.001 par value	**INFI**	**Nasdaq Global Select Market**

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

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

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

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

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

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

Number of shares of the registrant's Common Stock, $0.001 par value, outstanding on May 2, 2023: 89,904,805

INFINITY PHARMACEUTICALS, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2023

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Cautionary Note Regarding Forward-Looking Information and Industry Data

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1999. All statements, other than statements of historical facts, contained in this Quarterly Report on Form 10-Q, including statements regarding the transactions contemplated by the Agreement and Plan of Merger, dated as of February 22, 2023, or the Merger Agreement, among us, MEI Pharma, Inc., or MEI, a Delaware corporation and Meadow Merger Sub, Inc., or Merger Sub, a Delaware corporation and a wholly owned subsidiary of MEI pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Infinity, with Infinity continuing as a wholly owned subsidiary of MEI and the surviving corporation of the merger, which we refer to as the Merger, our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans and objectives of management and expected market growth, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject and are limited to the time at which they were made, without any undertaking or duty to update them. The forward-looking statements contained in this Quarterly Report on Form 10-Q are based upon information available to us as of the date such statements are made and, while we believe such information forms a reasonable basis for such statements at the time made, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information.

There are a number of important risks and uncertainties that could cause actual results or events to differ materially from those indicated by forward-looking statements made herein. These risks and uncertainties include those inherent in pharmaceutical research and development, such as adverse results in our drug discovery and clinical development activities, decisions made by the U.S. Food and Drug Administration, or FDA, and other regulatory authorities with respect to the development and commercialization of our product candidates, our ability to obtain, maintain and enforce intellectual property rights for our product candidates, our dependence on our alliance partners, our competitive positions, our ability to obtain any necessary financing to conduct our planned activities, our ability to implement our strategic plans, and other risks described herein.

We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. Important factors that could cause actual results to differ materially from those in these forward-looking statements include the factors discussed under the heading "Summary of Risk Factors" and the risk factors detailed further in Item 1A, "Risk Factors" of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2022 and those included under Part II, Item 1A of this Quarterly Report on Form 10-Q. Unless required by law, we do not undertake any obligation to update any forward-looking statements.

This Quarterly Report on Form 10-Q also may include statistical and other industry and market data that we obtained from industry publications and research, surveys and studies conducted by third parties as well as our own estimates. All of the market data used in this Quarterly Report on Form 10-Q involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such data. Industry publications and third-party research, surveys and studies generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. Our estimates of the potential market opportunities for our product candidates include several key assumptions based on our industry knowledge, industry publications, third-party research and other surveys, which may be based on a small sample size and may fail to accurately reflect market opportunities. While we believe that our internal assumptions are reasonable, no independent source has verified such assumptions.

PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

INFINITY PHARMACEUTICALS, INC.

Condensed Consolidated Balance Sheets
(unaudited)
(in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 25,737	$ 38,313
Prepaid expenses and other current assets	2,626	1,989
Total current assets	28,363	40,302
Property and equipment, net	695	800
Restricted cash	158	158
Operating lease right-of-use assets	597	697
Other assets	138	194
Total assets	$ 29,951	$ 42,151
Liabilities and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 1,935	$ 4,405
Accrued expenses and other current liabilities	9,354	9,223
Total current liabilities	11,289	13,628
Liabilities related to sale of future royalties, net, less current portion (Note 10)	46,782	47,213
Operating lease liability, less current portion	164	324
Other liabilities	38	37
Total liabilities	58,273	61,202
Commitments and contingencies		
Stockholders' deficit:		
Preferred Stock, $0.001 par value; 1,000,000 shares authorized, no shares issued and outstanding at March 31, 2023 and December 31, 2022	—	—
Common Stock, $0.001 par value; 200,000,000 shares authorized; 89,422,138 and 89,411,471 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	89	89
Additional paid-in capital	838,586	836,812
Accumulated deficit	(866,997)	(855,952)
Total stockholders' deficit	(28,322)	(19,051)
Total liabilities and stockholders' deficit	$ 29,951	$ 42,151

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

INFINITY PHARMACEUTICALS, INC.

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

	Three Months Ended March 31,	
	2023	2022
Royalty revenue	$ 731	$ 652
Operating expenses:		
Research and development	5,853	8,990
General and administrative	5,944	3,676
Royalty expense (Note 12)	441	393
Total operating expenses	12,238	13,059
Loss from operations	(11,507)	(12,407)
Other income (expense):		
Investment and other income	507	16
Non-cash interest expense (Note 10)	(45)	(45)
Total other income (expense)	462	(29)
Net loss	$ (11,045)	$ (12,436)
Basic and diluted loss per common share:	$ (0.12)	$ (0.14)
Basic and diluted weighted average number of common shares outstanding:	89,413,486	89,155,311
Other comprehensive loss:		
Net unrealized holding gains on available-for-sale securities arising during the period	—	(20)
Comprehensive loss	$ (11,045)	$ (12,456)

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

INFINITY PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Cash Flows
(unaudited)
(in thousands)

	Three Months Ended March 31,	
	2023	**2022**
Operating activities		
Net loss	$ (11,045)	$ (12,436)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	105	121
Stock-based compensation	1,774	867
Non-cash royalty revenue	(387)	(345)
Non-cash interest expense	45	45
Other, net	(220)	14
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(581)	(1,570)
Operating lease right-of-use assets	100	87
Accounts payable, accrued expenses and other liabilities	(2,227)	(196)
Operating lease liability	(140)	(122)
Net cash used in operating activities	(12,576)	(13,535)
Investing activities		
Purchases of property and equipment	—	(17)
Purchases of available-for-sale securities	—	(14,049)
Net cash used in investing activities	—	(14,066)
Net decrease in cash, cash equivalents and restricted cash	(12,576)	(27,601)
Cash, cash equivalents and restricted cash at beginning of period	38,471	80,884
Cash, cash equivalents and restricted cash at end of period	$ 25,895	$ 53,283
Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets		
Cash and cash equivalents	$ 25,737	$ 53,125
Restricted cash	158	158
Total cash, cash equivalents and restricted cash	$ 25,895	$ 53,283

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

INFINITY PHARMACEUTICALS, INC.

Condensed Consolidated Statements of Stockholders' (Deficit) Equity
(unaudited)
(in thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount				
Balance at December 31, 2022	89,411,471	$ 89	$ 836,812	$ (855,952)	$ —	$ (19,051)
Stock-based compensation expense			1,774			1,774
Issuance of common stock, net	10,667	—	—			—
Net loss				(11,045)		(11,045)
Balance at March 31, 2023	89,422,138	$ 89	$ 838,586	$ (866,997)	$ —	$ (28,322)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2021	89,155,311	$ 89	$ 833,065	$ (811,583)	$ —	$ 21,571
Stock-based compensation expense			867			867
Unrealized loss on marketable securities					(20)	(20)
Net loss				(12,436)		(12,436)
Balance at March 31, 2022	89,155,311	$ 89	$ 833,932	$ (824,019)	$ (20)	$ 9,982

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

Infinity Pharmaceuticals, Inc.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization

Infinity Pharmaceuticals, Inc., is a clinical-stage innovative biopharmaceutical company dedicated to developing novel medicines for people with cancer. As used throughout these unaudited, condensed consolidated financial statements, the terms "Infinity," "we," "us," and "our" refer to the business of Infinity Pharmaceuticals, Inc., and its wholly-owned subsidiaries.

2. Merger

On February 22, 2023, we, MEI Pharma, Inc., a Delaware corporation, or MEI, and Meadow Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of MEI, or the Merger Sub, entered into an Agreement and Plan of Merger, or the Merger Agreement, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Infinity, with Infinity continuing as a wholly-owned subsidiary of MEI and the surviving corporation of the merger, which transaction is referred to herein as the Merger. If the Merger is completed, the combined company will combine the expertise and resources of MEI and Infinity to advance a pipeline of three clinical-stage oncology drug candidates.

The Merger is expected to close in mid-2023, subject to the receipt of certain approvals by the stockholders of Infinity and MEI, as well as other customary closing conditions, including the effectiveness of a registration statement on Form S-4, which was filed with the U.S. Securities and Exchange Commission, or SEC, by MEI on April 27, 2023. We expect to devote significant time and resources to the completion of the Merger. However, there can be no assurances that such activities will result in the completion of the Merger. Further, the completion of the Merger may ultimately not deliver the anticipated benefits or enhance shareholder value. If the Merger is not completed, we will consider alternative courses of action as described further in Note 3.

3. Basis of Presentation

These condensed consolidated financial statements include the accounts of Infinity and its wholly-owned subsidiaries. We have eliminated all significant intercompany accounts and transactions in consolidation.

The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals and revisions of estimates, considered necessary for a fair presentation of the accompanying condensed consolidated financial statements have been included. Interim results for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023.

The information presented in the condensed consolidated financial statements and related footnotes at March 31, 2023, and for the three months ended March 31, 2023 and 2022, is unaudited, and the condensed consolidated balance sheet amounts and related footnotes at December 31, 2022 have been derived from our audited financial statements. For further information, please refer to the consolidated financial statements and accompanying footnotes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the SEC on March 28, 2023, which we refer to as our 2022 Annual Report on Form 10-K.

Liquidity and Going Concern

As of March 31, 2023, we had cash and cash equivalents of $25.7 million. We have primarily incurred operating losses since inception and have relied on our ability to fund our operations through collaboration and license arrangements, or other strategic arrangements, and through the sale of our common stock.

We expect to continue to spend significant resources to fund the development and potential commercialization of eganelisib, also known as IPI-549, an orally administered immuno-oncology product candidate that selectively inhibits the enzyme phosphoinositide-3-kinase-gamma, or PI3K-gamma, and to incur significant operating losses for the foreseeable future.

As of March 31, 2023, we had an accumulated deficit of $867.0 million and during the three months ended March 31, 2023 used $12.6 million in cash and cash equivalents to fund operating activities. We expect to continue to incur substantial operating losses and negative cash flows from operations for the foreseeable future. These conditions raise substantial doubt about our ability to continue as a going concern for at least twelve months from the date these condensed consolidated financial statements are issued on May 9, 2023.

If the Merger is not completed, we will need to raise additional capital in order to successfully execute on our current operating plans to further the development of eganelisib. If the Merger is not completed, we will explore other plans to mitigate the conditions which raise substantial doubt about our ability to continue as a going concern. We consider one of the following courses of action to be the most likely alternatives if the Merger is not completed:

- *Pursue another strategic transaction.* We may resume the process of evaluating a potential strategic transaction, including the sale of the company or its assets. Based on our prior assessment, we do not expect that we would have the necessary time or financial resources to pursue another strategic transaction like the proposed Merger.
- *Wind down the company*. If the Merger does not close and we are unable to enter into another strategic transaction, our board of directors may conclude that it is in the best interest of stockholders to cease normal operations and wind down the company through bankruptcy or dissolution proceedings. In such case, there would be no assurances as to the amount or timing of available cash remaining, if any, to distribute to stockholders after paying our obligations and setting aside funds for reserves.

Our condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the ordinary course of business. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of the conditions described above.

4. Significant Accounting Policies

Our significant accounting policies are described in Note 2, “Summary of Significant Accounting Policies,” in “Notes to Consolidated Financial Statements” in our 2022 Annual Report on Form 10-K.

Segment Information

We operate in one business segment, which focuses on drug development. We make operating decisions based upon the performance of the enterprise as a whole and utilize our consolidated financial statements for decision making.

Basic and Diluted Net Loss per Common Share

Basic net loss per share is based upon the weighted average number of common shares outstanding during the period, excluding restricted stock units that have been issued but have not yet vested. Diluted net loss per share is based upon the weighted average number of common shares outstanding during the period plus the effect of additional weighted average common equivalent shares outstanding during the period when the effect of adding such shares is dilutive. Common equivalent shares result from the assumed exercise of outstanding stock options and the exercise of outstanding warrants (the proceeds of which are then assumed to have been used to repurchase outstanding stock using the treasury stock method) and the vesting of restricted shares of common stock. In addition, the assumed proceeds under the treasury stock method include the average unrecognized compensation expense of stock options that are in-the-money. This results in the “assumed” buyback of additional shares, thereby reducing the dilutive impact of stock options. The two-class method is used for outstanding warrants as such warrants are considered to be participating securities, and this method is more dilutive than the treasury stock method. The following outstanding shares of common stock equivalents were excluded from the computation of net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive:

	At March 31,	
	2023	2022
Stock options	14,199,758	14,538,334
Non-vested restricted stock units	2,929,149	50,000

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board, or FASB, issued Accounting Standard Update, or ASU, No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements*, or ASU No. 2016-13, which requires that credit losses be reported using an expected losses model rather than the incurred losses model that was previously used, and it establishes additional disclosure requirements related to credit risks. For available-for-sale debt securities with expected credit losses, ASU No. 2016-13 requires allowances to be recorded instead of reducing the amortized cost of the investment. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, whereby the effective date of ASU No. 2016-13 for smaller reporting companies was deferred to annual reporting periods beginning after December 15, 2022, including interim periods within those annual reporting periods, and early adoption was still permitted. ASU No. 2016-13 is required to be applied using a modified-retrospective approach, which requires a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. We adopted this standard effective January 1, 2023 and our application of the standard did not result in a cumulative-effect adjustment.

In August 2020, the FASB issued ASU No. 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): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, or ASU No. 2020-06, which simplifies the guidance on an issuer's accounting for convertible instruments and contracts in its own equity. The provisions of ASU No. 2020-06 are applicable for fiscal years beginning after December 15, 2023, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. We are currently evaluating the impact of ASU No. 2020-06 on our consolidated financial statements and related disclosures.

5. Stock-Based Compensation

Total stock-based compensation expense related to all equity awards for the three months ended March 31, 2023 and 2022 was composed of the following:

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Research and development	$ 403	$ 275
General and administrative	1,371	592
Total stock-based compensation expense	$ 1,774	$ 867

As of March 31, 2023, we had approximately $6.0 million of total unrecognized compensation cost related to unvested common stock options, restricted stock units and awards under our 2013 Employee Stock Purchase Plan, which is expected to be recognized over a weighted-average period of 1.9 years.

During the three months ended March 31, 2023, our board of directors approved a strategic restructuring of the Company. As a result of the restructuring activities, the vesting conditions for several outstanding equity awards were accelerated, which resulted in additional stock-based compensation expense being recognized during the period. For the three months ended March 31, 2023, the stock-based compensation expense above includes $0.8 million of expense directly related to the restructuring activities. See Note 13 for further discussion of the strategic restructuring.

Stock Options

No options were granted during the three months ended March 31, 2023. During the three months ended March 31, 2022, we granted options to purchase 2,082,324 shares of our common stock at a weighted average fair value of $1.26 per share and a weighted average exercise price of $1.54 per share. For the three months ended March 31, 2023 and 2022, the fair values were estimated using the Black-Scholes valuation model using the following weighted-average assumptions:

	Three Months Ended March 31,	
	2023	2022
Risk-free interest rate	—	1.6 %
Expected annual dividend yield	—	—
Expected stock price volatility	—	106.2 %
Expected term of options	—	6.0 years

Restricted Stock Units

From time to time, we grant restricted stock units ("RSUs") to employees. RSUs awarded to employees contain a mix of service and performance conditions. Stock-based compensation expense related to RSUs with service conditions is recognized on a straight-line basis over the requisite service period of the award, which is generally equal to the vesting period of the award. Stock-based compensation expense related to RSUs with performance conditions is recognized when it is deemed probable that the performance condition will be met. The fair value of RSUs awarded is estimated to be equal to the closing price of our common stock on the date of grant. No RSUs were granted during the three months ended March 31, 2023 and 2022.

During the three months ended March 31, 2023, we recognized $0.5 million in stock-based compensation expense related to RSUs with performance conditions. During the three months ended March 31, 2022, we did not recognize any stock-based compensation expense related to RSUs with performance conditions.

6. Cash, Cash Equivalents and Available-for-Sale Securities

As of March 31, 2023 and December 31, 2022, we had cash and cash equivalents of $25.7 million and $38.3 million, respectively. We have not incurred any unrealized gains or losses on our cash and cash equivalents balances as of March 31, 2023 and December 31, 2022.

During the three months ended March 31, 2022, we held debt securities classified as available-for-sale securities. We had no material realized gains or losses on our available-for-sale securities for the three months ended March 31, 2022. We held no such securities during the three months ended March 31, 2023.

7. Fair Value

We measure certain financial instruments at fair value on a recurring basis. Our assets which are required to be measured on a recurring basis consist of cash and cash equivalents totaling $25.7 million and $38.3 million as of March 31, 2023 and December 31, 2022, respectively. Our liabilities which are required to be measured on a recurring basis consist of a warrant liability in the amount of $0.2 million as of December 31, 2022. We did not have any liabilities that are required to be measured on a recurring basis as of March 31, 2023.

Cash and cash equivalents, which are measured using Level 1 inputs, consist of highly liquid deposit accounts and money market funds that are intended to consistently transact at a target net asset value of $1.00. Accordingly, the carrying amounts reflected in the condensed consolidated balance sheets for cash and cash equivalents approximate their fair value.

Warrant liability relates to potential future warrants that may be issued. The fair value of the warrant liability on the date of the commitment and on each re-measurement date for those warrants classified as liabilities was estimated using the Monte Carlo simulation model, which involves a series of simulated future stock price paths over the remaining life of the commitment. The fair value is estimated by taking the average of the fair values under each of many Monte Carlo simulations. The fair value estimate is affected by our stock price, as well as estimated future financing needs, including timing and sources of the financing and subjective variables including expected stock price volatility over the remaining life of the commitment and risk-free interest rate. Due to the nature of these inputs, the valuation of the warrants is considered a Level 3 measurement. The fair value of the warrant liability as of December 31, 2022 has been included in accrued expenses and other current liabilities on our condensed consolidated balance sheet. Our obligation to issue the warrants described above expired on January 8, 2023 and therefore, no warrant liability exists as of March 31, 2023. See Note 10 for further discussion of the accounting for the warrants.

There have been no changes to our valuation methods of available-for-sale securities during the three months ended March 31, 2023. We had no available-for-sale securities that were classified as Level 3 at any point during the three months ended March 31, 2023 or during the year ended December 31, 2022.

The carrying amounts reflected in the condensed consolidated balance sheets for prepaid expenses and other current assets, other assets, accounts payable and accrued expenses and other current liabilities approximate their fair value due to their short-term maturities.

8. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following:

	March 31, 2023	December 31, 2022
	(in thousands)	
Prepaid expenses	$ 2,036	$ 1,429
Other current assets	590	560
Total prepaid expenses and other current assets	$ 2,626	$ 1,989

9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2023	December 31, 2022
	(in thousands)	
Accrued clinical	$ 3,881	$ 4,290
Accrued compensation and benefits	1,204	605
Accrued restructuring costs	841	—
Accrued development	407	335
Accrued consulting	321	742
Accrued professional services	288	785
Liability related to sale of future royalties, net, current portion	1,307	1,218
Operating lease liability, current portion	613	593
Other	492	655
Total accrued expenses and other current liabilities	$ 9,354	$ 9,223

10. Liabilities Related to Sale of Future Royalties

HCR Agreement

In 2016, we and Verastem Inc., or Verastem, entered into an amended and restated license agreement, or the Verastem Agreement, under which we granted to Verastem an exclusive worldwide license in oncology indications for the research, development, commercialization, and manufacture of duvelisib, or Copiktra®, an oral, dual inhibitor of PI3K delta and gamma, and products containing duvelisib, which we refer to as Licensed Products. In September 2020, Verastem completed a disposition of its rights, title, and interest in and to duvelisib to Secura Bio, Inc., or Secura Bio, whereby Secura Bio assumed all liabilities and obligations under the Verastem Agreement. We now refer to the Verastem Agreement as the Secura Bio Agreement.

Secura Bio is obligated to pay us royalties on worldwide net sales of Licensed Products ranging from the mid-single digits to the high-single digits, a portion of which we are obligated to share with Takeda Pharmaceuticals Company Limited, or Takeda, as described in Note 12.

In March 2019, we entered into a royalty purchase agreement, or the HCR Agreement, with HealthCare Royalty Partners III, L.P., or HCR, providing for the acquisition by HCR of our interest in certain royalty payments based on worldwide annual net sales of Licensed Products under the Secura Bio Agreement for gross proceeds of $30.0 million, which is non-refundable. After sharing with Takeda in accordance with the Takeda Agreement, as defined in Note 12, we retained $22.5 million in gross proceeds, or approximately $20.9 million in net proceeds. Under the HCR Agreement, HCR obtained the right to receive the royalty payments up to agreed upon thresholds of royalties, the amount of which depends on when the aggregate royalties received by HCR reach specified thresholds. If the specified threshold has been met through royalty payments from Secura Bio or if we elect to make a payment to meet the threshold amount, the HCR Agreement will automatically terminate and all rights to the royalty stream under the HCR Agreement will revert back to us. If the specified threshold has not been achieved by June 30, 2025, the HCR Agreement will continue through the term of the Secura Bio Agreement.

We recognized the receipt of the $30.0 million payment from HCR as a liability, net of debt discount and issuance costs of approximately $2.4 million. As the basis for our determination, we considered, in accordance with the relevant accounting guidance, the potential for the royalty stream to revert back to us if specified royalty thresholds have been met and our right to terminate the HCR Agreement by making a payment to achieve the threshold. We are not obligated to repay any of the proceeds received under the HCR Agreement. In order to determine the amortization of the liability, we are required to estimate the total amount of future net royalty payments to be made to HCR over the term of the HCR Agreement. The total threshold of net royalties to be paid, less the net proceeds received, will be recorded as interest expense over the life of the liability. We impute interest on the unamortized portion of the liability using the effective interest method. Interest and debt discount amortization expense is reflected as non-cash interest expense in the condensed consolidated statements of operations and comprehensive loss. Over the course of the HCR Agreement, the actual interest rate will be affected by the amount and timing of royalty revenue recognized and changes in forecasted royalty revenue. On a quarterly basis, we reassess the effective interest rate and adjust the rate prospectively as needed.

The following table shows the activity within the liability account for the three months ended March 31, 2023:

	March 31, 2023
	(in thousands)
Liability related to sale of future royalties, net - beginning balance	$ 26,818
Non-cash royalty revenue	(387)
Non-cash interest expense recognized	38
Liability related to sale of future royalties, net - ending balance	26,469
Less: current portion	(1,307)
Liability related to sale of future royalties, net, less current portion	$ 25,162

As royalties are due to HCR by Secura Bio, the balance of the recognized liability will be effectively repaid over the life of the HCR Agreement. There are a number of factors that could materially affect the amount and timing of royalty payments from Secura Bio, none of which are within our control.

BVF Agreement

On January 8, 2020, or the BVF Closing Date, we entered into a funding agreement, or the BVF Funding Agreement, with BVF Partners, L.P., or BVF, and Royalty Security, LLC, a wholly-owned subsidiary of BVF, or the Buyer. BVF was subsequently replaced as a party to the BVF Funding Agreement with Royalty Security Holdings, LLC. The BVF Funding Agreement provides for the acquisition by the Buyer of our interest in all royalty payments based on worldwide annual net sales of a clinical-stage product candidate IPI-926, or patidegib, part of the hedgehog inhibitor program we licensed to PellePharm Inc., or PellePharm, in 2013, or the BVF Licensed Product, excluding relevant Trailing Mundipharma Royalties, as defined in Note 12, which is related to patidegib. We refer to all BVF Licensed Product royalties owed to us less Trailing Mundipharma Royalties as the Royalty or Royalties. In January 2023, PellePharm announced that Sol-Gel Technologies, Ltd., or Sol-Gel, acquired all rights and obligations under the license agreement. We now refer to the license agreement with PellePharm as the Sol-Gel Agreement. Such Royalties are owed to us pursuant to the Sol-Gel Agreement, as further described in Note 12.

Pursuant to the BVF Funding Agreement, we received a non-refundable payment of $20.0 million, or the Upfront Purchase Price, less certain transaction expenses. We transferred to the Buyer (i) the Royalty, (ii) the Sol-Gel Agreement (subject to our rights to milestone payments and rights to equity in Sol-Gel under the Sol-Gel Agreement), and (iii) certain patent rights established in the BVF Funding Agreement, with (i), (ii), and (iii) together referred to as Transferred Assets. We preserved our rights under the Sol-Gel Agreement to receive potential regulatory, commercial, and success-based milestone payments. We had the option to terminate the BVF Funding Agreement by purchasing 100% of the outstanding equity interests of the Buyer under specified terms for a specified amount under the BVF Funding Agreement through January 8, 2023. In addition, the BVF Funding Agreement may be terminated by mutual written agreement between us and the Buyer.

We recognized the proceeds received under the BVF Funding Agreement as a liability that will be amortized using the effective interest method over the life of the arrangement. We recorded the receipt of the $20.0 million Upfront Purchase Price as a liability, net of debt issuance costs of approximately $0.4 million and warrant liability of $0.3 million. We are not obligated to repay any of the proceeds received under the BVF Funding Agreement. In order to determine the amortization of the liability, we are required to estimate the total amount of potential future net royalty payments to be made by Sol-Gel to the Buyer over the term of the BVF Funding Agreement. The total estimated net royalties to be paid, less the net proceeds received, will be recorded as interest expense over the life of the liability. Interest and debt discount amortization expense is reflected as non-cash interest expense for the three months ended March 31, 2023 and 2022 in our condensed consolidated statements of operations and comprehensive loss. Over the course of the BVF Funding Agreement, the actual interest rate will be affected by the amount and timing of royalty revenue recognized, if any, and changes in forecasted royalty revenue. There are a number of factors that could materially affect the amount and timing of royalty payments from Sol-Gel, none of which are within our control. On a quarterly basis, we will reassess the effective interest rate and adjust the rate prospectively as needed.

The following table shows the activity within the liability account for the three months ended March 31, 2023:

	March 31, 2023
	(in thousands)
Liability related to sale of future royalties, net - beginning balance	$ 21,613
Non-cash interest expense recognized	7
Liability related to sale of future royalties, net - ending balance	$ 21,620

For so long as we have not exercised an option to repurchase the Buyer's equity interest under the BVF Funding Agreement, (a) if, during the 36-month period following the BVF Closing Date, we issue a specified number of shares of our common stock, which we refer to as the Warrant Threshold, and (b) any shares in excess of the Warrant Threshold are issued for consideration to us of less than $3.75 per share (as adjusted for any stock splits, reverse stock splits or other similar recapitalization events), or the Threshold Price, then we were obligated to issue to BVF warrants to purchase a number of shares of our common stock. Such warrants would equal 50% of the number of qualifying shares at an exercise price equal to 1.5 times the price per share of such qualifying shares issued. The requirement to issue warrants to BVF did not apply to certain issuances of our common stock. Our obligation to issue warrants to BVF under these terms expired on January 8, 2023 without any warrants being issued to BVF.

We determined that the commitment to issue warrants represented a freestanding financial instrument and accounted for it as a liability as of the BVF Closing Date. The fair value of the warrant liability was estimated using the Monte Carlo simulation model. We have re-measured the warrant liability at each reporting date. Changes in fair value of the warrant liability, including the gain recognized on the expiration of the warrant liability are included in investment and other income in our condensed consolidated statements of operations and comprehensive loss. See Note 7 for further discussions of the fair value of the warrants.

11. Commitments and Contingencies

On April 5, 2019, we entered into a lease agreement, or the Lease, with Sun Life Assurance Company of Canada, or the Landlord, effective April 3, 2019, or the Commencement Date, for the lease of approximately 10,097 square feet of office space at 1100 Massachusetts Avenue, Cambridge, Massachusetts, or the Leased Premises. The term of the Lease commenced on the Commencement Date and expires on August 1, 2024, or the Expiration Date, approximately five years after the Rent Commencement Date as defined below.

Beginning August 1, 2019, or the Rent Commencement Date, the total base rent of the Lease was $47,961 per month and increases by approximately 3% on each anniversary of the Rent Commencement Date until the Expiration Date. In addition to the base rent, we are also responsible for our share of the operating expenses, insurance, real estate taxes and certain capital costs, and we are responsible for utility expenses in the Leased Premises, all in accordance with the terms of the Lease. Pursuant to the terms of the Lease, we provided a security deposit in the form of a letter of credit in the initial amount of $300,000, which was reduced to $150,000 during the year ended December 31, 2021 in accordance with the terms of the Lease. The remaining portion of the security deposit plus the associated bank fee of $7,500 is included on our condensed consolidated balance sheet as restricted cash as of March 31, 2023. The Landlord provided a lease incentive allowance of $0.6 million to fund certain improvements made by us to the Leased Premises.

As of March 31, 2023, future minimum lease payments of our operating lease liabilities are approximately $0.8 million.

12. Strategic Agreements

We have worldwide development and commercialization rights to eganelisib, subject to certain obligations to our licensor, Takeda Pharmaceutical Company Limited, or Takeda, as described in more detail below. Additionally, we are obligated to pay Mundipharma International Corporation Limited, or Mundipharma, and Purdue Pharmaceutical Products L.P., or Purdue, a 4% royalty in the aggregate on worldwide net sales of products that were previously subject to our strategic alliance with Mundipharma and Purdue that was terminated in 2012. Such products include eganelisib; duvelisib, the PI3K delta and gamma inhibitor that we licensed to Verastem in 2016, the rights to which Verastem sold to Secura Bio in 2020; and IPI-926, or patidegib, part of the hedgehog inhibitor program we licensed to PellePharm in 2013, and which license is now held by Sol-Gel. We refer to such royalties as Trailing Mundipharma Royalties. After Mundipharma and Purdue have recovered approximately $260.0 million in royalty payments from all products that were previously subject to the strategic alliance, which represents the funding paid to us for research and development services performed by us under this strategic alliance, the Trailing Mundipharma Royalties will be reduced to a 1% royalty on net sales in the United States of such products. As of March 31, 2023, Mundipharma and Purdue have recovered $3.8 million.

PellePharm / Sol-Gel Technologies

In June 2013, we entered into a license agreement with PellePharm, under which we granted PellePharm exclusive global development and commercialization rights to our hedgehog inhibitor program, including patidegib. In January 2023, PellePharm announced that Sol-Gel acquired all rights and obligations under the license agreement. We refer to our license agreement with PellePharm as the Sol-Gel Agreement and products covered by the Sol-Gel Agreement as Hedgehog Products. We assessed this arrangement in accordance with Accounting Standard Codification 606 and concluded that at the date of contract inception there was only one performance obligation, consisting of the license, which was satisfied at contract inception.

Under the Sol-Gel Agreement, Sol-Gel is obligated to pay us up to $9.0 million in remaining regulatory and commercial-based milestone payments through the first commercial sale of a Hedgehog Product. Sol-Gel is also obligated to pay us up to $37.5 million in success-based milestone payments upon the achievement of certain annual net sales thresholds, as well as a share of certain revenue received by Sol-Gel in the event that Sol-Gel sublicenses its rights under the Sol-Gel Agreement and tiered royalties on annual net sales of Hedgehog Products subject to specified conditions. The remaining milestones have not been recognized as they represent variable consideration that is constrained. In making this assessment, we considered numerous factors, including the fact that achievement of the milestones is outside of our control and contingent upon the future success of clinical trials, Sol-Gel's actions, and the receipt of regulatory approval. As the single performance obligation was previously satisfied, all regulatory and commercial-based milestones will be recognized as revenue in full in the period in which the constraint is removed. Any consideration related to sales-based milestone payments, including royalties, will be recognized when the related sales occur as these amounts have been determined to relate predominantly to the license granted to Sol-Gel and therefore are recognized at the later of when the performance obligation is satisfied or the related sales occur.

Sol-Gel is also obligated to pay us tiered royalties on annual net sales of Hedgehog Products, which are subject to reduction after a certain aggregate funding threshold has been achieved. On January 8, 2020, we entered into the BVF Funding Agreement, as further described in Note 10, pursuant to which we sold our interest in all royalty payments based on worldwide annual net sales of the BVF Licensed Product excluding Trailing Mundipharma Royalties related to patidegib.

Takeda

In July 2010, we entered into a development and license agreement with Intellikine, Inc., or Intellikine, under which we obtained rights to discover, develop and commercialize pharmaceutical products targeting the gamma and/or delta isoforms of PI3K, including eganelisib and duvelisib. In January 2012, Intellikine was acquired by Takeda. In December 2012, we amended and restated our development and license agreement with Takeda and further amended the agreement in July 2014, September 2016, July 2017, and March 2019. We refer to the amended and restated development and license agreement, as amended, as the Takeda Agreement.

Duvelisib

Pursuant to the Takeda Agreement, prior to March 4, 2019, we were obligated to share equally with Takeda all revenue arising from certain qualifying transactions for duvelisib, including the Secura Bio Agreement, subject to certain exceptions including revenue we receive as reimbursement for duvelisib research and development expenses. On March 4, 2019, we entered into the fourth amendment to the Takeda Agreement, or the Takeda Amendment. Pursuant to the Takeda Amendment, Takeda agreed (i) to the sale of certain royalty payments based on worldwide annual net sales of Licensed Products under the Secura Bio Agreement to HCR, (ii) to forego its rights to an equal share of the royalties due from Secura Bio during the term of the HCR Agreement, and (iii) not to seek any payment from HCR with respect to the royalties owed to Takeda. As consideration for the Takeda Amendment, we paid Takeda $6.7 million representing 25% of the $30.0 million in gross proceeds we received from the closing of the HCR Agreement, net of 25% of the expenses incurred by us in connection with the HCR Agreement. In addition, we agreed to pay Takeda 25% of the royalties that would have been payable to us by Secura Bio but for the consummation of the HCR Agreement, which we refer to as the Interim Obligation. During each of the three months ended March 31, 2023 and 2022, we recognized $0.1 million of Interim Obligation amounts owed to Takeda as royalty expense.

We have the right to extinguish the Interim Obligation by payment to Takeda of an amount equal to (i) the $6.7 million payment multiplied by a specified multiple corresponding to the time period in which such extinguishing payment is made, minus (ii) any payments made to Takeda pursuant to the Interim Obligation. The Interim Obligation shall expire upon the termination of the HCR Agreement and the reversion of related royalties to us, at which time our obligations to share the royalties payable under the Secura Bio Agreement equally with Takeda shall be reinstated.

Eganelisib

Pursuant to the Takeda Agreement, we are obligated to pay Takeda up to $3.0 million in remaining success-based development milestone payments and up to $165.0 million in remaining regulatory and commercial-based milestone payments for one product candidate other than duvelisib, which could be eganelisib.

13. Strategic Restructuring

On February 22, 2023, in conjunction with their approval of the Merger Agreement, our board of directors approved a strategic restructuring to preserve our resources. As a result, we have reduced our overall headcount by four positions, representing approximately 13% of our workforce at the time we entered into the Merger Agreement. During the three months ended March 31, 2023 we have incurred restructuring charges consisting of severance payments, employee benefits and related taxes, and stock-based compensation. The workforce reduction was completed on March 31, 2023.

The following table summarizes the financial impact of the restructuring activities on our operating expenses and cash flows for the three months ended March 31, 2023 and the current liability remaining on our balance sheet as of March 31, 2023:

	Charges incurred during the three months ended March 31, 2023	Amounts paid during the three months ended March 31, 2023	Less non-cash charges incurred during the three months ended March 31, 2023	Accrued restructuring costs as of March 31, 2023
		(in thousands)		
Employee severance, benefits and related taxes	$ 899	$ 58	$ —	$ 841
Stock-based compensation	821	—	821	—
Total restructuring	$ 1,720	$ 58	$ 821	$ 841

During the three months ended March 31, 2023 we recognized $1.7 million of expense related to restructuring activities of which $1.6 million is included in general and administrative expense and $0.1 million is included in research and development expense. We expect to pay the majority of the remaining amounts accrued through the quarter ended June 30, 2023.

14. Stockholders' (Deficit) Equity

Common Stock Sales Facility

On June 28, 2019, we entered into a Capital on Demand Sales Agreement with JonesTrading Institutional Services LLC, or JonesTrading, and on July 29, 2019 we amended and restated the sales agreement to add B. Riley Securities (f/k/a B. Riley FBR, Inc.), or B. Riley Securities, as a party to the agreement. On July 27, 2021, we entered into an amendment to the agreement to increase the maximum aggregate offering price of the shares of common stock that we may issue and sell from time to time under the agreement by $75.0 million to an aggregate of $95.0 million. We refer to the amended and restated sales agreement, as amended, as the ATM Sales Agreement. During the year ended December 31, 2022, a portion of the aggregate offering price totaling $11.8 million expired without sale. As of March 31, 2023, we had an aggregate of $75.0 million available for future sales. Pursuant to the ATM Sales Agreement we may offer and sell shares of our common stock from time to time through JonesTrading or B. Riley Securities, each acting as our sales agent. We have agreed to pay commissions to the sales agents for their services in acting as agents in the sale of our common stock in the amount of up to 3.0% of the gross proceeds from sales of our common stock pursuant to the ATM Sales Agreement. Sales of shares of our common stock under the ATM Sales Agreement may be made by any method that is deemed to be an "at-the-market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended. With our prior written approval, JonesTrading or B. Riley Securities may also sell the shares by any other method permitted by law, including in negotiated transactions. We and JonesTrading or B. Riley Securities may suspend or terminate the offering of shares upon notice to the other parties and subject to other conditions. During the three months ended March 31, 2023 and 2022, we did not sell any shares under the ATM Sales Agreement.

15. Subsequent Event

On May 3, 2023, a putative stockholder complaint was filed in the United States (U.S.) District Court for the Southern District of New York (S.D.N.Y.), captioned Childress v. Infinity Pharmaceuticals, Inc., et al. The complaint names as defendants Infinity and each member of the board of directors, or the Board. The complaint alleges, among other things, that Infinity and each member of the Board violated federal securities laws and regulations through a registration statement intended to induce them to vote in favor of the transaction that purportedly omits material facts necessary to make the statements therein not false or misleading. The complaint seeks, among other relief, (i) injunctive relief preventing the consummation of the proposed transaction; (ii) rescission or rescissory damages in the event the proposed transaction is consummated; (iii) other damages purportedly incurred on account of defendants' alleged misstatements or omissions; (iv) dissemination of an amendment to the registration statement that discloses certain information requested by the plaintiff; and (v) an award of plaintiff's expenses and attorneys' fees. We believe that the allegations asserted in the complaint are without merit. However, we cannot predict the outcome of this matter, nor can we estimate possible losses or a range of losses that may result from this matter.

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

The following discussion of our financial condition and results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis and set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to our plans and strategy for our business, includes forward-looking statements, based on current expectations and related to future events and our future financial and operational performance, that involve risks and uncertainties. You should review the discussion under the heading "Summary of Risk Factors" and the risk factors detailed further in Item 1A, "Risk Factors" of Part 1 of our Annual Report on Form 10-K for the year ended December 31, 2022, and those included under Part II, Item 1A of this Quarterly Report on Form 10-Q 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.

Business Overview

We are a clinical-stage innovative biopharmaceutical company dedicated to developing novel medicines for people with cancer. We combine proven scientific expertise with a passion for developing novel small molecule drugs that target disease pathways for potential applications in oncology. We are focused on advancing eganelisib, also known as IPI-549, an orally administered, clinical-stage, immuno-oncology product candidate that reprograms macrophages through selective inhibition of the enzyme phosphoinositide-3-kinase-gamma, or PI3K-gamma. We have retained worldwide development and commercialization rights to eganelisib, subject to certain success-based milestone payment obligations to our licensor, Takeda Pharmaceutical Company Limited, or Takeda, which are described in more detail as described in Part I, Item 1, Note 12, "Strategic Agreements."

Selective inhibition of PI3K-gamma by eganelisib has been shown in preclinical studies to reprogram macrophages from a pro-tumor, immunosuppressive function, to an anti-tumor, immune activating function and to enhance the activity of, and overcome resistance to, checkpoint inhibitors. These preclinical findings indicate that eganelisib may have the potential to treat a broad range of solid tumors and represents a potentially additive or synergistic approach to restoring anti-tumor immunity in combination with other immunotherapies such as checkpoint inhibitors. Further, preclinical studies showed that eganelisib significantly inhibits the regrowth of tumors that can occur following treatment with chemotherapy.

On February 22, 2023, we, MEI Pharma, Inc., a Delaware corporation, or MEI, and Meadow Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of MEI, or the Merger Sub, entered into an Agreement and Plan of Merger, or the Merger Agreement, pursuant to which, among other matters, and subject to the satisfaction or waiver of the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Infinity, with Infinity continuing as a wholly-owned subsidiary of MEI and the surviving corporation of the merger, which transaction is referred to herein as the Merger. If the Merger is completed the combined company will combine the expertise and resources of MEI and Infinity to advance a pipeline of three clinical stage oncology drug candidates. The Merger is expected to close in mid-2023, subject to the receipt of certain approvals by the stockholders of Infinity and MEI, as well as other customary closing conditions, including the effectiveness of a registration statement on Form S-4, which was filed with the SEC by MEI on April 27, 2023.

We expect to devote significant time and resources to the completion of the Merger. However, there can be no assurances that such activities will result in the completion of the Merger. Further, the completion of the Merger may ultimately not deliver the anticipated benefits or enhance shareholder value. If the Merger is not completed, we will consider alternative courses of action. We consider one of the following courses of action to be the most likely alternatives if the Merger is not completed:

- *Pursue another strategic transaction*. We may resume the process of evaluating a potential strategic transaction, including the sale of the company or its assets. Based on our prior assessment, we do not expect that we would have the necessary time or financial resources to pursue another strategic transaction like the proposed Merger.
- *Wind down the company*. If the Merger does not close and we are unable to enter into another strategic transaction, our board of directors may conclude that it is in the best interest of stockholders to cease normal operations and wind down the company through bankruptcy or dissolution proceedings. In such case, there would be no assurances as to the amount or timing of available cash remaining, if any, to distribute to stockholders after paying our obligations and setting aside funds for reserves.

Merger Agreement

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the Merger is consummated, at the effective time of the Merger, or the Effective Time, upon the terms and subject to the conditions set forth in the Merger Agreement, each share of capital stock, par value $0.001 per share, of Infinity issued and outstanding, or Infinity Common Stock, will be converted into the right to receive 0.052245, or the Exchange Ratio, shares of common stock, par value $0.00000002 per share, of MEI, or MEI Common Stock. As of immediately prior to the execution of the Merger Agreement, the initial exchange ratio was calculated to be 1.0449, or the Initial Exchange Ratio, subject to customary equitable adjustments including as a result of any reverse split of the shares of MEI Common Stock. Therefore, as a result of MEI's reverse stock split which took effect on April 14, 2023, the ratio was adjusted from the Initial Exchange Ratio of 1.0449 as provided in the Merger Agreement to the Exchange Ratio of 0.052245 (subject to any additional customary equitable adjustment in the event of any recapitalization, stock split, reverse stock split or similar change). Holders of Infinity Stock will receive cash in lieu of fractional shares. At the Effective Time of the Merger, Infinity's common stockholders will own approximately 42%, and MEI's common stockholders will own approximately 58%, of the outstanding shares of common stock of the combined company.

In addition, each outstanding option to purchase shares of Infinity Common Stock, each, an Infinity Stock Option, will become fully vested in accordance with the terms of the underlying stock option agreement. Each Infinity Stock Option will be assumed at the Effective Time by MEI and converted into a stock option to purchase shares of MEI Common Stock. The number of shares of MEI Common Stock underlying each such assumed Infinity Stock Option will be equal to the product of (i) the number of shares of Infinity Common Stock underlying the applicable Infinity Stock Option immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio, with the resulting number of shares of MEI Common Stock rounded down to the nearest whole share, and the exercise price per share of each such assumed Infinity Stock Option will be equal to (a) the per share exercise price applicable to such Infinity Stock Option immediately prior to the Effective Time divided by (b) the Exchange Ratio, with the resulting exercise price per share rounded up to the nearest whole cent. Except as noted above, each assumed and converted Infinity Stock Option will continue to be governed by substantially the same terms and conditions (after giving effect to the full acceleration of vesting of such Infinity Stock Option in connection with the Merger) as were applicable to such Infinity Stock Option immediately prior to the Effective Time. Before the Effective Time, each outstanding Infinity restricted stock unit, each, an Infinity RSU, will become fully vested, and the shares of Infinity Common Stock subject to such Infinity RSU will be distributed in accordance with the terms of the applicable restricted stock unit agreement. The shares of Infinity Common Stock issued upon the vesting of Infinity RSUs will be treated as shares of Infinity Common Stock issued and outstanding immediately prior to the Effective Time in accordance with the terms and conditions of the Merger Agreement. No Infinity RSUs will be outstanding from and after the Effective Time.

Consummation of the Merger is subject to certain closing conditions, including, among other things, the (1) approval by the stockholders of MEI of the issuance of shares of MEI Common Stock pursuant to the Merger Agreement, or the MEI Stock Issuance, (2) the adoption by the stockholders of Infinity of the Merger Agreement, (3) authorization for listing on The Nasdaq Capital Market of the shares of MEI Common Stock (including the shares to be issued in the Merger), subject to official notice of issuance, (4) effectiveness of the registration statement and (5) the absence of any law, judgment, order, injunction, ruling, writ award or decree by any governmental entity of competent jurisdiction restraining, enjoining or otherwise prohibiting consummation of the Merger. Each party's obligation to consummate the Merger is also subject to other specified customary conditions, including (1) the representations and warranties of the other party being true and correct as of the date of the Merger Agreement and as of the closing date of the Merger, generally subject to an overall material adverse effect qualification, (2) the performance in all material respects by the other party of its obligations under the Merger Agreement required to be performed on or prior to the date of the closing of the Merger, and (3) the absence of a continuing material adverse effect with respect to the other party. Infinity's obligation to consummate the Merger is also subject to the condition that MEI's final net cash is greater than or equal to $80,000,000 at closing if closing occurs on or before June 30, 2023, $78,000,000 at closing if closing occurs after June 30, 2023 but on or before July 31, 2023 and $76,000,000 at closing if closing occurs after July 31, 2023 but on or before August 31, 2023. MEI's obligation to consummate the Merger is also subject to the condition that Infinity's final net cash is greater than or equal to $4,000,000 at closing if closing occurs on or before June 30, 2023, $3,000,000 at closing if closing occurs after June 30, 2023 but on or before July 31, 2023, and $2,000,000 at closing if closing occurs after July 31, 2023 but on or before August 31, 2023.

The Merger Agreement contains certain termination rights for both Infinity and MEI. Upon termination of the Merger Agreement by MEI under specified circumstances, MEI may be required to pay Infinity a termination fee of $4,000,000 and/or reimburse Infinity's reasonable out of pocket fees and expenses incurred in connection with the Merger Agreement and the transaction contemplated thereby up to a maximum of $1,000,000. Upon termination of the Merger Agreement by Infinity under specified circumstances, Infinity may be required to pay MEI a termination fee of $2,900,000 and/or reimburse MEI's reasonable out of pocket fees and expenses incurred in connection with the Merger Agreement and the transaction contemplated thereby up to a maximum of $1,000,000.

MEI and Infinity have agreed to use reasonable best efforts and take all necessary action such that, as of the Effective Time of the Merger, the board of directors of the combined company will consist of eight members, with four such members designated by MEI, three such members designated by Infinity (one of whom shall be designated by Infinity as the chair of the board of directors of the combined company) and one such member designated jointly by MEI and Infinity, with at least one MEI designee and one Infinity designee appointed to each of the three classes of the MEI classified board and MEI's fourth designee and the jointly designated designee appointed to the class of MEI directors whose terms expire at the next annual meeting of MEI's stockholders. The parties have also agreed that David M. Urso will be elected as Chief Executive Officer, Robert Ilaria, Jr. will be elected as Chief Medical Officer, and Stéphane Peluso will be elected as Chief Scientific Officer.

Clinical Development Overview

2023 Eganelisib Development Strategy

Subject to the successful close of the Merger, the combined company plans to initiate in the third quarter of 2023, subject to FDA review, a global, randomized, controlled Phase 2 clinical trial of eganelisib plus pembrolizumab versus pembrolizumab for the potential treatment of first line relapsed or metastatic head and neck squamous cell carcinoma, or HNSCC. The primary endpoint of the Phase 2 study is anticipated to be overall survival, and we plan to have initial safety and progression free survival, or PFS, data in the second half of 2024. This planned study is intended to address a clear medical need, as patients with recurrent or metastatic HNSCC with a PD-L1 combined positive score, or CPS, of 1 or greater have relatively short median progression free survival (3.2 months) and overall survival (12.3 months) when treated with pembrolizumab monotherapy. CPS is a scoring system used to determine the proportion of cells (includes tumor and immune cells) that stain positive for PD-L1 relative to all viable tumor cells.

This study follows an encouraging signal from our MAcrophage Reprogramming in Immuno-Oncology-1 study, or MARIO-1, our Phase 1/1b clinical study designed to evaluate the safety, tolerability, pharmacokinetics, pharmacodynamics, and activity for eganelisib — both as a monotherapy and in combination with nivolumab — in 224 patients with advanced solid tumors. The study included a dose escalation portion and a combination therapy expansion portion evaluating patients dosed at 40 mg daily, or QD, of eganelisib in combination with the standard regimen of nivolumab in the following forms of cancer: non-small cell lung cancer, melanoma, HNSCC, TNBC, mesothelioma, adrenocortical carcinoma, and those with high baseline blood levels of MDSCs.

As of the study's December 13, 2021 database lock, the median progression free survival, or mPFS, rate of 3.7 months (1.9, 5.5) was observed in the HNSCC cohort in patients with immediate prior progression on CPI therapy. The mPFS for all patients receiving pembrolizumab monotherapy was 2.3 months in KEYNOTE-048, the benchmark study investigating pembrolizumab monotherapy and pembrolizumab plus chemotherapy or cetuximab plus chemotherapy as a first-line therapy in advanced HNSCC patients. However, we caution you that the risks in cross-trial comparisons limit our ability to reach definitive conclusions without a prospective, adequately powered, randomized controlled trial. Consequently, the data and results from the HNSCC cohort in MARIO-1 may not be comparable to KEYNOTE-048 for reasons including, but not limited to, differences in clinical trial protocols, patient characteristics, safety management, sample sizes, duration of treatment, median duration of follow up, and other factors. Further, in MARIO-1, a disease control rate, or DCR, of 36.4% (4 of 11 patients), an overall response rate, or ORR, of 18.2% (2 of 11 patients), and an mPFS rate of 5.3 months (1.9, 11.1) were observed in the HNSCC cohort in patients with immediate prior progression on CPI therapy and two or fewer prior lines of therapy.

MARIO-3

MARIO-3 is a multi-arm Phase 2 study designed to evaluate eganelisib in the front-line treatment for metastatic triple negative breast cancer, or mTNBC, and metastatic renal cell carcinoma, or mRCC. We have completed enrollment in both cohorts. The mTNBC cohort is evaluating eganelisib in combination with atezolizumab, an anti-PD-L1 monoclonal antibody also known as Tecentriq®, and nab-paclitaxel, an albumin-bound chemotherapy drug also known as Abraxane®, in approximately 60 patients with unresectable locally advanced or mTNBC. The mRCC cohort is evaluating eganelisib in combination with atezolizumab and bevacizumab, also known as Avastin®, in approximately 30 patients with mRCC. Using the same cutoff standard used in the F. Hoffmann-La Roche Ltd., or Roche, benchmark IMpassion130 study for PD-L1, we refer to tumors that test below 1% PD-L1 at baseline as "PD-L1(-) tumors" and tumors that test equal to or greater than 1% as "PD-L1(+) tumors." We entered into clinical supply agreements with Roche, under which Roche has agreed to supply atezolizumab and bevacizumab for our use in MARIO-3.

MARIO-275

MARIO-275 is our global, randomized, placebo-controlled Phase 2 study evaluating the effect of adding eganelisib to nivolumab, also known as Opdivo®, in checkpoint-naïve advanced urothelial cancer, or UC, patients whose cancer has progressed or recurred following treatment with platinum-based chemotherapy. Nivolumab is an immune checkpoint inhibitor therapy commercialized by Bristol Myers Squibb Company, or BMS, that targets programmed death receptor 1, or PD-1, a checkpoint protein that helps regulate the body's immune system. MARIO-275 is complete and all sites have been closed.

Alliances, Collaborations, and Other Arrangements

We have primarily incurred operating losses since inception and will continue to fund our operations through collaboration and license arrangements or other strategic arrangements, as well as through the sale of securities or incurring debt, until such time as we are able to generate significant revenue from product sales, if ever. Such arrangements have provided access to breakthrough science, significant research and development support and funding, supply of clinical trial materials, and innovative drug development programs, all intended to help us realize the full potential of our product pipeline.

In July 2010, we entered into a development and license agreement with Intellikine, Inc., or Intellikine, under which we obtained rights to discover, develop and commercialize pharmaceutical products targeting the gamma and/or delta isoforms of PI3K, including eganelisib and duvelisib, or Copiktra®, an oral, dual inhibitor of PI3K delta and gamma. We licensed our rights related to the development of duvelisib to Verastem Inc., or Verastem, in 2016. In September 2020, Verastem completed a disposition of its rights, title, and interest in and to duvelisib to Secura Bio, Inc., or Secura Bio, wherein Secura Bio assumed all liabilities and obligations under the Verastem Agreement. We now refer to the Verastem Agreement as the Secura Bio Agreement. In January 2012, Intellikine was acquired by Takeda Pharmaceutical Company Limited, or Takeda. In December 2012, we amended and restated our development and license agreement with Takeda and further amended the agreement in July 2014, September 2016, July 2017, and March 2019. We refer to the amended and restated development and license agreement, as amended, as the Takeda Agreement. We are obligated to pay Takeda up to $3.0 million in remaining success-based development milestone payments and up to $165.0 million in remaining regulatory and commercialization success-based milestone payments, for one product candidate other than duvelisib, which could be eganelisib.

Financial Overview

Going Concern

We believe that there is substantial doubt about our ability to continue as a going concern for at least twelve months from the date these condensed consolidated financial statement are issued on May 9, 2023. The conditions which raise substantial doubt about our ability to continue as a going concern, as well as our plan to mitigate these conditions are discussed in the sections below titled “Liquidity and Capital Resources” and “Funding Requirements.”

Revenue

To date, all of our revenue has been generated under collaboration agreements, including payments to us of upfront license fees, funding or reimbursement of research and development efforts, milestone payments if specified objectives are achieved, and/or royalties on product sales. In the future, we may generate revenue from a combination of product sales, research and development support services and milestone payments in connection with strategic relationships, as well as royalties resulting from the sales of products developed under licenses of our intellectual property. We expect that any potential future revenue we generate will fluctuate from year to year as a result of the timing and amount of license fees, research and development reimbursement, milestone, royalty and other payments earned under our collaborative or strategic relationships and the amount and timing of payments that we earn upon the sale of our products, to the extent any are successfully commercialized.

We recognize revenue when we transfer goods or services to customers in an amount that reflects the consideration that we expect to receive for those goods or services. These principles are applied using a five-step model: 1) identify the customer contract; 2) identify the contract’s performance obligations; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when or as a performance obligation is satisfied. We evaluate all promised goods and services within a customer contract and determine which of those are separate performance obligations. This evaluation includes an assessment of whether the good or service is capable of being distinct and whether the good or service is separable from other promises in the contract. When a performance obligation is satisfied, we recognize as revenue the amount of the transaction price, excluding estimates of variable consideration that are constrained, that is allocated to that performance obligation. For contracts that contain variable consideration, such as milestone payments, we estimate the amount of variable consideration by using either the expected value method or the most likely amount method. In making this assessment, we evaluate factors such as the clinical, regulatory, commercial and other risks that must be overcome to achieve the milestone. We re-evaluate the probability of achievement of such milestones and any related constraints in each reporting period. We include variable consideration, without constraint, in the transaction price to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

We recognize sales-based milestones and royalty revenue based upon net sales by the licensee of licensed products in licensed territories, and in the period the sales occur, under the sales- and usage-based royalty exception when the sole or predominate item to which the royalty relates is a license to intellectual property.

In the event of an early termination of a collaboration agreement, any contract liabilities would be recognized in the period in which all our obligations under the agreement have been fulfilled.

Research and Development Expense

We are a drug development company. Our research and development expense has historically consisted primarily of the following:

- compensation of personnel associated with research and development activities;
- clinical testing costs, including payments made to contract research organizations;
- costs of combination and comparator drugs used in clinical studies;
- costs of manufacturing product candidates for preclinical testing and clinical studies;
- costs associated with the licensing of research and development programs;
- preclinical testing costs, including costs of toxicology studies;
- fees paid to external consultants;
- fees paid to professional service providers for independent monitoring and analysis of our clinical trials;
- costs for collaboration partners to perform research and development activities, including development milestones for which a payment is due when achieved;

- depreciation of property and equipment used for research and development activities; and
- allocated costs of facilities.

General and Administrative Expense

General and administrative expense primarily consists of compensation of personnel in executive, finance, accounting, legal and intellectual property, information technology infrastructure, corporate communications, and human resources functions. Other costs include facilities costs not otherwise included in research and development expense and professional fees for legal and accounting services.

Royalty Expense

Royalty expense represents the expense associated with amounts owed to third parties as a result of royalty revenue recognized and the amounts owed by us to Takeda in relation to the sale of future royalties.

Other Income and Expense

Other income and expense typically consist of interest earned on cash, cash equivalents and available-for-sale securities, non-cash interest expense, and changes in fair value of the warrant liability.

Critical Accounting Policies and Significant Judgments and Estimates

The discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, including those related to cumulative revenue related to variable consideration, accrued expenses, estimates of future net royalty payments used in the calculation of our liability related to the sale of future royalties, and assumptions in the valuation of stock-based compensation. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates.

There have been no material changes to our critical accounting policies during the three months ended March 31, 2023. Please refer to Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2022 Annual Report on Form 10-K for a discussion of our critical accounting policies and significant judgments and estimates.

Results of Operations

The following table summarizes our results of operations for each of the three months ended March 31, 2023 and 2022, together with the change in these items in dollars and as a percentage:

	Three Months Ended March 31,			
	2023	2022	$ Change	% Change
	(in thousands)			
Royalty revenue	$ 731	$ 652	$ 79	12 %
Research and development expense	5,853	8,990	(3,137)	(35)%
General and administrative expense	5,944	3,676	2,268	62 %
Royalty expense	441	393	48	12 %
Investment and other income	507	16	491	3,069 %
Non-cash interest expense	(45)	(45)	—	— %
Net loss	(11,045)	(12,436)	1,391	(11)%

Revenue

Royalty revenue for both the three months ended March 31, 2023 and 2022 is related to royalties from Secura Bio and Verastem on net sales of duvelisib. A portion of royalties received is owed to Mundipharma International Corporation Limited, or Mundipharma, and Purdue Pharmaceutical Products L.P., or Purdue. We refer to such portion as the Trailing Mundipharma Royalties (see Note 12 of the notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). We and HealthCare Royalty Partners III, L.P., or HCR, entered into a purchase and sale agreement in March 2019, or the HCR Agreement, pursuant to which HCR acquired our interest in royalties received from Verastem and Secura Bio on net sales of duvelisib, less the Trailing Mundipharma Royalties (see Note 10 of the notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

Research and Development Expense

Research and development expense decreased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 due to a decrease in clinical development expense of $3.1 million as a result of a reduction in clinical trial activity and our efforts to conserve financial resources prior to entering into the Merger Agreement with MEI.

We track and accumulate expenses by major program. These expenses primarily relate to payroll and related expenses for personnel working on the programs, process development and manufacturing, preclinical toxicology studies, clinical trial costs and allocated costs of facilities. During the three months ended March 31, 2023 and 2022, we estimated that we incurred $5.9 million and $9.0 million, respectively, on eganelisib.

We do not believe that the historical costs associated with our drug development programs are indicative of the future costs associated with these programs. Due to the variability in the length of time and scope of activities necessary to develop a product candidate and uncertainties related to our cost estimates and our ability to obtain marketing approval for our product candidates, accurate and meaningful estimates of the total costs required to bring our product candidates to market are not available.

Because of the risks inherent in drug development, we cannot reasonably estimate or know:

- the nature, timing and estimated costs of the efforts necessary to complete the development of our programs;
- the completion dates of these programs; or
- the period in which material net cash inflows are expected to commence, if at all, from the programs described above and any potential future product candidates.

There is significant uncertainty regarding our ability to successfully develop any product candidates. These risks include the uncertainty of:

- the scope, rate of progress and cost of our clinical trials that we are currently conducting or may commence in the future;
- clinical trial results;
- the cost of establishing clinical supplies of any product candidates;
- the cost and availability of combination and comparator drugs, such as the current global shortage of the MARIO-3 combination drug nab-paclitaxel. Although we expect our current supply of nab-paclitaxel to be adequate to meet MARIO-3 demand through the study completion, the global shortage could impact MARIO-3 if the shortage persists beyond our current supply;
- the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights relating to our programs under development;
- the terms and timing of any collaborations, licensing and other arrangements that we have or may establish in the future relating to our programs under development;
- the cost and timing of regulatory approvals;
- the effect of competing technological and market developments; and
- the impact of the COVID-19 pandemic.

General and Administrative Expense

General and administrative expense increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 due to an increase in compensation expenses of $1.2 million combined with an increase in professional services and consulting expenses of $1.1 million. The increase in compensation expenses is largely due to $1.6 million in costs incurred as a result of the restructuring activities that took place during the three months ended March 31, 2023. This increase was offset in part by lower bonus compensation combined with a lower employee headcount for the three months ended March 31, 2023. The increase in professional services and consulting expenses is primarily driven by our due diligence efforts prior to entering into the Merger Agreement with MEI.

Royalty Expense

Royalty expense for both periods is related to royalties paid to Mundipharma, Purdue and Takeda on net sales of duvelisib by Secura Bio and Verastem.

Investment and Other Income (Expense)

Investment and other income increased for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 in part as a result of higher yields on our cash and investments. Additionally, during the three months ended March 31, 2023 we recognized a one-time gain of $0.2 million on the expiration of our prior warrant liability.

Non-cash Interest Expense

Non-cash interest expense for the three months ended March 31, 2023 was the result of the sale of future royalties in relation to the HCR Agreement and BVF Funding Agreement, which we recognized as liabilities that are being amortized using the effective interest method over the life of the arrangements (see Note 10 of the notes to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q). Over the course of the arrangements, the non-cash interest expense will be affected by the amount and timing of estimated royalty revenue, if any. We reassess the effective interest rate on a quarterly basis and adjust the rate prospectively as needed.

Liquidity and Capital Resources

We have primarily incurred operating losses since inception. Our net loss was $11.0 million and $12.4 million for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, we had an accumulated deficit of $867.0 million. As we have no approved products, we have not generated any revenue from product sales to date, and we do not expect to generate any such revenue for the foreseeable future, if at all. We have instead relied on the proceeds from sales of equity securities, sales of future royalties, issuances of debt, interest on investments, upfront license fees, expense reimbursements, milestones, royalties and cost sharing under our collaborations to fund our operations. Because eganelisib is in clinical development and the outcome of our effort is uncertain, we cannot estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidate or whether, or when, we may achieve profitability.

We expect to continue to spend significant resources to fund the development and potential commercialization of eganelisib. We expect to incur substantial operating losses over the next several years as our clinical trial and drug manufacturing activities increase. In addition, in connection with seeking and possibly obtaining regulatory approval of eganelisib or any future product candidates we may develop, we expect to incur significant commercialization expenses for product sales, marketing, manufacturing and distribution. As a result, we expect that our accumulated deficit will also increase significantly. These conditions raise substantial doubt about our ability to continue as a going concern.

The following table summarizes the components of our financial condition:

	March 31, 2023	December 31, 2022
	(in thousands)	
Cash and cash equivalents	$ 25,737	$ 38,313
Working capital	17,074	26,674

	Three Months Ended March 31,	
	2023	2022
	(in thousands)	
Cash used in:		
Operating activities	$ (12,576)	$ (13,535)
Investing activities	—	(14,066)
Financing activities	—	—

Cash Flows

For the three months ended March 31, 2023 compared to the three months ended March 31, 2022, our cash used in operating activities decreased primarily due to decreased operating expenses as we made efforts to conserve our financial resources leading up to the time that we entered in the Merger Agreement with MEI. Our cash used in operating activities in future periods may vary significantly.

During the three months ended March 31, 2023 we did not use or receive any cash from investing activities. Comparatively, during the three months ended March 31, 2022 we used $14.1 million in cash for investing activities primarily for the purchase of available-for-sale securities.

During the three months ended March 31, 2023 and 2022 we did not use or receive any cash from financing activities.

Funding Requirements

We believe that there is substantial doubt about our ability to continue as a going concern for at least twelve months from the date these condensed consolidated financial statements are issued on May 9, 2023. Our future capital requirements will depend on whether we complete the Merger. If the Merger is not completed, or if we decide to pursue any future product development efforts, our future funding requirements would depend on, and could increase significantly as a result of many factors, including:

- our ability to consummate an alternative strategic transaction and the nature and type of such transaction;
- the scope, progress, results and costs of developing eganelisib, currently in clinical development;
- the impact of delays in patient enrollment and site activation related to the COVID-19 pandemic;
- the timing of, and the costs involved in, obtaining regulatory approvals for eganelisib;
- subject to receipt of marketing approval, revenue, if any, received from commercial sales of eganelisib;
- the timing and amount of additional revenues, if any, received from strategic agreements and funding arrangements
- the timing and amount of additional royalty and milestone payments owed to Takeda;
- the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- any breach, acceleration event or event of default under any agreements with third parties;
- the outcome of any lawsuits that could be brought against us;
- the cost of acquiring raw materials for, and of manufacturing, eganelisib is higher than anticipated;
- the cost or quantity required of comparator or combination drugs used in clinical studies increases;
- the effect of competing technological and market developments;
- any federal government shutdown that prevents or delays the U.S. Securities and Exchange Commission, or SEC, from processing any future registration statements we may file to register shares for capital raising purposes; and
- a loss in our investments due to general market conditions or other reasons.

If the Merger is not completed, plans to mitigate the conditions which raise substantial doubt about our ability to continue as a going concern may include, but are not limited to, the process of evaluating a potential strategic transaction, including the sale of the company or its assets. Based on our prior assessment, we do not expect that we would have the necessary time or financial resources to pursue another strategic transaction like the proposed Merger. If we are unsuccessful in our efforts to seek such strategic alternatives or raise additional financing in the near term, our board of directors may conclude that it is in the best interest of stockholders to cease normal operations and wind down the company through bankruptcy or dissolution proceedings. In such case, there would be no assurances as to the amount or timing of available cash remaining, if any, to distribute to stockholders after paying our obligations and setting aside funds for reserves.

Strategic Restructuring

On February 22, 2023, in conjunction with their approval of the Merger Agreement, our board of directors approved a strategic restructuring to preserve our resources. As a result, we have reduced our overall headcount by four positions, representing approximately 13% of our workforce at the time we entered into the Merger Agreement. During the three months ended March 31, 2023 we have incurred restructuring charges consisting of severance payments, employee benefits and related taxes, and stock-based compensation. The workforce reduction was completed on March 31, 2023.

The following table summarizes the financial impact of the restructuring activities on our operating expenses and cash flows for the three months ended March 31, 2023 and the current liability remaining on our balance sheet as of March 31, 2023:

	Charges incurred during the three months ended March 31, 2023	Amounts paid during the three months ended March 31, 2023	Less non-cash charges incurred during the three months ended March 31, 2023	Accrued restructuring costs as of March 31, 2023
	(in thousands)			
Employee severance, benefits and related taxes	$ 899	$ 58	$ —	$ 841
Stock-based compensation	821	—	821	—
Total restructuring	$ 1,720	$ 58	$ 821	$ 841

Equity Offerings

On June 28, 2019, we entered into a Capital on Demand Sales Agreement with JonesTrading Institutional Services LLC, or JonesTrading, and on July 29, 2019 we amended and restated the sales agreement to add B. Riley Securities (f/k/a B. Riley FBR, Inc.), or B. Riley Securities, as a party to the agreement. On July 27, 2021, we entered into an amendment to the agreement to increase the maximum aggregate offering price of the shares of common stock that we may issue and sell from time to time under the agreement by $75.0 million to an aggregate of $95.0 million. We refer to the amended and restated sales agreement, as amended, as the ATM Sales Agreement. During the year ended December 31, 2022, a portion of the aggregate offering price totaling $11.8 million expired without sale. As of March 31, 2023, we had an aggregate of $75.0 million available for future sales. Pursuant to the ATM Sales Agreement we may offer and sell shares of our common stock from time to time through JonesTrading or B. Riley Securities, each acting as our sales agent. We have agreed to pay commissions to the sales agents for their services in acting as agents in the sale of our common stock in the amount of up to 3.0% of the gross proceeds from sales of our common stock pursuant to the ATM Sales Agreement. Sales of shares of our common stock under the ATM Sales Agreement may be made by any method that is deemed to be an “at-the-market offering” as defined in Rule 415(a)(4) promulgated under the Securities Act of 1933, as amended. With our prior written approval, JonesTrading or B. Riley Securities may also sell the shares by any other method permitted by law, including in negotiated transactions. We and JonesTrading or B. Riley Securities may suspend or terminate the offering of shares upon notice to the other parties and subject to other conditions. During the three months ended March 31, 2023 and 2022, we did not sell any shares under the ATM Sales Agreement.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, or the Exchange Act, and are not required to provide the information under this item.

Item 4. Controls and Procedures

Our management, with the participation of our principal executive and financial officers, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2023, our principal executive and financial officers concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

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 fiscal quarter ended March 31, 2023 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 May 3, 2023, a putative stockholder complaint was filed in the United States (U.S.) District Court for the Southern District of New York (S.D.N.Y.), captioned Childress v. Infinity Pharmaceuticals, Inc., et al. The complaint names as defendants Infinity and each member of the board of directors, or the Board. The complaint alleges, among other things, that Infinity and each member of the Board violated federal securities laws and regulations through a registration statement intended to induce them to vote in favor of the transaction that purportedly omits material facts necessary to make the statements therein not false or misleading. The complaint seeks, among other relief, (i) injunctive relief preventing the consummation of the proposed transaction; (ii) rescission or rescissory damages in the event the proposed transaction is consummated; (iii) other damages purportedly incurred on account of defendants' alleged misstatements or omissions; (iv) dissemination of an amendment to the registration statement that discloses certain information requested by the plaintiff; and (v) an award of plaintiff's expenses and attorneys' fees. We believe that the allegations asserted in the complaint are without merit. However, we cannot predict the outcome of this matter.

Item 1A. Risk Factors

For a detailed discussion of our potential risks or uncertainties, please see the sections entitled "Summary of Risk Factors" and "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, which we refer to as our 2022 Annual Report, as well as in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part I, Item 2 of this Quarterly Report on Form 10-Q. The risk factor set forth below represents a material change to the similarly titled risk factor included in the section entitled "Risk Factors" in our 2022 Annual Report.

We do not currently meet the requirements for continued listing on the Nasdaq Global Select Market. If we fail to meet the requirements for continued listing on the Nasdaq Global Select Market, our common stock could be delisted from trading, which would decrease the liquidity of our common stock and our ability to raise additional capital.

Our common stock is currently listed on the Nasdaq Global Select Market. We are required to meet specified requirements in order to maintain our listing on the Nasdaq Global Select Market, including, among other things, a minimum bid price of $1.00 per share, or the Minimum Bid Price, under Nasdaq Listing Rule 5450(a)(1), or the Minimum Bid Requirement, and a minimum market value of listed securities of $50,000,000 under Nasdaq Listing Rule 5450(b)(2)(A), or the Minimum MVLS Requirement.

On December 28, 2022, we received a deficiency letter, or the December 2022 Bid Price Notice, from the Listing Qualifications Department of the Nasdaq Stock Market, LLC, or Nasdaq, notifying us that, for the last 30 consecutive business days, the bid price for our common stock was below the Minimum Bid Price required to maintain continued listing on the Nasdaq Global Select Market. The December 2022 Bid Price Notice has no immediate effect on the listing of our common stock. We have 180 calendar days, or until June 26, 2023, to regain compliance with the Minimum Bid Requirement. If at any time during this 180-day period the closing bid price of our common stock is at least $1.00 per share for a minimum of ten consecutive business days, Nasdaq will provide us written confirmation of compliance and the Minimum Bid Requirement matter will be closed. If we fail to satisfy this requirement within the initial 180 calendar day period, we may be eligible for an additional 180 calendar day compliance period if we submit an application to transfer to the Nasdaq Capital Market, then meet specified continued and initial listing standards for the Nasdaq Capital Market and provide written notice of our intention to cure the deficiency during the second compliance period by effecting a reverse stock split if necessary. However, there can be no assurance that we can satisfy all of the requirements to secure such additional compliance period, including without limitation the continued and initial listing standards for the Nasdaq Capital Market, or that we will be able to regain compliance with the Minimum Bid Requirement, or that we can maintain compliance with the other listing requirements even if we successfully transfer to the Nasdaq Capital Market. We currently do not satisfy various specified requirements for listing on the Nasdaq Capital Market.

Even if we successfully transfer to the Nasdaq Capital Market on June 26, 2023, a transfer of our listing to the Nasdaq Capital Market could adversely affect the liquidity of our common stock. Any such event could make it more difficult to dispose of, or obtain accurate quotations for the price of, our common stock, and there also would likely be a reduction in our coverage by securities analysts and the news media, which could cause the price of our common stock to decline further. We may also face other material adverse consequences in such event, such as negative publicity, a decreased ability to obtain additional financing, diminished investor and/or employee confidence, and the loss of business development opportunities, some or all of which may contribute to a further decline in our stock price.

If we do not regain compliance with the Minimum Bid Requirement by June 26, 2023, and we do not meet the requirements to transfer to the Nasdaq Capital Market at that time, then we will receive written notification that our securities are subject to delisting. At that time, we may appeal the Staff’s delisting determination to a Nasdaq Listing Qualifications Panel pursuant to procedures set forth in the applicable Nasdaq Listing Rules.

In addition, on April 4, 2023, we received a deficiency letter, or the April 2023 MVLS Notice, from the Listing Qualifications Department of Nasdaq notifying us that the listing of our common stock was not in compliance with the Minimum MVLS Requirement for the previous 30 consecutive business days required to maintain continued listing on the Nasdaq Global Select Market. The Staff also noted in the April 2023 MVLS Notice that we are not in compliance with Nasdaq Listing Rule 5450(b)(3)(A), which requires listed companies to have total assets and total revenue of at least $50,000,000 each for the most recently completed fiscal year or for two of the three most recently completed fiscal years. The April 2023 MVLS Notice has no immediate effect on the listing of our common stock. We have 180 calendar days, or until October 2, 2023, to regain compliance with the Minimum MVLS Requirement (assuming we have theretofore resolved the Minimum Bid Requirement described in the prior paragraph). If, at any time before October 2, 2023 (assuming we have theretofore resolved the Minimum Bid Requirement described in the prior paragraph), the market value of our listed securities closes at $50,000,000 or more for a minimum of ten consecutive business days, the Staff will provide written notification to us that we have regained compliance with the Minimum MVLS Requirement and this matter will be closed. If we do not regain compliance with the Minimum MVLS Requirement by October 2, 2023 (assuming we have theretofore resolved the Minimum Bid Requirement described in the prior paragraph), we will receive written notification that our securities are subject to delisting. At that time, we may appeal the Staff’s delisting determination to a Nasdaq Listing Qualifications Panel pursuant to the procedures set forth in the applicable Nasdaq Listing Rules.

Item 6. Exhibits

Exhibit No.	Description	Incorporated by Reference			Filed with this 10-Q
		Form	SEC Filing date	Exhibit Number	
2.1†	Agreement and Plan of Merger, dated February 22, 2023, by and among Infinity Pharmaceuticals, Inc., MEI Pharma, Inc., and Meadow Merger Sub, Inc.	8-K	2/23/2023	2.1	
3.1	Restated Certificate of Incorporation of the Registrant, as amended.	10-Q	7/30/2020	3.1	
3.2	Amended and Restated Bylaws of the Registrant, as amended.	10-K	3/28/2023	3.2	
4.1	Form of Common Stock Certificate.	10-K	3/14/2008	4.1	
10.1*	Retention and Severance Protection Agreement between the Registrant and Adelene Perkins dated as of February 22, 2023.	10-K	3/28/2023	10.46	
10.2*	Retention and Severance Protection Agreement between the Registrant and Robert Ilaria dated as of February 22, 2023.	10-K	3/28/2023	10.47	
10.3*	Retention and Severance Protection Agreement between the Registrant and Stephane Peluso dated as of February 22, 2023.	10-K	3/28/2023	10.48	
10.4*	Retention and Severance Protection Agreement between the Registrant and Seth Tasker dated as of February 22, 2023.	10-K	3/28/2023	10.49	
10.5*	Retention and Severance Protection Agreement between the Registrant and Lawrence Bloch dated as of March 29, 2023.				X
31.1	Certification of principal executive officer and principal financial officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.				X
32.1	Certification of principal executive officer and principal financial officer pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
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)				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				X

†Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

*Indicates management contract or compensatory plan.

SIGNATURES

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

INFINITY PHARMACEUTICALS, INC.

Date: May 9, 2023

By: /s/ Adelene Q. Perkins

Adelene Q. Perkins
Chief Executive Officer
(Principal Executive Officer & Principal Financial Officer)

THIS IS AN IMPORTANT LEGAL DOCUMENT. PLEASE CONFER WITH A LAWYER OR OTHER TRUSTED ADVISOR BEFORE SIGNING THIS DOCUMENT.

February 23, 2023

VIA HAND DELIVERY

Lawrence Bloch
P.O. Box 650129
West Newton, MA 02465

Re: Severance Agreement and Release

Dear Lawrence:

This letter summarizes the terms of your separation from employment with **Infinity Pharmaceuticals Inc** (the "Company"). The purpose of this Agreement is to establish an amicable arrangement for ending your employment relationship, to release the Company from all legally waivable claims and to permit you to receive severance pay.

By signing this Agreement, you will be giving up valuable legal rights. For this reason, it is very important that you carefully review and understand the Agreement before signing it. The deadline for accepting this Agreement is forty-five (45) days from the date of receipt of this document. If you do not sign and return this document within the forty-five (45) day period, this offer of severance pay will expire. The Company encourages you to take advantage of this period of time by consulting with a lawyer, or other trusted advisor, before signing the document.

1. Employment Status and Final Payments:

(a) Termination Date: Your termination from employment with the Company will be effective as of **March 31, 2023** (the "Termination Date"). As of the Termination Date, your salary will cease, and any entitlement you have or might have under a Company-provided benefit plan, program, contract or practice will terminate, except as required by federal or state law.

(b) You hereby acknowledge that you have been paid all earned wages and for all accrued but unused vacation time as of the Termination Date.

(c) The Termination Date shall be the date of the "qualifying event" under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). If you are enrolled in the Company's medical plans, you will be provided a benefits packet containing information on your COBRA rights and how to elect to convert to a direct pay plan under COBRA.

(d) You hereby acknowledge (i) receipt of all compensation and benefits due through the Termination Date as a result of services performed for the Company with the receipt of a final paycheck except as provided in this Agreement; (ii) having reported to the Company any and all work-related injuries incurred during employment; (iii) the Company properly provided any leave of absence because of your or a family member's health condition and you have not been subjected to any improper treatment, conduct or actions due to a request for or taking such leave; (iv) you have had the opportunity to provide the Company with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of the Company or any other Company Releasees.

2. Consideration: In exchange for, and in consideration of, your full execution of this Agreement, and after the expiration of the Revocation Period set out in Section 10 below, the Company agrees as follows:

(a) Severance Pay: The Company will pay you a severance payment of **$502,654.36**, which is the equivalent of **52 weeks** of your current base salary. This severance amount will be paid to you in a lump

sum. The lump sum will be paid to you within two weeks of the expiration of the Revocation Period as set forth in Section 10.

(b) COBRA Premiums: If you elect in a timely manner to continue medical and dental insurance coverage after the Termination Date in accordance with the provisions of COBRA, the Company will pay your monthly premium payments until the earlier of: (i) **March 31, 2024**; (ii) the date you obtain other employment; or (iii) the date your COBRA continuation coverage would terminate in accordance with the provisions of COBRA. Thereafter, medical and dental insurance coverage shall be continued only to the extent required by COBRA and only to the extent you timely pay the premium payments yourself. Please note that if the Company, in its sole discretion, subsequently determines that all or some of its payment of the COBRA premiums are discriminatory under the Internal Revenue Code, any remaining COBRA payments shall instead be paid to you as additional severance pay over the same period that the subsidy would have been provided.

(c) Outplacement Benefits: At your request, the Company will arrange and pay for reasonable outplacement services ("Outpatient Benefits"), pursuant to and subject to the terms and conditions set forth in the Severance Benefits Plan.

(d) Equity Awards: The portion of any outstanding Company equity awards which would have vested within the one (1) year period following the Termination Date shall vest immediately upon the Release Effective Date as defined in the Severance Benefits Plan. Additionally, pursuant to the Restricted Stock Unit Award Agreement entered into between the company and you on August 11, 2022, 100% of the restricted stock units awarded thereunder shall immediately vest upon the Release Effective Date as defined in the Severance Benefits Plan.

(e) Payments: The payments set forth in this Section 2 shall be subject to all applicable federal, state and/or local withholding and/or payroll taxes.

3. Release: This section of the Agreement is a release of legal claims. Please carefully review this section with your attorney, or other trusted advisor, and do not sign this document unless you understand what this section says.

(a) In exchange for the amounts described in Section 2, which are in addition to anything of value to which you are entitled to receive, you and your representatives, agents, estate, heirs, successors and assigns, absolutely and unconditionally release, discharge, indemnify and hold harmless the "Company Releasees" from any and all legally waivable claims that you have against the Company Releasees. Other than as permitted in Section 3(e) and (f) below, this means that by signing this Agreement, you are agreeing to forever waive, release and discharge the Company Releasees from any type of claim arising from conduct that occurred any time in the past and up to and through the date you sign this document. Company Releasees is defined to include the Company and/or any of its parents, subsidiaries or affiliates, predecessors, successors or assigns, and its and their respective current and/or former directors, shareholders/stockholders, officers, employees, attorneys and/or agents, all both individually and in their official capacities.

(b) This release includes, but is not limited to, any waivable claims you have against the Company Releasees based on conduct that occurred any time in the past and up to and through the date you sign this Agreement that arises from any federal, state or local law, regulation, code or constitution dealing with either employment, employment benefits or employment discrimination. By way of example, this release includes the release of claims against the Company Releasees under the laws or regulations concerning discrimination on the basis of race, color, creed, religion, age, sex, sex harassment, sexual orientation, gender identity, national origin, ancestry, genetic carrier status, handicap or disability, veteran status, any military service or application for military service, or any other category protected under federal, state or local law. This release also includes any claim you may have against the Company Releasees for breach of contract, whether oral or written, express or implied; any tort claims(such as claims for wrongful discharge, tortious interference with advantageous relations, misrepresentation and defamation); any claims for equity or employee benefits of any other kind; or any other legally waivable statutory and/or common law claims.

(c) For avoidance of doubt, by signing this Agreement you are agreeing not to bring any waivable claims against the Company Releasees (other than as permitted in Section 3(e) and (f) below) under the following nonexclusive list of discrimination and employment statutes: Title VII of the Civil

Rights Act of 1964 (Title VII"), the Age Discrimination in Employment Act ("ADEA"), the Americans With Disabilities Act ("ADA"), the ADA Amendments Act, the Equal Pay Act ("EPA"), the Lilly Ledbetter Fair Pay Act, the Family and Medical Leave Act ("FMLA"), the Worker Adjustment and Retraining Notification Act ("WARN"), the Genetic Information Non-Discrimination Act ("GINA"), the Employee Retirement Income Security Act ("ERISA"), the Massachusetts Fair Employment Practices Law (M.G.L. ch. 151B), the Massachusetts Equal Rights Act, the Massachusetts Equal Pay Act, The Massachusetts Earned Sick Leave law, the Massachusetts Pregnant Workers Fairness Act, the Massachusetts Privacy Statute, the Massachusetts Civil Rights Act, the Massachusetts Domestic Violence Leave Act, the Massachusetts Consumer Protection Act, the Massachusetts Labor and Industries Act, the anti-retaliation provisions of the Massachusetts Paid Family and Medical Leave Act, M.G.L. c. 175M, s. 9, and the Massachusetts Independent Contractor Statute, all as amended, as well as any other federal, state and local statutes, regulations, codes or ordinances that apply to you.

(d) You release the Company Releasees from any and all wage and hour related claims to the maximum extent permitted by state law. This release of legal claims includes the Massachusetts Payment of Wages Act (M.G.L. ch. 149 §§148 and 150), the Massachusetts Overtime regulations (M.G.L. ch.151 §§ 1A and 1B), the Meal Break regulations (M.G.L. ch.149 §§ 100 and 101), and the Earned Sick Time Law (M.G.L. ch. 149, § 148C), and any other state wage and hour related claims arising out of or in any way connected with your employment with the Company, including any claims for unpaid or delayed payment of wages, overtime, bonuses, commissions, incentive payments or severance, missed or interrupted meal periods, as well as interest, attorneys' fees, costs, expenses, liquidated damages, treble damages or damages of any kind relating to a wage and hour claim, to the maximum extent permitted by law.

(e) Nothing in this Section 3 or elsewhere in this Agreement (including but not limited to the accord & satisfaction, confidentiality, non-disparagement, and return of property provisions) (i) prevents you from filing a claim under the workers compensation, paid family and medical leave, or unemployment compensation statutes; (ii) limits or affects your right to challenge the validity of this Agreement under the ADEA or the Older Worker Benefits Protection Act; (iii) prevents you from filing a charge or complaint with or from participating in an investigation or proceeding conducted by the EEOC, the National Labor Relations Board, the Securities and Exchange Commission, or any other federal, state or local agency charged with the enforcement of any laws, including providing documents or other information to such agencies; (iv) limits or affects your right to disclose or discuss sexual harassment or sexual assault disputes; or (v) prevents you from exercising your rights under Section 7 of the NLRA to engage in protected, concerted activity with other employees; although, by signing this Agreement you are waiving your right to recover any individual relief (including any backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by you or on your behalf by any third party, except for any right you may have to receive an award from a government agency.

(f) For avoidance of doubt, and to ensure clarity, while you acknowledge not having raised a claim of sexual harassment or abuse with the Company, or asserted such a claim outside the Company, nothing in this Agreement waives your right to testify in an administrative, legislative, or judicial proceeding concerning alleged criminal conduct or alleged sexual harassment on the part of the Company, or on the part of the agents or employees of the Company, whether because you are cooperating in an investigation or other legal proceeding on your own initiative or whether you have been required or requested to attend such an investigation or proceeding pursuant to a court order, subpoena, or written request from an administrative agency or the legislature.

4. Accord and Satisfaction: The amounts described in Sections 1 and 2 shall be complete and unconditional payment, accord and/or satisfaction with respect to all obligations and liabilities of the Company Releasees to you, including, without limitation, all claims for back wages, salary, vacation pay, draws, incentive pay, bonuses, stock and stock options, commissions, severance pay, reimbursement of expenses, any and all other forms of compensation or benefits, attorney's fees, or other costs or sums.

5. Waiver of Rights and Claims Under the Age Discrimination in Employment Act of 1967:

Since you are 40 years of age or older, you are being informed that you have or may have specific rights and/or claims under the Age Discrimination in Employment Act of 1967 ("ADEA") and you agree that:

(a) in consideration for the amounts described in Section 2 of this Agreement, which you are not otherwise entitled to receive, you specifically and voluntarily waive such rights and/or claims under the ADEA you might have against the Company Releasees to the extent such rights and/or claims arose on or prior to the date this Agreement was executed;

(b) you understand that rights or claims under the ADEA which may arise after the date this Agreement is executed are not waived by you;

(c) you are informed in Schedule "A," which is attached hereto, of the class, unit or group of individuals considered for this termination program, the job title and ages of all individuals selected for the program benefits and the job title and ages of all individuals in the same job classification or organizational unit who are not selected for the program benefits;

(d) you have carefully read and fully understand all of the provisions of this Agreement, and you knowingly and voluntarily agree to all of the terms set forth in this Agreement; and

(e) in entering into this Agreement you are not relying on any representation, promise or inducement made by the Company Releasees or their attorneys with the exception of those promises described in this document.

6. Period for Review and Consideration of Agreement:

(a) You acknowledge that you have forty-five (45) days to review this Agreement and consider its terms before signing it.

(b) The 45-day review period will not be affected or extended by any revisions, whether material or immaterial, that might be made to this Agreement.

7. Company Files, Documents and Other Property: Other than as permitted in Section 3(e) and 3(f), you represent that you have returned to the Company all Company property and materials, including but not limited to, (if applicable) personal computers, laptops, fax machines, scanners, copiers, cellular phones, Company credit cards and telephone charge cards, Company keys and passes, intangible information stored on hard drives or thumb drives, software passwords or codes, security passwords or codes, tangible copies of trade secrets and confidential information, names and addresses of Company customers, and any and all other information or property previously or currently held or used by you that is or was related to your employment with the Company ("Company Property"). You agree that in the event that you discover any other Company Property in your possession after the Termination Date of this Agreement you will immediately return such materials to the Company.

8. Future Conduct:

(a) The **Invention, Non-Disclosure, and Non-Competition (NDA):** By signing this Agreement you are acknowledging your post-employment obligations as set out in the **Invention, Non-Disclosure, and Non-Competition (NDA)** you signed as a condition of being hired, and you are agreeing to comply, and representing you will comply, with those obligations.

9. Representations and Governing Law:

(a) This Agreement sets forth the complete and sole agreement between the parties and supersedes any and all other agreements or understandings, whether oral or written, between you and the Company, except for the **Invention, Non-Disclosure, and Non-Competition (NDA),** which shall remain in full force and effect in accordance with its terms. This Agreement may not be changed, amended, modified, altered or rescinded except upon the express written consent of both the Company and you.

(b) If any provision of this Agreement, or part thereof, is held invalid, void or voidable as against public policy or otherwise, the invalidity shall not affect other provisions, or parts thereof, which may be given effect without the invalid provision or part. To this extent, the provisions and parts thereof of this Agreement are declared to be severable. Any waiver of any provision of this Agreement shall not constitute a waiver of any other provision of this Agreement unless expressly so indicated otherwise in writing by the waiving party. The language of all parts of this Agreement shall in all cases be construed according to its fair meaning and not strictly for or against either of the parties.

(c) This Agreement and any claims arising out of this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of Massachusetts, without giving effect to the principles of conflicts of laws of such state. Any claims or legal actions by one party against the other may be commenced and maintained in state or federal court located in Massachusetts, and you hereby submit to the jurisdiction and venue of any such court.

(d) This Agreement does not constitute and shall not be construed as an admission by the Company that it has violated any law, interfered with any rights, breached any obligation or otherwise engaged in any improper or illegal conduct with respect to you, and the Company expressly denies that it has engaged in any such conduct.

(e) You may not assign any of your rights or delegate any of your duties under this Agreement. The rights and obligations of the Company shall inure to the benefit of the Company's successors and assigns.

(f) This Agreement may be signed by the Parties in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. Each counterpart may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed counterpart hereof. The Parties also agree that an electronic signature shall have the same effect as the use of a signature affixed by hand.

10. Effective Date: If this letter correctly states the agreement and understanding we have reached, please indicate your acceptance by countersigning the enclosed copy and returning it to me by **April 10, 2023**. You may revoke this Agreement for a period of seven (7) days after signing it. In order to revoke the Agreement, you must submit a written notice of revocation to Jeff Geary located at 1100 Massachusetts Ave, Cambridge, MA 02138; jeff.geary@infi.com. This written notice may be sent by mail, overnight mail, email or hand-delivery but must be received by Jeff Geary no later than 11:59 pm on the seventh day. The Agreement will not become effective or enforceable, and no payments will be made, until the expiration of the revocation period without you exercising your right of revocation ("Effective Date").

Very truly yours,

Infinity Pharmaceuticals, Inc

By: /s/ Adelene Perkins

Adelene Q. Perkins

Authorized Representative of the Company.

I REPRESENT THAT I HAVE READ THE FOREGOING AGREEMENT, THAT I FULLY UNDERSTAND THE TERMS AND CONDITIONS OF SUCH AGREEMENT AND THAT I AM KNOWINGLY AND VOLUNTARILY EXECUTING THE SAME. IN ENTERING INTO THIS AGREEMENT, I DO NOT RELY ON ANY REPRESENTATION, PROMISE OR INDUCEMENT MADE BY THE COMPANY OR ITS REPRESENTATIVES WITH THE EXCEPTION OF THE CONSIDERATION DESCRIBED IN THIS DOCUMENT.

Accepted and Agreed to:

/s/ Lawrence Bloch
Lawrence Bloch

Date: March 29, 2023

IF YOU DO NOT WISH TO USE THE ENTIRE 45-DAY PERIOD,
PLEASE CAREFULLY REVIEW AND SIGN THIS DOCUMENT

I, **Lawrence Bloch**, acknowledge that I was informed and understand that I have 45 days within which to consider the attached Severance Agreement and Release, have been advised of my right to consult with an attorney regarding such Agreement and have considered carefully every provision of the Agreement, and that after having engaged in those actions, I prefer to and have requested that I enter into the Agreement prior to the expiration of the 45 day period.

Dated: March 29, 2023

/s/ Lawrence Bloch

Lawrence Bloch

SCHEDULE "A"

Federal law requires that when an employee who is 40 or more years of age is provided certain benefits and asked to sign a release agreement in connection with a group employment termination program, the employee must be provided with certain information.

You and other employees selected for a group employment termination program are eligible to receive certain severance benefits from the Company as described in the attached Severance Agreement and Release (the "Agreement") that the Company has given you to consider. To receive the benefits described in the Agreement, you must sign the Agreement and return it by overnight mail, hand delivery, regular or email to **Jeff Geary**, by the deadline set forth in the Agreement.

The decisional unit considered in connection with your group employment termination program is **Infinity Pharmaceuticals Inc**.

The Company is providing you with information on the accompanying chart showing the number of employees in your decisional unit, who are selected and not selected for the severance benefits described in the Agreement, by department, age and job title. If an employee is listed as "not selected," this is because, as of the date indicated below, the employee's employment will not be terminated as part of this group employment termination program, the employee was transferred to an alternative role in the Company in lieu of separation, or the employee is not otherwise eligible for severance benefits. The employees who are listed as "selected" are those terminated from employment as part of this group employment termination program and who are eligible for severance benefits.

As set forth in the attached Agreement, you have up to 45 calendar days to review and sign the Agreement and return it to the Company. You will have 7 calendar days after you sign the Agreement to change your mind and revoke the Agreement; if you do not do so, the Agreement will be effective on the 8th calendar day after you sign the Agreement. You will not receive the severance benefits described in the Agreement until the expiration of this 7-calendar day period without you exercising your right of revocation.

The attached chart was prepared as of **February 17, 2023**, and the ages below are as of that date. This information is subject to change and may be affected by future employment decisions. If you have any questions about this information, contact **Jeff Geary**.

Department	Job Title	Age	Selected	Not Selected
Accounting & Control	Senior Accounts Payable Coordinator	67		x
Accounting & Control	Senior Accounting Manager	32		x
Accounting & Control	Senior Director, Controller, Accounting	42		x
Clinical Development	Director of Clinical Sciences	44		x
Clinical Development	Clinical Scientist	61		x
Clinical Development	Chief Medical Officer	62		x
Clinical Development	Senior Director, Clinical Development	60		x
Clinical Operations	Senior Director, Medical Writing	41		x
Clinical Operations	Senior Clinical Project Manager	35		x
Clinical Operations	Vice President, Clinical Operations	49		x
Enterprise Applications	Senior Engineer, Business Informatics	54		x
Facilities Operations	Office Manager	58		x
Financial Planning & Analysis	Associate Director, Financial Planning & Analysis	36		x
Financial Planning & Analysis	Vice President, Finance	56		x
G&A Management	Senior Administrative Manager	63	x	
G&A Management	President	57	x	
G&A Management	Chair and Chief Executive Officer	63		x
Human Resources	Director, Human Resources	44		x
Legal - Corp	Associate General Counsel	42		x
Legal - Corp	Chief Business Officer	44		x
Pharmaceutical Development	Director, CMC Project Leader	41		x
Pharmaceutical Development	Vice President, Pharmaceutical Development	59		x
Pharmaceutical Development	Senior Director, Chemical Development	55		x
Pharmaceutical Development	Director, Analytical Development & CMC Regulatory	44		x
Pharmaceutical Development	Associate Director, Chemical Development	51	x	
Pharmaceutical Development	Manager, Analytical Development	54	x	
Quality Assurance	Vice President, Quality	53		x
Research Management	Chief Scientific Officer	52		x
Supply Operations	Senior Director, Product Development & Supply Operations	41		x
Supply Operations	Associate Director, Supply Operations	40		x
Translational Science	Director, Translational Science	50		x
Translational Science	Associate Director, Bioinformatics & Translational Science	30		x

Exhibit 31.1

CERTIFICATION PURSUANT TO RULES 13A-14(A) AND 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Adelene Q. Perkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Infinity Pharmaceuticals, Inc. (the "Registrant");

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

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

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

Date: May 9, 2023

/s/ Adelene Q. Perkins

Adelene Q. Perkins
Chief Executive Officer
(Principal Executive Officer & Principal Financial Officer)

Exhibit 32.1

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

Pursuant to 18 U.S.C. §1350, the undersigned certifies that, to her knowledge, this Quarterly Report on Form 10-Q for the period ended March 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this report fairly presents, in all material respects, the financial condition and results of operations of Infinity Pharmaceuticals, Inc.

Date: May 9, 2023

/s/ Adelene Q. Perkins
Adelene Q. Perkins
Chief Executive Officer
(Principal Executive Officer & Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Infinity Pharmaceuticals, Inc. and will be retained by Infinity Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.