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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2021
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number: 001-36182

Xencor, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-1622502**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
111 West Lemon Avenue, Monrovia, CA	**91016**
(Address of Principal Executive Offices)	(Zip Code)

(626) 305-5900
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	XNCR	The Nasdaq Global Market

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

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of June 30, 2021 was $2,000,288,972.

The number of outstanding shares of the registrant's common stock, par value $0.01 per share, as of February 16, 2022 was 59,375,320.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2021 Annual Meeting of Stockholders, which will be filed subsequent to the date hereof, are incorporated by reference into Part III of this Form 10-K. Such proxy statement will be filed with the Securities and Exchange Commission not later than 120 days following the end of the registrant's fiscal year ended December 31, 2021.

Xencor, Inc.
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For the Fiscal Year Ended December 31, 2021
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 References in this Annual Report on Form 10-K to "we", "our", "us", "Xencor" or "the Company" refer to Xencor, Inc.

PART I

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You should not place undue reliance on these statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth below under Part I, Item 1A, "Risk Factors" in this Annual Report. These statements, which represent our current expectations or beliefs concerning various future events, may contain words such as "may," "will," "expect," "anticipate," "intend," "plan," "believe," "estimate" or other words indicating future results. Such statements may include, but are not limited to, statements concerning the following:

- the effects of the ongoing COVID-19 pandemic on our financial condition, results of operations, cash flows and performance;
- our ability to execute on our plans to research, develop and commercialize our product candidates;
- the success of our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approval for our product candidates;
- our ability to identify additional products or product candidates with significant commercial potential that are consistent with our business objectives;
- our ability to receive research funding and achieve anticipated milestones under our collaborations;
- our partners' ability to advance drug candidates into, and successfully complete, clinical trials;
- our ability to attract collaborators with development, regulatory, and commercialization expertise;
- our ability to protect our intellectual property position;
- the rate and degree of market acceptance and clinical utility of our products;
- costs of compliance and our failure to comply with new and existing governmental regulations;
- the capabilities and strategy of our suppliers and vendors including key manufacturers of our clinical drug supplies;
- significant competition in our industry;
- the potential loss or retirement of key members of management;
- our failure to successfully execute our growth strategy including any delays in our planned future growth;
- our failure to maintain effective internal controls; and
- our ability to accurately estimate expenses, future revenues, capital requirements and needs for additional financing.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this Annual Report, and except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise after the date of this Annual Report. We qualify all of our forward-looking statements by these cautionary statements.

Item 1. Business.

Our Business

We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered monoclonal antibody and cytokine therapeutics to treat patients with cancer and autoimmune diseases who have unmet medical needs. We are advancing a broad portfolio of clinical-stage XmAb® drug candidates from our proprietary protein engineering technology platforms. We also use our protein engineering capabilities to increase our understanding of protein structure and interactions and to design new technologies and XmAb development candidates with improved properties. In addition to engineering protein-target interactions, our approach to protein design includes engineering Fc domains, the part of an antibody that interacts with multiple segments of the immune system and controls antibody structure. The Fc domain is constant and interchangeable among antibodies, and our engineered XmAb Fc domains can be readily substituted for natural Fc domains.

Our protein engineering capabilities and Fc technologies enable us and our partners to develop XmAb antibodies and biotherapeutic drug candidates with improved properties and functionality, which can provide innovative approaches to treating disease and potential clinical advantage over other treatment options. For example, we have developed an antibody scaffold to rapidly create novel bispecific antibodies that bind two different targets simultaneously, creating entirely new biological mechanisms. Other applications of our protein engineering technologies enhance antibody performance by increasing immune inhibitory activity, improving cytotoxicity, extending circulating half-life and stabilizing novel protein structures, such as engineered cytokines. Three marketed XmAb medicines have been developed with our protein engineering technologies and are generating royalties for us.

Our protein engineering capabilities allow us to continually explore new functionality in the Fc region, which provides us with opportunities to:

- Create new technology platforms;
- Make new drug candidates for internal development or partnering opportunities; and
- Provide collaboration and licensing opportunities with partners for application of our technologies, access to our technologies, access to our drug candidates, or combinations of each.

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on developing and commercializing engineered biologic medicines to treat patients with severe and life-threatening diseases with unmet medical needs. Key elements of our strategy are to:

1. ***Advance the clinical development of our XmAb bispecific antibody and cytokine drug candidates.*** Our modular bispecific technology and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We and our partners are enrolling patients in multiple mid-stage and early-stage clinical studies to evaluate our XmAb bispecific antibody drug candidates and engineered cytokine drug candidates. We and our partners plan to advance additional bispecific antibodies and cytokines into clinical development in the future.

2. ***Build and manage a large and diversified portfolio of XmAb drug candidates.*** We create new XmAb bispecific antibody and cytokine product candidates to exploit the novel mechanisms of action enabled by our protein engineering technology platforms, and we advance them into our portfolio of preclinical and clinical-stage assets. We regularly evaluate our portfolio of candidates and make additional investments in those candidates that present promising early clinical and scientific data, partner certain drug candidates to third-party biotechnology and pharmaceutical companies, and will stop development of candidates based on the evaluation of emerging clinical and scientific data and the competitive environment for such programs.

3. ***Leverage our protein engineering capabilities, XmAb Fc domains, and XmAb drug candidates with partnerships, collaborations, and licenses to generate revenue streams, create new drug candidates and combination treatments, and identify new indications for our pipeline of drug candidates.***

   Generate revenue streams. The plug-and-play nature of our Fc technologies and our ability to generate multiple drug candidates efficiently provides us opportunities to generate revenue from licensing and collaboration arrangements. In 2021, we received total proceeds of $204.9 million in upfront payments, milestone payments and royalties from such arrangements.

   Create new XmAb drug candidates and investigate novel combination therapies. We seek to leverage our XmAb Fc domains and protein engineering capabilities with partners to create novel XmAb drug candidates, and to evaluate our XmAb drug candidates in combination with other therapeutic agents, when applicable.

   Identify new indications for our pipeline of drug candidates. We continue to support Investigator Sponsored Trials (ISTs) in which investigators may explore additional therapeutic indications with XmAb drug candidates.

4. ***Broaden the functionality of our XmAb Fc technology platforms.*** We are conducting further research into the function and application of antibody Fc domains in order to expand the scope of our XmAb Fc technology platforms. We use the modularity of our XmAb bispecific Fc domains to engineer bispecific antibodies and cytokines in a variety of structural formats. For example, CD3 bispecific antibodies of a mixed valency format, i.e., the XmAb 2+1 bispecific antibody, may preferentially kill tumor cells that have higher target expression than normal cells, which may be especially beneficial in designing antibodies that target solid tumors.

   Additionally, we have engineered CD28 bispecific antibodies to provide conditional CD28 co-stimulation of T cells, activating them when bound to tumor cells. Targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells, for example, to T cells recognizing neoantigens or in concert with CD3 T-cell engaging bispecific antibodies.

5. ***Continue to expand our patent portfolio protecting our Fc technologies and XmAb drug candidates.*** We seek to expand our intellectual property estate and protect our proprietary Fc technologies, our development programs, and XmAb drug candidates by filing and prosecuting patents in the United States and other countries. Where appropriate, we will seek expansion and extension of patents issued for our product candidates and for partnered product candidates that incorporate one of our Fc technologies.

XmAb Bispecific Fc Domain and New Multi-Specific Antibody Formats

Our modular approach to protein engineering is a distinguishing feature of our Fc technologies. This inherent flexibility enables us to design new XmAb bispecific antibody and cytokine drug candidates with distinct and novel mechanisms-of-action and to seek out new applications of the XmAb Bispecific Fc Domain. Our business, research, and clinical efforts are to develop and advance our Fc technologies and our portfolio of XmAb bispecific antibody and engineered cytokine drug candidates in oncology and autoimmune diseases.

CD3 candidates: CD3 bispecific antibody candidates are designed to redirect T cells to tumor cells through the engagement of an antigen on tumor cells and CD3, an activating receptor on T cells. We are currently advancing two CD3 bispecific antibody candidates in Phase 2 clinical development: plamotamab and tidutamab.

We have significantly expanded the potential of our CD3 bispecific antibodies with the multi-specific XmAb 2+1 bispecific antibody format, utilizing two identical tumor targeting domains and one CD3 targeting domain. The affinities for antigen binding are engineered to enable selective engagement and killing of high antigen-expressing tumor cells over low antigen-expressing normal cells. In preclinical models, XmAb 2+1 bispecific antibodies bound preferentially to tumor cells compared to normal cells and effectively recruited T cells to kill tumor cells selectively. We

believe that these properties will be particularly important when developing bispecific antibodies against many solid tumor targets, where standard monovalent targeting of tumor antigens could lead to poor tolerability because such targets are often expressed on a range of normal tissues, including critical organs. We are currently initiating a Phase 1 study for XmAb819, an ENPP3 x CD3 bispecific antibody, which is engineered with the XmAb 2+1 bispecific antibody format.

CD28 candidates: T cells in the tumor microenvironment require both T cell receptor (TCR) and co-stimulatory receptor engagement to achieve full activation. CD28 is a key immune co-stimulatory receptor on T cells; however, the ligands that activate T cells through CD28 are often not expressed on tumor cells. Targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells, for example, to T cells recognizing neoantigens or in concert with CD3 T-cell engaging bispecific antibodies. We have engineered XmAb bispecific antibodies to provide selective CD28 co-stimulation of T cells, activating them when bound to tumor cells, and we are conducting preclinical studies of internal CD28 candidates. Under our two collaborations with Janssen Biotech, Inc. (Janssen), we are applying our bispecific technologies to create and characterize CD28 bispecific antibody candidates against a prostate tumor target, and against multiple B cell targets.

TME activator candidates: Our tumor microenvironment (TME) activators have been designed to promote tumor-selective T-cell activation by targeting multiple checkpoints or co-stimulating receptors. These candidates also incorporate our Xtend™ technology for longer half-life. We are currently advancing vudalimab in Phase 2 clinical development and are conducting Phase 1 studies for two additional TME activator candidates: XmAb841 and XmAb104.

Cytokine candidates: We have also expanded the use of our XmAb bispecific Fc domain to engineer novel cytokine candidates, which are not antibodies, but fusions of a heterodimeric Fc domain and immune signaling proteins. We engineer our cytokine candidates with reduced potency to improve therapeutic index and with our Xtend technology for longer half-life. Two XmAb cytokine candidates are being evaluated in Phase 1 studies: XmAb306 (RO7310729) and XmAb564.

We continue to invest in our protein engineering efforts to identify novel technologies and drug candidates.

Other XmAb Fc Domains

We have also created additional XmAb Fc domains, and we have successfully entered partnerships for these technologies and for XmAb drug candidates that incorporate them. We will continue to seek additional partnering and licensing opportunities for these Fc domains. Additional XmAb Fc domains include:

1. ***Immune Inhibitor Fc Domain*** – selective immune inhibition and rapid target clearance, targeting the receptor FcγRIIb;

2. ***Cytotoxic Fc Domain*** – increased cytotoxicity, targeting the receptors FcγRIIIa on natural killer (NK) cells and FcγRIIa on other immune system cells; and

3. ***Xtend™ Fc Domain*** – extended antibody half-life, targeting the receptor FcRn on endothelial cells.

Approved or Authorized Medicines Engineered with XmAb Fc Domains

Currently three medicines that have been developed with our XmAb Fc domains are now marketed or made available by our partners. These medicines generated $80.3 million in royalty revenue for us in 2021, which has partially offset our internal development costs.

- ***Sotrovimab***: Vir Biotechnology, Inc. and its partner GlaxoSmithKline Plc have made available sotrovimab, an antibody that targets the SARS-CoV-2 virus, which received an emergency use authorization (EUA) from the United States Food and Drug Administration (FDA) for the treatment of mild-to-moderate COVID-19 in high-risk adults and pediatric patients. Sotrovimab has been granted a marketing authorization in the European Union (EU), approved via Japan's Special Approval for Emergency Pathway in Japan, and granted conditional,

provisional, or temporary authorizations in 15 other countries. GSK supplies sotrovimab under the name *Xevudy*. Sotrovimab incorporates our Xtend Fc domain for longer duration of action.

- ***Ultomiris® (ravulizumab-cwvz)***: Alexion's Ultomiris is approved in the U.S., Europe, and Japan for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH) and for the treatment of patients with atypical hemolytic uremic syndrome (aHUS). Alexion used our Xtend™ Fc Domain to enhance the half-life of Ultomiris to allow for a longer duration of action, less frequent dosing and reduced patient burden of therapy compared to the previous generation therapy, Soliris®.

- ***Monjuvi® (tafasitamab-cxix)***: In 2020, the FDA approved Monjuvi under accelerated approval. Monjuvi is a CD19-directed cytolytic antibody indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). This indication is approved under accelerated approval based on overall response rate. Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial(s). In August 2021, the European Commission granted conditional marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide, followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT). MorphoSys is also conducting studies of tafasitamab in additional B-cell indications. Tafasitamab was created and initially developed by us. Tafasitamab is co-marketed by Incyte and MorphoSys under the brand name Monjuvi in the U.S. and is marketed by Incyte under the brand name Minjuvi in the EU. Incyte has exclusive commercialization rights to tafasitamab outside the U.S. Monjuvi® and Minjuvi® are registered trademarks of MorphoSys AG.

Drug Candidates in Clinical Development

There are currently 21 clinical-stage drug candidates or marketed medicines that have been developed with one or more of our Fc technologies.

A partner is also advancing a drug candidate that incorporates our DN-TNF technology.

Wholly Owned	Co-developed with Partners	Developed by Partners	Marketed by Partners
Vudalimab	Plamotamab	VIR-3434	Ultomiris*
Tidutamab	XmAb306/RG6323	SARS-CoV-2 mAb Duo (BMS)	Monjuvi*
XmAb104		Obexelimab	Sotrovimab
XmAb841		AMG 509	
XmAb564		Novartis bispecific antibody	
		AIMab7195	
		Xpro1595/INB03	
		VIR-7832	
		VIR-2482	
		OMS906	

*Alexion and MorphoSys are conducting additional Phase 3 studies in new indications with these candidates.

We regularly evaluate our portfolio of candidates and make additional investments in candidates with promising early-stage clinical data, partner out other candidates, and stop development of candidates where early clinical data does not support further investment. During 2021:

- We initiated Phase 2 studies for our vudalimab and tidutamab programs,
- We licensed the worldwide rights to our plamotamab and obexelimab programs to strategic biopharmaceutical partners, and
- We stopped development of the vibecotamab program.

XmAb Bispecific Fc Drug Candidates in Clinical Development

Currently, 9 XmAb drug candidates that have been engineered with our XmAb bispecific Fc domain are in clinical development.

- Five candidates are wholly owned and are being evaluated by us in Phase 2 or Phase 1 studies;
- Two candidates are being co-developed with partners; and
- Two additional candidates are being advanced by our partners.

Additional candidates are advancing through the preclinical stages of development. Drug candidates with our bispecific Fc domain, both bispecific antibodies and cytokines, in clinical development include:

1. *Vudalimab (XmAb717)* is a bispecific antibody that targets PD-1 and CTLA-4, two immune checkpoint receptors, to selectively activate the tumor microenvironment, and it is being developed for patients with metastatic castration-resistant prostate cancer (mCRPC) and other solid tumor types. Xencor has initiated a Phase 2 clinical study of vudalimab in patients with mCRPC, as a monotherapy or in combination depending on molecular subtype, and a Phase 2 clinical study in patients with advanced gynecologic and genitourinary malignancies, as well as clinically defined high-risk mCRPC.

   We presented updated data from the Phase 1 dose-escalation and expansion study at the Annual Meeting of the Society for Immunotherapy of Cancer (SITC) in November 2021. 110 patients had been treated at the 10 mg/kg recommended dose level in dose-escalation (n=7) and in five dose expansion cohorts: melanoma (n=20), renal cell carcinoma (RCC, n=21), non-small cell lung cancer (NSCLC, n=20), CRPC (n=21) and other cancers without approved checkpoint therapies (n=21). The safety analysis includes all 110 patients, who were a median of 65 years old and were heavily pretreated, having a median of four prior systemic therapies. 65% of patients had received at least one prior checkpoint therapy, and 25% had received at least two prior checkpoint therapies. Vudalimab was generally well-tolerated, and the most common treatment-related adverse events were immune-related adverse events (irAEs). The most common irAEs of any grade were rash (45.5%), pruritus (30.9%), transaminase increases (23.6%), diarrhea (11.8%), hypothyroidism (9.1%), infusion related reaction (8.2%) and myalgia (8.2%).

   The efficacy analysis included 78 evaluable patients receiving any amount of vudalimab, who had been followed for at least two cycles. Complete responses were observed in a patient with BRCA1+ high-grade serous ovarian cancer and in a patient with melanoma. Partial responses were observed in patients with melanoma (n=2), RCC (n=3), NSCLC (n=2) and CRPC (n=2). The objective response rate (ORR) across cohorts was 14.1% (11/78). All responses in patients with melanoma and CRPC and two responses in patients with RCC were confirmed. All responders, except those with CRPC, had received prior checkpoint inhibitor therapy. The median duration of response, unadjusted, for all responders was 18.3 weeks. The median duration of response, unadjusted, for patients with RCC was 24.1 weeks, and two patients remained on treatment.

   Of the 12 efficacy-evaluable patients with CRPC, four had measurable disease and follow-up RECIST assessments, including the two CRPC responders. Six additional patients with CRPC, but without measurable disease, experienced a best overall response of non-CR/non-PD, as stable disease cannot be determined without measurable disease. The two CRPC responders had visceral and nodal metastases, had response durations of 41.3 and 27.0 weeks, were without progression on bone scans and had confirmed prostate-specific antigen (PSA) reductions of more than 50% from baseline. Among twelve patients with baseline and follow-up PSA assessments, including the two responders, 33% (4/12) had PSA reductions greater than 50%.

2. *Plamotamab* is a bispecific antibody that targets CD20, an antigen on B-cell tumors, and CD3, an activating receptor on T cells. In October 2021, we entered into a global collaboration and license agreement with Janssen to advance plamotamab and XmAb CD28 bispecific antibody combinations for the treatment of patients with B-cell malignancies, which expands our strategy to develop multiple highly active, chemotherapy-free regimens to treat patients with B-cell cancers. Janssen received worldwide exclusive development and commercial rights

to plamotamab, and we will collaborate with Janssen on further clinical development of plamotamab, with us paying 20% of costs, including those for a subcutaneous formulation study anticipated to enter clinical trials in 2022. We will continue, at our own expense, a Phase 1/2 combination study of plamotamab, tafasitamab (Monjuvi), and lenalidomide in patients with relapsed or refractory diffuse large B cell lymphoma (DLBCL), an aggressive type of non-Hodgkin lymphoma, and we plan to initiate the study in early 2022.

We presented updated data from Part B and Part C of a Phase 1 dose-escalation study at the American Society of Hematology Annual Meeting in December 2021. Part B escalated dosing on administrations after the priming dose (doses between 80 and 360 mcg/kg). Part C established a step-up dosing regimen with higher, flat and less frequent dosing. The schedule, an intravenous, 50 mg flat dose every two weeks after step-up dosing during the first two cycles of treatment, was generally well tolerated and was determined to be the recommended Phase 2 dose.

The safety population included 50 patients in Part B (38 DLBCL, 12 FL) and 14 patients in Part C (8 DLBCL, 4 FL, 1 marginal zone lymphoma, 1 mantle cell lymphoma). Patients were heavily pretreated. The most common Grade 3 or 4 treatment-emergent adverse events (AEs) across all patients were anemia (21%), neutropenia (19%), hypophosphatemia (11%), thrombocytopenia (11%) and lymphopenia (10%). Four patients (5%) experienced Grade 3 or 4 cytokine release syndrome (CRS), each instance on the first dose, and no patients experienced Grade 3 or 4 CRS in Part C of the study. The rate of CRS of any grade fell from 74% in Part B to 57% in Part C. CRS was generally manageable with premedication. The efficacy analysis included 47 evaluable patients with either DLBCL or FL who were treated in Part B (n=38) or in Part C (n=9). The ORR was 51% (24/47), and complete responses were observed in 12 patients (26%). The median duration of response was 225 days for DLBCL and 171 days for FL, with six patients continuing to respond to plamotamab monotherapy.

In Part C, patients had generally more advanced disease and poorer responses to prior therapy. Of the 14 patients in Part C, eight patients received prior CAR-T and three patients received NK cell therapy; two of these patients received both. All eight patients with DLBCL received prior CAR-T therapy. In Part C, safety events were generally mild or moderate in severity. Grade 3 or 4 AEs experienced by more than 5% of patients included anemia (14%), lymphopenia (14%) and one patient each (7%) experiencing neutropenia, thrombocytopenia, decreases in neutrophil count, transaminase increases, fatigue and gamma-glutamyl transferase increases. The ORR was 100% (4/4) for FL, and CRs were observed in two patients (50%). For DLBCL, the ORR was 40% (2/5), and a CR was observed in one patient (20%). All 5 evaluable patients with DLBCL received prior CAR-T therapy, and two evaluable patients with DLBCL received prior NK cell therapy.

Expansion cohorts are actively recruiting patients with DLBCL and FL and are dosing using the recommended Phase 2 regimen to further evaluate the safety and efficacy of plamotamab monotherapy. We plan to present data from these cohorts in the second half of 2022.

3. *Tidutamab* is a bispecific antibody that targets somatostatin receptor 2, or SSTR2, a target on many neuroendocrine-like tumor types, and CD3. Dose-escalation and expansion data from the Phase 1 study in patients with neuroendocrine tumors (NET) indicates that tidutamab was generally well tolerated at the recommended dose identified for the expansion portion of the study. Tidutamab induced sustained activation of cytotoxic T cells and engagement of the SSTR2 target and demonstrated an encouraging safety profile. We are enrolling patients in a Phase 2 clinical study for tidutamab in patients with Merkel cell carcinoma and small cell lung cancer, which are SSTR2-expressing tumor types known to be responsive to immunotherapy.

4. *XmAb306 (RO7310729)* is an IL15/IL15-receptor alpha complex fused to our bispecific Fc domain (IL15/IL15Rα-Fc). This cytokine was engineered for reduced potency, and the Fc domain incorporates our Xtend technology for extended half-life. Xencor is co-developing the program in collaboration with Genentech, a member of the Roche Group. Genentech is conducting a Phase 1 dose-escalation study of XmAb306 as a single agent and in combination with atezolizumab. Additional studies of XmAb306 in combination with other agents are being planned.

In November 2021, we announced preliminary data from the Phase 1 study, while further dose escalation in both study arms continues. At the time, the study had enrolled six cohorts in a monotherapy arm and four cohorts in an atezolizumab combination arm. XmAb306 was generally well tolerated as both a monotherapy and in combination with atezolizumab. No dose-limiting toxicities or treatment-related serious adverse events had been observed. Assessments of pharmacokinetics indicated that XmAb306 has a multi-day circulating half-life, which is consistent with its reduced-potency design and data generated in preclinical studies. Unconfirmed responses, as evaluated by RECIST criteria, had been observed in multiple tumor types, including in a patient treated with XmAb306 monotherapy. The study had recently reached dose levels that promote T cell activity, and evidence of peripheral effector T cell proliferation had been observed. Consistent and robust dose-dependent natural killer (NK) cell expansion and NK cell accumulation upon repeat dosing had been observed for multiple NK cell subsets, including mature NK cells. Significant NK cell expansion and accumulation was observed beginning in lower dose cohorts, and at higher dosing cohorts NK cell expansion had reached 40- to 100-fold higher levels than baseline and had been sustained for weeks throughout dosing.

5. *XmAb104* is a bispecific antibody that targets PD-1 and ICOS, an immune co-stimulatory receptor, and is being developed in multiple oncology indications. We are conducting an open-label, Phase 1, dose-escalation study to assess the safety, tolerability, and preliminary anti-tumor activity of XmAb104 in patients with selected solid tumors. We continue to enroll patients with select solid tumors in the dose expansion portion of the study, evaluating XmAb104 as a monotherapy and in combination with ipilimumab, an anti-CTLA4 antibody.

6. *XmAb841* is a bispecific antibody that targets CTLA-4 and LAG-3, also an immune checkpoint receptor, and is being developed in multiple oncology indications. We are advancing XmAb841 in combination with an anti-PD-1 drug to create a triple checkpoint blockade and conducting an open-label, Phase 1, dose-escalation study to assess the safety, tolerability, and preliminary anti-tumor activity of XmAb841 in patients with selected solid tumors. We recently completed dose escalation in monotherapy and pembrolizumab combination cohorts and are enrolling in the expansion portion of the study.

7. *XmAb564* is a monovalent, potency-reduced interleukin-2 Fc (IL-2-Fc) fusion protein, engineered to selectively activate and expand regulatory T cells (Tregs) for the potential treatment of patients with autoimmune diseases. XmAb564 is engineered with reduced binding affinity for IL-2's beta receptor and increased binding affinity for its alpha receptor. In preclinical studies, XmAb564 was well-tolerated, promoted the selective and sustained expansion of Tregs and exhibited a favorable pharmacokinetic profile. We are conducting a randomized, double-blind, placebo-controlled Phase 1 clinical study to evaluate the safety and tolerability of a single dose of XmAb564, administered subcutaneously in healthy adult volunteers.

8. *AMG 509* is a STEAP1 x CD3 2+1 bispecific antibody that our partner Amgen is advancing for the treatment of patients with prostate cancer. The XmAb 2+1 multivalent format enables higher binding capability for STEAP1 expressing cells. Amgen is currently enrolling patients in a Phase 1 study of AMG 509 in patients with mCRPC. In February 2022, Amgen presented encouraging, preliminary pharmacodynamic activity by induction of percent maximum PSA decline among 30 patients in the study, which provides an early signal of activity and validation of the potential of the XmAb 2+1 format.

9. *XmAb819* is a first-in-class ENPP3 x CD3 XmAb 2+1 bispecific antibody that we are developing for patients with renal cell carcinoma (RCC). The XmAb 2+1 multivalent format enables greater selectivity for ENPP3 expressing tumor cells compared to normal cells, which also express ENPP3 at lower levels. We are initiating a Phase 1 study evaluating XmAb819 in patients with RCC.

10. *Novartis XmAb undisclosed bispecific antibody candidate:* in December 2019, Novartis initiated a Phase 1 clinical study with an undisclosed bispecific antibody candidate that was developed with our bispecific Fc technology under our collaboration with them.

XmAb, Xtend, and Cytotoxic Fc Drug Candidates in Clinical Development

Currently, two drugs engineered with our Xtend Fc Domain and one drug we engineered with our XmAb Cytotoxic Fc Domain are marketed commercially by partners. In addition to these approved drugs, our partners are advancing six clinical-stage programs with antibodies engineered with XmAb, Xtend, and/or Cytotoxic Fc Domains, including:

- Vir Biotechnology, Inc.: Vir is advancing three candidates in clinical development. VIR-3434 is being evaluated in a Phase 2 combination study as a potential treatment for patients with hepatitis B virus infection. VIR-2482 is being evaluated in a Phase 1/2 study as a universal prophylactic for influenza A. VIR-7832 is being evaluated in a Phase 1b/2a trial of adults with mild-to-moderate COVID-19;
- Bristol-Myers Squibb: Bristol-Myers Squibb's SARS-CoV-2 mAb Duo antibody combination therapy (BMS-986414 + BMS-986413) is being evaluated in the Phase 2/3 NIH ACTIV-2 trial in treating COVID-19 in outpatients;
- Gilead Sciences, Inc.: Gilead is supporting HIV candidates in clinical development that are broadly neutralizing antibodies that incorporate our Fc technologies; and
- Our partners are conducting preclinical studies of additional drug candidates engineered with these XmAb Fc domains.

Other Clinical Stage Drug Candidates

- *AIMab7195 (XmAb7195)* uses our XmAb Immune Inhibitor Fc Domain and is designed to reduce blood levels of IgE, which mediates allergic responses and allergic disease. In February 2020, we licensed this drug candidate to Aimmune Therapeutics, Inc., now a wholly owned subsidiary of Nestlé S.A., which is advancing the candidate in clinical studies for allergic indications.
- *Obexelimab* targets CD19 with its variable domain and uses our XmAb Immune Inhibitor Fc Domain, which is designed to inhibit the function of B cells, an important component of the immune system. In November 2021, we licensed this drug candidate to Zenas BioPharma, which is developing this candidate in autoimmune disease.
- *Xpro1595* is a proprietary TNF inhibitor candidate which we licensed to INmune Bio, Inc., in October 2017. INmune is currently advancing Xpro1595 through clinical development for patients with Alzheimer's disease, mild cognitive impairment and treatment-resistant depression.

Collaborations, Partnerships and Licensing Arrangements

A key part of our business strategy is to leverage our protein engineering capabilities, XmAb technologies, and XmAb drug candidates with partnerships, collaborations, and licenses. Through these arrangements we generate revenues in the form of upfront payments, milestone payments, and royalties. For partnerships for our drug candidates, we aim to retain a major economic interest in these candidates through transactions that allow us to retain major geographic commercial rights, provide for profit-sharing on future sales of approved products, include co-development options, and also the right to conduct independent clinical studies with drug candidates developed in the collaboration.

Examples of arrangements we have entered with our partners include:

- *Product Licenses:* Janssen Biotech, Inc., Genentech, MorphoSys AG, Nestlé S.A., Zenas BioPharma, INmune Bio, Inc.
- *Novel Bispecific Antibody Collaborations:* Janssen Biotech, Inc., Astellas Pharma, Inc., Amgen Inc., Novartis AG

- *Technology Licensing Agreements:* Alexion Pharmaceuticals, Inc., Vir Biotechnology, Inc., Gilead Sciences, Inc., Bristol-Myers Squibb Company, Novartis AG, Omeros Corporation, Viridian Therapeutics, Inc., Astria Therapeutics, Inc.
- *Strategic Collaborations:* MorphoSys AG, Atreca, Inc., The University of Texas MD Anderson Cancer Center

Product Licenses

Product licenses are arrangements in which we license to third parties partial or full rights to develop and commercialize our internally developed drug candidates. We seek partners that can provide infrastructure and resources to successfully develop our drug candidates, have a track record of successfully developing and commercializing medicines, or have a portfolio of development-stage candidates and commercialized medicines which could potentially be developed in rational combinations with our drug candidates.

Janssen Biotech, Inc.

In October 2021, we entered into an agreement with Janssen Biotech, Inc. (Janssen) to develop, manufacture, and commercialize plamotamab and pursuant to which we, together, will conduct research and development activities to discover novel CD28 bispecific antibodies against undisclosed B cell tumor targets. Janssen will receive exclusive worldwide rights, subject to certain Xencor opt-in rights, to develop, manufacture and commercialize pharmaceutical products that contain one or more of such CD28 bispecific antibodies.

We received a $100.0 million upfront payment, and Johnson & Johnson Innovation, JJDC, Inc., purchased $25.0 million of newly issued unregistered shares of our common stock. In addition, we are eligible to receive milestone payments and royalties on net sales as follows:

- Plamotamab. We are eligible to receive up to a total of $517.5 million in milestone payments, which includes $120.0 million in development milestones, $137.5 million in regulatory milestones, and $260.0 million in sales milestones, as well as tiered royalties in the mid-teen to low-twenties percent range on net sales of products containing plamotamab, including CD28/plamotamab combination products.
- CD28 Licensed Antibodies. We are eligible to receive up to a total of $670.0 million in milestone payments, which includes an aggregate of $169.4 million in development milestones and $240.6 million in regulatory milestones. For any products containing CD28 bispecific antibodies, but excluding CD28/plamotamab combination products, we are eligible to receive $260.0 million in sales milestones, as well as tiered royalties in the high-single digit to low-double digit range on net sales.

We are collaborating with Janssen on further clinical development of plamotamab with Janssen paying 80% and the Company paying 20% of costs. We are conducting, at our own expense, a clinical collaboration to evaluate the combination of plamotamab, tafasitamab, and lenalidomide in patients with B-cell lymphoma after which Janssen may opt into cost sharing to further develop the combination after establishing proof of concept.

We are generally responsible for conducting research activities, and Janssen is generally responsible for all development, manufacturing, and commercialization activities for CD28 bispecific antibodies that are advanced. Independent of plamotamab development activities, upon clinical proof-of-concept for a CD28 bispecific antibody that is being developed outside of a plamotamab combination, we have the right to opt-in to fund 15% of development costs and, if we opt in to fund such development costs, to perform up to 30% of the detailing efforts in the United States. We would then be eligible for low-double digit to mid-teen percent royalties on net sales of those products.

Genentech

In February 2019, we entered into an agreement with Genentech to develop and commercialize novel IL-15 cytokine therapeutics that use our bispecific Fc technology, including XmAb306, declared as a Collaboration Product under the agreement. We are jointly collaborating on the worldwide development of XmAb306 with Genentech maintaining worldwide commercialization rights, subject to us having a co-promotion option in the U.S. We retain the right to perform clinical studies with XmAb306 at our sole expense in combination with other therapeutic agents, subject to certain restrictions. Genentech received a worldwide exclusive license to XmAb306.

We received an upfront payment of $120.0 million. We are eligible to receive up to $160.0 million in clinical milestone payments for XmAb306, up to $180.0 million in clinical milestone payments for each new Collaboration Product, and a 45% share of net profits from sales from all Collaboration Products, while also sharing in the net losses at the same percentage rate. We are sharing in 45% of development and commercialization costs of Collaboration Products, while Genentech will pay for commercial launch costs.

MorphoSys AG

In July 2020, the FDA approved Monjuvi® (tafasitamab-cxix) in combination with lenalidomide for treating certain patients with DLBCL, and the European Commission granted conditional marketing authorization to tafasitamab for treating certain patients with DLBCL, which is marketed as Minjuvi® in Europe, in August 2021. In 2010, we licensed exclusive worldwide rights to develop and commercialize tafasitamab (formerly MOR208 and XmAb5574) to MorphoSys. Tafasitamab, which we engineered with an XmAb Cytotoxic Fc Domain, is the second XmAb medicine to be approved by the FDA.

In 2021, we earned $12.5 million in development milestones and royalties of $5.9 million on net sales. We are also eligible to receive up to $85.5 million in additional milestones for development of tafasitamab in additional oncology indications and $50.0 million in sales milestones across all indications. We are entitled to receive tiered royalties in the high-single digit to low-double digit percent range on net sales. Tafasitamab is co-marketed by Incyte and MorphoSys under the brand name Monjuvi® in the U.S., and is marketed by Incyte under the brand name Minjuvi® in the EU. Incyte has exclusive commercialization rights to tafasitamab outside the U.S.

Nestlé S.A./Aimmune Therapeutics, Inc.

In February 2020, we granted Aimmune Therapeutics, Inc., an exclusive worldwide license to develop and commercialize XmAb7195, which was renamed AIMab7195. We received an upfront payment of $9.6 million in cash and shares of Aimmune common stock. Aimmune was subsequently acquired by Nestlé S.A. Nestlé is responsible for all further development and commercialization activities for AIMAb7195. We are eligible to receive up to $385.0 million in milestones, which includes $22.0 million in development milestones, $53.0 million in regulatory milestones and $310.0 million in sales milestones, and tiered royalties in the high-single to mid-teen percent range on net sales of approved products. Nestlé is planning additional studies of AIMab7195.

INmune Bio, Inc.

In October 2017, we entered into an agreement with INmune Bio, Inc., in which we provided INmune with an exclusive license to our Xpro1595 drug candidate. In connection with the license, we received 1,585,000 shares of INmune common stock, an option to acquire up to 10% of the outstanding shares of INmune for $10.0 million, and an option to acquire 108,000 shares of common stock. In 2021, we sold the option to acquire up to 10% of INmune, and we received $15.0 million in cash proceeds and an additional 192,533 share of INmune common stock. We also exercised the option to acquire 108,000 shares of common stock for total proceeds of $0.8 million.

We are also eligible to receive a percentage of sublicensing revenue received for Xpro1595 and royalties in the mid-single digit percentage range on the sale of approved products. INmune is currently planning Phase 2 studies in Alzheimer’s disease, mild cognitive impairment, and treatment-resistant depression, as Xpro1595; Phase 2 studies in patients with non-alcoholic steatohepatitis, as LIVNate; and additional studies in MUC4-positive cancers, as INB03.

Zenas BioPharma (Cayman) Limited

In November 2020, we entered into an agreement with Zenas BioPharma (Cayman) Limited (Zenas) to which we licensed the exclusive worldwide rights to develop and commercialize three preclinical-stage Fc-engineered drug candidates for autoimmune disease: XmAb6755, Xpro9523, and XmAb10171. These programs incorporate an Xtend Fc Domain, a Cytotoxic Fc Domain, or both. We received a 15% equity interest in Zenas, and we will also receive royalties on net sales of approved products in the mid-single digit to mid-teen percentage range.

In November 2021, we entered into a second agreement with Zenas to which we licensed the exclusive worldwide rights to develop and commercialize obexelimab, a bifunctional antibody that targets CD19 with its variable domain and uses our XmAb Immune Inhibitor Fc Domain. Zenas issued a warrant giving us the right to acquire additional Zenas equity, such that our total equity in Zenas would be 15% of its fully diluted capitalization following the closing of Zenas' next round of equity financing, subject to certain requirements. We are also eligible to receive up to $470.0 million based on the achievement of certain clinical development, regulatory and commercialization milestones and are eligible to receive tiered, mid-single digit to mid-teen percent royalties upon commercialization of obexelimab, dependent on geography. Zenas will have sole responsibility for advancing the research, development, regulatory and commercial activities of obexelimab worldwide.

Novel Bispecific Antibody Collaborations

Novel bispecific antibody collaborations are arrangements in which our partner seeks to create an XmAb bispecific antibody using one or more of our bispecific technologies. Our partners provide an antibody or an antigen against tumors, and we conduct limited research and development activities to create potential bispecific antibody candidates for further development and commercialization by our partners.

Janssen Biotech, Inc.

In November 2020, we entered into an agreement, which became effective in December 2020, with Janssen Biotech, Inc. (Janssen), to develop XmAb bispecific antibodies against CD28 and an undisclosed prostate tumor target, for the potential treatment of patients with prostate cancer. Under the agreement, we conducted research activities to develop CD28 bispecific drug candidates for further development by Janssen. Preclinical activities and all clinical development, regulatory and commercial activities will be conducted by Janssen, which has exclusive worldwide rights to develop and commercialize the novel drug candidates developed in the collaboration. We received a $50.0 million upfront payment and are eligible to receive a total of $662.5 million in milestone payments which include $161.9 million in development milestones, $240.6 million in regulatory milestones, and $260.0 million in sales milestones. We are also eligible to receive tiered royalties in the high-single to low-double digit percentage range on net sales.

Upon development of a bispecific candidate by Janssen through proof of concept, the agreement provides us the right to opt-in to fund 20% of development costs and to perform up to 30% of detailing efforts in the U.S. If we exercise this right, we will be eligible to receive tiered royalties in the low-double digit to mid-teen digit percentage range.

Both we and Janssen also have the right to access predefined agents from each other's portfolios to evaluate potential combination therapies in prostate cancer, subject to certain limitations.

In 2021, we received a $5.0 million milestone payment related to Janssen selecting a candidate for further development, and we are eligible to receive an additional $156.9 million in development milestones as the program advances.

Astellas Pharma, Inc.

In March 2019, we entered into an agreement with Astellas Pharma, Inc., under which we applied our XmAb bispecific Fc technology to an antigen pair provided by Astellas and generated bispecific antibody candidates for further certain characterization and testing. Astellas was granted a worldwide exclusive license, with the right to sublicense products in the field created by the research activities. Astellas has selected a bispecific antibody developed under the

collaboration, ASP2138, a CLDN18.2 x CD3 bispecific antibody, for further development to treat patients with gastric, gastroesophageal, and pancreatic cancers. We received an upfront payment of $15.0 million, and we are eligible to receive up to $240.0 million in milestones which include $32.5 million in development milestones, $57.5 million in regulatory milestones and $150.0 million in sales milestones and royalties on net sales in the high-single to low-double digit percentage range. In 2020, we received a $2.5 million milestone payment related to Astellas advancing a bispecific candidate into IND enabling studies, and we are eligible to receive an additional $30.0 million in development milestones as the program advances.

Amgen Inc.

In September 2015, we entered into an agreement with Amgen Inc. to develop and commercialize bispecific antibody product candidates using our proprietary XmAb bispecific Fc technology.

Amgen applied our XmAb bispecific Fc technology to create AMG 509, a STEAP1 x CD3 XmAb 2+1 bispecific antibody. We have received a total of $60.5 million in upfront and milestone payments and are eligible to receive up to $255.0 million in future development, regulatory and sales milestone payments in total for AMG 509 and royalties on net sales.

Novartis AG

In connection with our June 2016 agreement with Novartis, we also applied our XmAb bispecific Fc technology to two target pair antibodies selected by Novartis. Novartis is responsible for development and commercialization of these programs. We are eligible to receive up to $250.0 million in milestone payments for each program which includes $50.0 million in development milestones, $100.0 million in regulatory milestones, and $100.0 million in sales milestones and royalties in the mid-single digit percent range on net sales of approved products. Novartis is conducting a Phase 1 study of an undisclosed bispecific antibody candidate and we received a $10.0 million milestone payment for this program in 2020.

Technology Licensing Agreements

We enter into technology licensing agreements in which we license access to one or more of our XmAb Fc technologies on a restricted basis, typically to our XmAb Cytotoxic Fc Domain and/or our Xtend Fc Domain. Our partners are responsible for all research, development and commercialization activities of the drug candidates. The plug-and-play nature of XmAb Fc domains allows us to license access to our platforms with no internal research and development activities required of us.

Alexion Pharmaceuticals, Inc.

Ultomiris® (ravulizumab-cwvz) was the first antibody incorporating XmAb Fc technology to be approved by the FDA for commercial marketing. It is approved in the U.S. and multiple global markets for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH) and for the treatment of patients with atypical hemolytic uremic syndrome (aHUS). Ultomiris is commercialized by Alexion Pharmaceuticals, Inc.

In 2013, we licensed Alexion the right to access our Xtend Fc domain, which Alexion used to develop an improved version of Alexion’s commercialized Soliris product. The Xtend technology increased the circulating half-life of Ultomiris by over three-fold compared to Soliris and extended the dosing schedule to bimonthly for Ultomiris compared to biweekly for Soliris. During 2021, we recorded royalty revenue of $22.2 million. We are eligible to receive an additional $20.0 million in sales milestones and a low-single digit percent royalty on the sale of approved products.

Vir Biotechnology, Inc.

Sotrovimab, an antibody that targets the SARS-CoV-2 virus, has received an emergency use authorization from the FDA and temporary authorizations in multiple global markets for the treatment of mild-to-moderate COVID-19 in high-risk adults and pediatric patients. In addition, Vir is evaluating VIR-7832 in a Phase 1b/2a trial of adults with mild-

to-moderate COVID-19. In March 2020, we entered into an agreement in which we provided Vir a non-exclusive license to our Xtend technology to extend the half-life of novel antibodies, including sotrovimab, that Vir is investigating as potential treatments for patients with COVID-19. Vir is responsible for all research, development, regulatory and commercial activities for COVID-19 antibodies, and we are eligible to receive royalties on the net sales of approved products in the mid-single digit percentage range. During 2021, we recorded estimated royalty revenue of $52.2 million.

In August 2019, we entered into an agreement with Vir Biotechnology, Inc., in which we provided Vir a non-exclusive license to our Xtend technology for two targets in infectious disease. We have received a total of $1.5 million in upfront and milestone payments, and we are eligible to receive additional milestones of $154.5 million, including $4.5 million of development milestones, $30.0 million of regulatory milestones and $120.0 million of sales milestones. We are also eligible to receive royalties on the net sales in the low single digit percentage range. Vir has advanced two programs under this agreement. VIR-2482 is being evaluated in a Phase 1/2 study as a universal prophylactic for influenza A, and VIR-3434 is being evaluated in a Phase 2 combination study as a potential treatment for patients with hepatitis B virus infection.

Gilead Sciences, Inc.

In January 2020, we entered into an agreement with Gilead Sciences, Inc., in which we provided Gilead an exclusive license to our Cytotoxic Fc and Xtend Fc technologies for broadly neutralizing anti-HIV antibodies. Gilead is responsible for all development and commercialization activities. For each licensed antibody, we are eligible to receive up to $67.0 million in milestones, which includes $10.0 million in development milestones, $27.0 million in regulatory milestones, and $30.0 million in sales milestones. We are also eligible to receive royalties in the low-single digit percentage range on net sales of approved products.

Bristol-Myers Squibb Company

In May 2021, we entered into an agreement with Bristol-Myers Squibb Company (BMS), in which we provided BMS a non-exclusive license to our Xtend Fc technology to extend the half-life of antibodies that specifically bind to SARS-CoV-2. BMS is responsible for all research, development, regulatory and commercial activities. We are eligible to receive royalties on net sales of approved products in the low-single digit percentage range. BMS is evaluating the SARS-CoV-2 mAb Duo antibody combination therapy (BMS-986414 + BMS-986413) in the Phase 2/3 NIH ACTIV-2 trial in treating COVID-19 in outpatients.

Omeros Corporation

In August 2020, we entered into an agreement with Omeros Corporation, in which we provided Omeros a non-exclusive license to our Xtend Fc technology, an exclusive license to apply our Xtend Fc technology to an initial identified antibody, OMS906, and options to apply our Xtend Fc technology to three additional antibodies. Omeros is responsible for all development and commercialization activities. OMS906, a MASP-3 targeted antibody, is being evaluated in a Phase 1 study in patients with PNH and other alternative pathway disorders. We received an upfront payment of $5.0 million, and for each product incorporating our Xtend Fc technology, we are eligible to receive up to $65.0 million in milestones, which includes $15.0 million in development milestones, $25.0 million in regulatory milestones and $25.0 million in sales milestones. We are also eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

Viridian Therapeutics, Inc.

In December 2020, we entered into an agreement with Viridian Therapeutics, Inc., in which we provided Viridian a non-exclusive license to our Xtend Fc technology and an exclusive license to apply our Xtend Fc technology to antibodies targeting IGF-1R. Viridian is responsible for all development and commercialization activities. We received an upfront payment of 322,407 shares of Viridian common stock valued at $6.0 million and are eligible to receive up to $55.0 million in milestones, which include $10.0 million in development milestones, $20.0 million in regulatory milestones and $25.0 million in sales milestones. We are also eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

In December 2021, we entered into a second agreement with Viridian for a non-exclusive license to certain antibody libraries developed by us. Under the agreement, Viridian received a one-year research license to review the antibodies and the right to select up to three antibodies for further development. Viridian is responsible for all further development of the selected antibodies. We received an upfront payment of 394,737 shares of Viridian common stock valued at $7.5 million and are eligible to receive development, regulatory and sales milestones in addition to royalties on net sales of approved products under the agreement.

Astria Therapeutics, Inc/Catabasis Pharmaceuticals, Inc./Quellis Biosciences, Inc.

In May 2018, we entered into an agreement with Quellis Biosciences, Inc., in which we provided Quellis a non-exclusive license to our Xtend Fc technology to apply to an identified antibody. Quellis is responsible for all development and commercialization activities. We received an equity interest in Quellis, and in January 2021, upon Quellis merging into Catabasis Pharmaceuticals, Inc., we received common and preferred shares of Catabasis stock in exchange for our equity in Quellis. Catabasis subsequently changed its name to Astria Therapeutics, Inc. We are eligible to receive up to $66.0 million in milestones, which include $6.0 million in development milestones, $30.0 million in regulatory milestones and $30.0 million in sales milestones. We are also eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

Strategic Collaborations

We enter into strategic collaborations where we can create synergies between our partners' capabilities and assets and our own protein engineering capabilities, Fc technologies and XmAb drug candidates. Through these arrangements we seek to create new drug candidates, investigate novel combination therapies and potentially identify additional indications for our portfolio of XmAb drug candidates.

MorphoSys AG

In November 2020, we entered into a strategic collaboration with MorphoSys AG and Incyte to conduct clinical studies to investigate the chemo-therapy free combination of plamotamab and tafasitamab in combination with lenalidomide in patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL), first-line DLBCL, and relapsed or refractory follicular lymphoma (FL). MorphoSys and Incyte Corporation will provide tafasitamab for the studies, which Xencor will sponsor and fund.

Atreca, Inc.

In July 2020, we entered into an agreement with Atreca, Inc., to research, develop and commercialize novel CD3 bispecific antibodies as potential therapeutics in oncology. During a three-year research term, Atreca will provide antibodies against novel tumor targets through its discovery platform from which we will engineer XmAb bispecific antibodies that bind to the CD3 receptor on T cells. The two companies will share research costs equally during the research term. Up to two joint programs are eligible to be mutually selected for further development and commercialization, with each partner sharing 50% of costs and profits. Each company has the option to lead development, regulatory and commercialization activities for one of the joint programs. In addition, each partner has the option to pursue up to two programs independently, with a royalty in the mid- to high-single digit percentage range payable on net sales to the other partner.

The University of Texas MD Anderson Cancer Center

In September 2020, we entered into an agreement with MD Anderson, in which we will provide funding over a five-year period, and MD Anderson will collaborate to design and execute additional clinical studies with our portfolio of XmAb drug candidates, including novel bispecific antibody and cytokine candidates. We own all rights to the programs and results generated from these studies. In December 2021, we extended the agreement for an additional year at the same level of committed funding.

In December 2020, we entered into a second agreement with MD Anderson to develop novel CD3 bispecific antibody therapeutics for the potential treatment of patients with cancer. MD Anderson will work to identify and develop potential antibodies, and we will apply its our Fc bispecific technology to create therapeutic candidates. MD Anderson will then conduct and fund all preclinical activities to advance candidates toward clinical studies. We have certain exclusive options to license worldwide rights to develop and commercialize potential new medicines arising from the collaboration.

Our Research and Development Pipeline

We have used our XmAb Fc platforms and protein engineering capabilities to produce a growing pipeline of drug candidates in clinical and preclinical development. These include multiple oncology candidates using our bispecific Fc domain, including bispecific antibody and cytokine candidates. We continue to advance these candidates as additional options for clinical development by us or as out-licensing opportunities. We also from time to time in-license antibody technologies and compounds from other companies which we believe may allow us to create potential product candidates by incorporating our own proprietary technologies. These licenses may require us to pay upfront fees, development, and commercial milestone payments, and if commercial products are approved, royalties on net sales.

Human Capital Management

Our Employees and Commitment to Diversity, Equity, and Inclusion

Our ability to develop XmAb technologies, advance our programs into late-stage development, position our programs for commercialization and identify successful business partnerships is dependent on attracting, retaining, and developing our employees. We seek and support a diverse population of employees without regard to race, gender or sexual orientation. As of December 31, 2021, we had 254 full-time employees, representing a 26% increase in our employee workforce as compared to December 31, 2020. Of these, 205 were engaged in research and development activities, and 49 were engaged in business development, information systems, facilities, human resources, or administrative support. Of these employees, 65 hold Ph.D. degrees, and 10 hold M.D. degrees. None of our employees are represented by any collective bargaining unit. We believe we maintain good relations with our employees.

We are an equal opportunity employer and maintain policies that prohibit unlawful discrimination based on race, color, religion, gender, sexual orientation, gender identity/expression, national origin/ancestry, age, disability, marital and veteran status. We are proud to employ a diverse workforce that, as of December 31, 2021, was 57% non-white and 56% women. In addition, as of December 31, 2021, women made up 22% of our senior leadership team. We strive to build and nurture a culture where all employees feel empowered to be their authentic selves.

We seek to provide human capital and employee health and safety policies that provide for the health, safety, and welfare of our employees. We continue practices that address the COVID-19 pandemic consistent with government guidelines to mitigate and prevent the spread of disease, such as masking, social distancing, contact tracing, and encouraging vaccinations. In 2021, in connection with the ongoing pandemic we continued the following practices:

- Provided a remote or hybrid work option for all non-laboratory staff with technical support, training, and equipment to enable employees to continue to perform their responsibilities while working remotely; and
- Conducted safety procedures for all onsite staff which includes mandatory weekly onsite SARS-CoV-2 virus testing for all employees and their household members, reimbursement of 100% of medical insurance costs for onsite employees, and fully paid time off for any employee that missed time due to the COVID-19 virus including for the care of family members.

Compensation, Benefits, and Development

We provide compensation packages designed to attract, retain, and motivate high-quality employees, and all of our employees are eligible for cash bonuses and grants of equity awards. We regularly evaluate our compensation programs with an independent compensation consultant and utilize industry benchmarking in an effort to ensure they are

competitive compared to similar biotechnology and biopharmaceutical companies with which we compete for talent and that they are fair and equitable across our workforce with respect to gender, race, and other personal characteristics. All employees are eligible to participate in the Employee Stock Purchase Plan where they can purchase shares of Xencor common stock at a discounted price. This plan, and our other equity compensation plans, assists us in building long-term relationships with our employees and aligns the interest of employees with stockholders. We also deliver a benefits program that is designed to keep our employees and their families healthy, which includes not only medical, dental and vision benefits, but also dependent care, mental health, and other wellness benefits. In addition, we provide a variety of programs and services to help employees meet and balance their needs at work, at home and in life.

We value career development for all employees, and we provide reimbursement and time for employees to attend professional development courses ranging from technical training, competency-based workshops, and leadership development programs. Direct managers also take an active role in identifying individualized development plans to assist their employees in realizing their full potential and creating opportunities for promotions and added responsibilities that enhance the engagement and retention of our workforce.

Market Opportunity

Our drug candidates that use the XmAb bispecific Fc domain, including plamotamab, vudalimab, tidutamab, XmAb841, XmAb104, XmAb306, and XmAb564: We are developing our bispecific antibody and cytokine candidates to treat cancer. Cancer is a broad group of diseases in which cells divide and grow in an uncontrolled fashion, forming malignancies that can invade other parts of the body, and it is the second leading cause of death in the United States (U.S.). The American Cancer Society estimates that in 2022 there will be approximately 1.9 million new cases of cancer and approximately 609,360 deaths from cancer. The National Institutes of Health (NIH) estimated that based on growth and aging of the U.S. population, medical expenditures for cancer in the year 2030 are projected to reach at least $245.6 billion.

Intellectual Property

The foundation for our XmAb technology and our product candidates and partnering is the generation and protection of intellectual property for novel antibody and cytokine therapeutics. We combine proprietary computational methods for amino acid sequence design with laboratory generation and testing of new antibody and cytokine compositions. Our design and engineering team prospectively assesses, with patent counsel, the competitive landscape with the goal of building broad patent positions and avoiding third-party intellectual property.

As a pioneer in Fc domain engineering, we systematically scanned the structure of the Fc domain to discover Fc variants. We have filed patent applications relating to thousands of specific Fc domain variants with experimental data on specific improvements of immune function, pharmacokinetics, structural stability, and novel structural constructs. We have filed additional patent applications derived from these applications as we discover new properties of the Fc variants and as new business opportunities arise. We continually seek to expand the intellectual property coverage of our technology and candidates and invest in discovering new Fc domain technologies, antibody product candidates, and cytokine product candidates.

Our patent estate, on a worldwide basis, includes over 1,300 issued patents and pending patent applications which we own, with claims directed to XmAb Fc domains, all of our clinical and preclinical stage product candidates and our computational protein design methods and platforms. We also have a large number of issued patents and pending patent applications with claims directed specifically to our XmAb technology and candidates.

The patent expiration in the U.S. and major foreign countries (ex-U.S.) for our key technologies and drug candidates is set forth below. We have pending applications filed that may extend the exclusivity of some of our technology and products:

Technology	Patent Expiry
Cytotoxic	2025 U.S.; 2024 Ex-U.S.
Immune Inhibitor	2028 U.S.; 2025 Ex-U.S.
Xtend	2025 U.S.; 2028 Ex-U.S.
Bispecific	2034 U.S. and Ex-U.S.
CD3 T Cell Engagers	2035 U.S. and Ex-U.S.
CD28 T Cell Engagers	2040 U.S. and Ex-U.S.

Company Products	Patent Expiry
Tidutamab	2037 U.S. and Ex-U.S.
Vudalimab, XmAb841, XmAb104	2037 U.S. and Ex-U.S.
XmAb564	2038 U.S. and Ex-U.S.
XmAb819	2040 U.S. and Ex-U.S.
XmAb306	2038 U.S.; 2037 Ex-U.S.

Partnered Products	Patent Expiry
Monjuvi (tafasitamab)	2029 U.S.; 2027 Ex-U.S.
Ultomiris	2025 U.S.; 2028 Ex-U.S.
AIMab7195 (XmAb7195)	2029 U.S. and Ex-U.S.
Sotrovimab	2025 U.S.; 2028 Ex-U.S.
Obexelimab (XmAb5871)	2029 U.S.; 2028 Ex-U.S.
Plamotamab	2035 U.S. and Ex-U.S.

The Hatch-Waxman Act permits a patent term extension for FDA-approved drugs, including biological products, of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our pharmaceutical product candidates receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We intend to seek patent term extensions to any of our issued patents in any jurisdiction where these are available; however, there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and even if granted, the length of such extensions.

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Affordability Reconciliation Act (collectively the ACA) created a regulatory scheme authorizing the FDA to approve biosimilars via an abbreviated licensure pathway. In many cases, this allows biosimilars to be brought to market without conducting the full suite of clinical trials typically required of originators. Under the ACA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." The "biosimilar" application must include specific information demonstrating bio similarity based on data derived from: (1) analytical studies, (2) animal studies, and (3) a clinical study or studies that are sufficient to demonstrate safety, purity, and potency in one or more appropriate conditions of use for which the reference product is licensed, except that FDA may waive some of these requirements for a given application. Under this new statutory scheme, an application for a biosimilar product may not be submitted to the FDA until four years after the date of first licensure. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was first licensed. The law does not change the duration of patents granted on biological products. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full Biologics License Application (BLA) for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity, and potency of their product. There have been recent proposals to repeal or modify the ACA, and it is uncertain how any of those proposals, if approved, would affect these provisions.

In addition to patent protection, we rely on trade secret protection and know-how to expand our proprietary position around our technology and other discoveries and inventions that we consider important to our business. We seek to protect this intellectual property in part by entering into confidentiality agreements with our employees, consultants, scientific advisors, clinical investigators, and other contractors and also by requiring our employees, commercial contractors, and certain consultants and investigators, to enter into invention assignment agreements that grant us ownership of certain discoveries or inventions made by them.

Further, we seek trademark protection in the United States and in certain other jurisdictions where available and when we deem appropriate. We have obtained registrations for the Xencor trademark, as well as certain other trademarks, which we use in connection with our pharmaceutical research and development services and our clinical-stage products, including XmAb. We currently have registrations for Xencor and PDA in the United States, Australia, Canada, the European Community, and Japan, for Protein Design Automation in the United States, Australia, Canada, and the European Community, and for XmAb in the United States, Australia, Canada, the European Community and Japan.

Third Party Vendors and Suppliers

Our internal research activities are focused on early research stage and preclinical activities and studies. We rely on third party vendors, suppliers and contractors for all other research, development and clinical activities. We are able to internally manufacture the quantities of our product candidates required for relatively short preclinical animal studies. We believe that this allows us to accelerate the drug development process by not relying on third parties for all of our manufacturing needs. We have adopted a manufacturing strategy of contracting with third parties in accordance with current good manufacturing practices (cGMPs) for the manufacture of drug substance and product, including our pipeline of bispecific antibody and cytokine development candidates. We have used third party manufacturers for all our bispecific antibody and cytokine candidates which include: plamotamab, tidutamab, vudalimab, XmAb841, XmAb104, XmAb306, XmAb564, and XmAb819. Additional contract manufacturers are used to fill, label, package and distribute investigational drug products. This allows us to maintain a more flexible infrastructure while focusing our expertise on developing our products. We do not have any long-term manufacturing agreements in place and will ultimately depend on contract manufacturers for the manufacture of our products for commercial sale, as well as for process development.

KBI Biopharma, Inc.

In July 2014, we entered into a master services agreement (KBI Agreement) with KBI Biopharma, Inc. (KBI). We have engaged KBI under the KBI Agreement for process development, clinical scale-up, analytical method development, formulation development, and other services related to drug substance and drug product for our bispecific antibody and cytokine development candidates: plamotamab, tidutamab, vudalimab, XmAb841, XmAb104, XmAb306, and XmAb564 in accordance with cGMP regulations. For each bispecific program, we have entered into a separate agreement with the terms and conditions of services and payment. The KBI Agreement is for a three-year term but is automatically extended on an annual basis until the services are completed. The KBI Agreement may be terminated by either party for a breach that is not remedied within 30 days after notice or 60 days after notice of the existence of an incurable scientific or technical issue that renders KBI unable to render services under the KBI Agreement, by after 60-day notice, or in the event of a bankruptcy of a party. For termination other than a material breach by KBI, we must pay for all services conducted prior to the termination and to wind down the activities.

Cell Line Agreements with Selexis

In December 2015, we entered into a master service agreement (Selexis Agreement) with Selexis SA (Selexis) for the manufacture of Selexis cell lines. Under the terms of the Selexis Agreement, Selexis will manufacture cell lines for the antibody candidates provided by us and upon completion of the cell lines, we have the option to take an unrestricted commercial license to the cell line. The terms of each commercial license require us to make payments upon achievement of certain development and regulatory milestones and we will also pay royalties based on a percentage of net sales for products that are derived from or utilize the Selexis cell line. The royalty is less than 1%.

Selexis has manufactured cell lines for certain of our bispecific antibody and cytokine drug candidates, and we currently have rights to obtain commercial licenses to the Selexis cell line for the following bispecific antibody and cytokine candidates: plamotamab, tidutamab, vudalimab, XmAb841, XmAb104, XmAb306, XmAb564, and XmAb819.

License Agreements with BIO-TECHNE

In February 2015, we entered into a license agreement with BIO-TECHNE Corporation (BIO-TECHNE) for a non-exclusive license to certain antibody technology including monoclonal antibodies which recognize human somatostatin receptor 2 (SSTR2). The variable domain of this antibody is incorporated in our tidutamab drug candidate. Under the terms of this agreement, we made an upfront payment and are obligated to make payments upon the achievement of certain development and regulatory milestones, and royalties based on a percentage of net sales from products that are derived from the tidutamab program. The royalty is less than 1%.

We entered into a second agreement with BIO-TECHNE effective February 2018 for a non-exclusive license to a certain recombinant monoclonal antibody reactive with human programmed death protein, PD-1. We expect to use this protein in certain of our oncology drug candidates. Under the terms of this agreement, we made an upfront payment and are obligated to make payments upon the achievement of certain development, regulatory and sales milestones, and royalties based on a percentage of net sales from products that are derived from the PD-1 antibody. The royalty is 1%.

Umbrella Development Services Agreement with Patheon Biologics LLC

In September 2018, we entered into an Umbrella Development Services Agreement (Patheon Agreement) with Patheon Biologics LLC (Patheon). Under the terms of the Patheon Agreement, any of the affiliates within the global network of service sites in Thermo Fisher Scientific Inc.'s Pharma Services Group may perform clinical manufacturing and development services for us in accordance with cGMP regulations. The Patheon Agreement may be terminated by either party for a breach or default that is not remedied within 30 days, or such other time period as may be reasonably necessary to remedy such breach after receiving notice of the breach from the non-breaching party or if the other party is subject to an insolvency event. We have the unilateral right to terminate the Patheon Agreement upon 30 days written notice to Patheon for any business reason, subject to cancellation fees. Patheon has the unilateral right to terminate the Patheon Agreement if we request to reschedule work beyond 120 days, the project work is not progressing according to our expectations and we cannot agree on appropriate changes, after six months of inactivity on a project at our request or if Patheon determines it is unable to perform its obligations in a safe and effective way in compliance with applicable regulatory requirements.

Patheon is currently conducting process transfer, process development and cGMP manufacturing for our XmAb819 program.

Master Services Agreement with WuXi Biologics (Hong Kong) Limited

In February 2021, we entered into a Master Services Agreement (WuXi Agreement) with WuXi Biologics (Hong Kong) Limited (WuXi). Under the terms of the WuXi Agreement, WuXi and its affiliates will perform manufacturing, analytical, development and other services for Xencor in accordance with applicable regulations. The WuXi Agreement includes customary rights to replacement of non-conforming products. The WuXi Agreement may be terminated by either party for a breach by the other party that is not remedied within 45 days (or 10 days for a non-payment breach), or if the other party is subject to an insolvency event. We have the unilateral right to terminate the WuXi Agreement upon 90 days' prior written notice to WuXi for any reason, subject to applicable cancellation fees. WuXi has the unilateral right to terminate the WuXi Agreement only if the services cannot be performed due to technical difficulties or the performance of the services is not permitted under applicable law.

WuXi is currently conducting process transfer, process development and cGMP manufacturing for our XmAb808 (B7-H3 x CD28) and our IL-12 programs.

Master Clinical Services Agreement with ICON Clinical Research Limited

In April 2016, we entered into a Master Clinical Services Agreement (ICON Agreement) with ICON Clinical Research Limited (ICON). Under the terms of the ICON Agreement, ICON and its affiliates will perform clinical trial services (including site selection, study design, site monitoring, management and training, and patient selection) for Xencor in accordance with applicable regulations. The ICON Agreement may be terminated by either party for a breach by the other party that is not remedied within 30 days, or if the other party is subject to an insolvency event. Each party may terminate the ICON Agreement upon 30 days' prior written notice to the other party for any reason, however such termination would not affect any ongoing project under the ICON Agreement. We may unilaterally terminate any project under the ICON Agreement upon 30 days' prior written notice to ICON for any reason, subject to applicable termination fees.

ICON is currently providing services to us in connection with each ongoing Xencor-sponsored clinical trial.

Competition

We compete in an industry that is characterized by rapidly advancing technologies, intense competition, and a strong emphasis on proprietary products. Our competitors include pharmaceutical companies, biotechnology companies, academic institutions, and other research organizations. We compete with these parties for promising targets for antibody-based therapeutics, new technology for optimizing antibodies and cytokines, and in recruiting highly qualified personnel. Many competitors and potential competitors have substantially greater scientific, research, and product development capabilities as well as greater financial, marketing and sales, and human resources than we do. In addition, many specialized biotechnology firms have formed collaborations with large, established companies to support the research, development, and commercialization of products that may be competitive with ours. Accordingly, our competitors may be more successful than we may be in developing, commercializing, and achieving widespread market acceptance. In addition, our competitors' products may be more effective, more effectively developed, or more effectively marketed and sold than any treatment we or our development partners may commercialize, which may render our product candidates obsolete or noncompetitive before we can recover the expenses related to developing and commercializing any of our product candidates.

Competition in the field of cancer drug development is intense, with hundreds of compounds in clinical trials. Many large pharmaceutical companies and other smaller biotechnology companies are developing competing bispecific antibody platforms, and many of these companies have advanced multiple drug candidates into clinical development, including Amgen Inc.; Genmab A/S; Macrogenics, Inc.; Merus N.V.; Regeneron Pharmaceuticals, Inc.; and Roche Holding AG.

We are developing bispecific antibody drug candidates engineered to direct cytotoxic T cell killing of tumor cells, by engaging the CD3 receptor on T cells and an antigen on tumor cells. Regarding plamotamab, other companies developing CD3 bispecific antibodies directed to CD20, an antigen expressed on many blood tumors, include AbbVie Inc. and Genmab A/S; IGM Biosciences, Inc.; Regeneron Pharmaceuticals, Inc.; and Roche Holding AG. Other antibodies, antibody drug candidates and cell therapies are in development or approved to treat patients with non-Hodgkin lymphomas.

We are also developing several bispecific antibody drug candidates engineered to selectively engage the immune system in order to treat patients with cancer, such as vudalimab, XmAb841 and XmAb104. Immuno-oncology is a competitive field within the biotechnology and pharmaceutical industries, and most large pharmaceutical companies are developing drug candidates, have marketed medicines in this space, or both: AstraZeneca plc; Bristol-Myers Squibb Company; GlaxoSmithKline plc; Merck & Co., Inc.; Novartis AG; Pfizer Inc.; Roche Holding AG; and Sanofi S.A. While tuning the binding affinities plays a crucial role in designing the mechanism of action for this class of bispecific antibody, smaller companies advancing clinical programs that, like vudalimab, dually target the immune checkpoint receptors PD-1 and CTLA-4 include Akeso, Inc. and Macrogenics, Inc.

Several companies are developing engineered cytokines intended to activate specific immune cell populations in order to treat patients with cancer and/or autoimmune diseases, including Alkermes plc; Amgen Inc.; Cue Biopharma, Inc.; Cytune Pharma; Eli Lilly and Company; IGM Biosciences, Inc.; ImmunityBio, Inc.; Kadmon Holdings, Inc.; Medicenna Therapeutics Corp.; Merck & Co., Inc.; Nektar Therapeutics, Inc.; Neoleukin Therapeutics, Inc.; Novartis AG; Roche Holding AG; Sanofi S.A.; Sutro Biopharma, Inc.; and Xilio Therapeutics, Inc.

In addition, we are aware of a number of other companies with development-stage programs that may compete with the drug candidates we and our licensees are developing in the future. We anticipate that we will face intense and increasing competition as new treatments enter the market and advanced technologies become available.

Regulatory Overview

Our business and operations are subject to a variety of U.S. federal, state and local and foreign supranational, national, provincial, and municipal laws, regulations and trade practices. The FDA and comparable regulatory authorities in state and local jurisdictions and in other countries impose substantial and burdensome requirements upon companies involved in the clinical development, manufacture, marketing, and distribution of drugs and biologics. These agencies and other federal, state and local entities regulate research and development activities and the testing, manufacture, quality control, safety, effectiveness, labeling, storage, recordkeeping, approval, advertising and promotion, and export and import of our product candidates.

U.S. Government Regulation

We are subject to extensive regulation by the U.S. and other countries. Regulation by government authorities is a significant factor in development, manufacture, distribution and ongoing research activities. All our products in development will require regulatory approval by government agencies prior to commercialization. In particular, drugs and biologic products are subject to rigorous preclinical studies and clinical trials and other approval procedures of the FDA and similar regulatory authorities in foreign countries. The process of obtaining these approvals and the subsequent compliance with appropriate federal and state statutes and regulations require the expenditure of substantial time and financial resources. Various federal and state statutes and regulation also govern or influence testing, manufacturing, safety, labeling, storage, tracking, tracing and record-keeping of drugs and biologic products and their marketing.

U.S. Drug Development Process

In the United States, the FDA regulates drugs and biologic products under the Federal Food, Drug and Cosmetic Act (FDCA), its implementing regulations, and other laws including, in the case of biologics, the Public Health Service Act. Our product candidates are subject to regulation by the FDA as a biologic. Biologics require the submission of a Biologics License Application (BLA) to the FDA and approval of the BLA by the FDA before marketing in the United States. The process of obtaining regulatory approvals for commercial sale and distribution and the subsequent compliance with applicable federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process, approval process or after approval, may subject an applicant to administrative or judicial civil or criminal sanctions. These sanctions could include the FDA's refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, imposition of a clinical hold on clinical trials, warning letters, product recalls, product seizures, total or partial suspension of production, or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil and/or criminal penalties. The process required by the FDA before a biologic may be marketed in the United States generally involves the following:

1. completion of preclinical laboratory tests, animal studies, and formulation studies performed in accordance with the FDA's current Good Laboratory Practices (GLP) regulations;
2. submission to and acceptance by the FDA of an IND which must become effective before human clinical trials in the United States may begin;

3. performance of adequate and well-controlled human clinical trials in accordance with the FDA's current Good Clinical Practices (GCP) regulations to establish the safety and efficacy of the product candidate for its intended use;
4. submission to and acceptance by the FDA of a BLA;
5. satisfactory completion of an FDA inspection (if the FDA deems it as a requirement) of the manufacturing facility or facilities where the product is produced to assess compliance with the FDA's cGMP regulations to assure that the facilities, methods, and controls are adequate to preserve the product's identity, strength, quality, and purity;
6. potential audits by the FDA of the nonclinical and clinical trial sites that generated the data in support of the BLA;
7. potential review of the BLA by an external Advisory Committee to the FDA, whose recommendations are not binding on the FDA; and
8. FDA review and approval of the BLA prior to any commercial marketing or sale.

Before testing any compounds with potential therapeutic value in humans, the product candidate enters the preclinical testing stage. Preclinical tests include laboratory evaluations of product chemistry, stability, and formulation, as well as animal studies to assess the potential toxicity and activity of the product candidate. Clinical trials involve the administration of the product candidate to human patients under the supervision of qualified investigators, generally physicians not employed by or under the clinical trial sponsor's control. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria, and the parameters to be used to monitor subject safety and effectiveness. The FDA or responsible Institutional Review Board may place a trial on hold at any time related to perceived risks to patient safety. Phases of clinical development include:

1. *Phase 1.* The product candidate is initially introduced into a limited population of healthy human subjects, or in some cases, patients with the disease for which the drug candidate is intended, and tested for safety, dosage tolerance, absorption, metabolism, distribution, and excretion. In the case of some products for some diseases, or when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients with the disease or condition for which the product candidate is intended to gain an early indication of its effectiveness.
2. *Phase 2.* The product candidate is evaluated in a limited patient population (but larger than in Phase 1) to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted indications, and to assess dosage tolerance, optimal dosage, and dosing schedule.
3. *Phase 3.* Clinical trials are undertaken to further evaluate dosage and provide substantial evidence of clinical efficacy and safety in an expanded patient population (such as several hundred to several thousand) at geographically dispersed clinical trial sites. Phase 3 clinical trials are intended to establish the overall risk/benefit ratio of the product and provide an adequate basis for product labeling. Generally, two adequate and well-controlled Phase 3 clinical trials are required by the FDA for approval of a BLA.
4. *Post Approval.* Clinical trials or other post-approval commitments may be conducted after initial marketing approval. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and may be required by the FDA as a condition of approval.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the biologic and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests, proposed labeling, and other relevant information are submitted to the FDA in the form of a BLA requesting approval to market the product for one or more specified indications. The standard time for the FDA to accept a BLA submission is two months.

If the FDA determines that the BLA is substantially complete, it will accept the BLA for review.

Once accepted, the FDA reviews the BLA to determine, among other things, whether the proposed product is safe and effective for its intended use, and whether the product is being manufactured in accordance with cGMP to assure and preserve the product's identity, strength, quality, and purity, and it may inspect the manufacturing facilities to assure cGMP compliance and clinical sites used during the clinical trials to assure cGMP compliance. The standard FDA review process is 10 months once a BLA is accepted for review, but it can take longer. During the review process, the FDA also will determine whether a risk evaluation and mitigation strategy (REMS) is necessary to assure the safe use of the product. If the FDA concludes a REMS is needed, the sponsor of the BLA must submit a proposed REMS prior to approval. A REMS can substantially increase the costs of obtaining approval. In addition, under the Pediatric Research Equity Act, a BLA or supplement to a BLA must contain data that are adequate to assess the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements.

The FDA will issue a complete response letter describing deficiencies in the BLA and recommend actions if the agency decides not to approve the BLA. The applicant will have to address all of the deficiencies which could take substantial time to address.

If the product receives regulatory approval, the approval may be significantly limited to specific diseases and dosages, or the indications for use may otherwise be limited and may require that certain contraindications, warnings, or precautions be included in the product labeling. In addition, the FDA may require post marketing studies, sometimes referred to as Phase 4 testing, which involves clinical trials designed to further assess drug safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized.

Post-Approval Requirements

Any biologic products for which we or our collaborators receive FDA approvals are subject to continuing regulation by the FDA, including, among other things, cGMP compliance for product manufacture, record-keeping requirements, reporting of adverse experiences with the product, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, complying with certain electronic records and signature requirements, and complying with FDA promotion and advertising requirements, which include, among others, restrictions on direct-to-consumer advertising, promoting biologics for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), industry-sponsored scientific and educational activities, and promotional activities involving the internet. Failure to comply with these or other FDA requirements can subject a manufacturer to possible legal or regulatory action, such as product reclass, warning letters, suspension of manufacturing, seizure of product, injunctive action, mandated corrective advertising or communications with healthcare professionals, possible civil or criminal penalties, or other negative consequences, including adverse publicity.

U.S. Patent Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of the FDA approval of any of our biologic product candidates, we may apply for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent restoration term of up to five years for one patent per product as compensation for patent term lost during

product development and the FDA regulatory review process of that product. The U.S. Patent and Trademark Office, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration.

Market exclusivity provisions under the FDCA can also delay the submission or the approval of certain applications of other companies seeking to reference another company's BLA. Specifically, the Biologics Price Competition and Innovation Act established an abbreviated pathway for the approval of biosimilar and interchangeable biological products generally not earlier than 12 years after the original BLA approval. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on their similarity to existing brand product.

Pharmaceutical Coverage, Pricing and Reimbursement

The cost of pharmaceuticals continues to generate substantial governmental and third-party payor interest. We expect that the pharmaceutical industry will experience pricing pressures due to the trend toward managed healthcare, the increasing influence of managed care organizations and additional legislative proposals.

Healthcare Reform

In the United States and foreign jurisdictions, there have been and will continue to be a number of legislative and regulatory proposals to change the healthcare system in ways that could affect our ability to sell our product candidates profitably, once they are approved for sale. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

Other Healthcare Laws and Compliance Requirements

In the United States, the research, manufacturing, distribution, sale and promotion of drug products and medical devices are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including the Centers for Medicare & Medicaid Services, other divisions of Health and Human Services (e.g., the Office of Inspector General), the U.S. Department of Justice, state Attorneys General, and other state and local government agencies.

Europe / Rest of World Government Regulation

In addition to regulations in the United States, we, and our collaborators, will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales, marketing and distribution of our products, similar or more stringent than the U.S. laws.

Whether or not we, or our collaborators, obtain FDA approval for a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In addition, we and our collaborators may be subject to foreign laws and regulations and other compliance requirements, including, without limitation, anti-kickback laws, false claims laws and other fraud and abuse laws, as well as laws and regulations requiring transparency of pricing and marketing information and governing the privacy and security of health information, such as the European Union's Directive 95/46 on the Protection of Individuals with regard to the Processing of Personal Data.

If we, or our collaborators, fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Corporate Information

We were incorporated in California in August 1997 under the name Xencor. In September 2004, we reincorporated in the state of Delaware under the name Xencor, Inc. Our principal offices are located at 111 West Lemon Avenue, Monrovia, CA 91016, and our telephone number is (626) 305-5900. Our website address is www.xencor.com. Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in and are not considered part of this Annual Report. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge on the Investor Relations portion of our web site at www.xencor.com as soon as reasonably practical after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

Summary of Risk Factors

We are subject to a number of risks that if realized could materially harm our business, prospects, operating results, and financial condition. Some of the more significant risks and uncertainties we face include those summarized below. The summary below is not exhaustive and is qualified by reference to the full set of risk factors set forth in this "Risk Factors" section. Please carefully consider all of the information in this Form 10-K, including the full set of risks set forth in this "Risk Factors" section, and in our other filings with the U.S. Securities and Exchange Commission before making an investment decision regarding Xencor.

We have reviewed our risk factors and categorized them into five specific categories:

1. Risks related to our unique and specific business operations as a small biotechnology company. These risks include:

    - Our success depends on our ability to use and expand our XmAb technology platform to build a pipeline of XmAb product candidates and develop marketable products. We cannot be certain our candidates will receive regulatory approval or be successfully commercialized.
    - The clinical development stage of our operations may make it difficult for you to evaluate the success of our business to date and to assess our future viability.
    - Preliminary, interim, and topline data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.
    - The COVID-19 pandemic and the future outbreak of other highly infectious or contagious diseases could materially and adversely impact or disrupt our business and our financial condition, results of operations, cash flows and performance.

2. Risks specifically related to our financial position, capital requirements and ownership of our common stock. These risks include:

    - We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.
    - Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We have never generated any revenue from product sales and may never be profitable.
    - We will require additional financing and may be unable to raise sufficient capital, which could lead us to delay, reduce or abandon research and development programs or commercialization.
    - The market price of our common stock is likely to be highly volatile, and you could lose all or part of your investment.

- Our principal stockholders, directors and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.
- Raising additional funds through debt or equity financing may be dilutive or restrict our operations and raising funds through licensing may require us to relinquish rights to our technology or product candidates.
- Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

3. Risks related to our intellectual property. These risks include:

- If we are unable to obtain, maintain and enforce intellectual property protection covering our products, others may be able to make, use or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.
- We have in-licensed, and may in the future in-license, a portion of our intellectual property, and, if we fail to comply with our obligations under these arrangements, we could lose such intellectual property rights or owe damages to the licensor of such intellectual property.
- We may be required to reduce the scope of our intellectual property due to third party intellectual property claims.
- Our products could infringe patents and other property rights of others, which may result in costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products, which could have a material adverse effect on our business.
- If we are not able to prevent disclosure of our trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.
- If we do not obtain patent term extension and data exclusivity for any therapeutic candidates we develop, our business may be materially harmed.

4. Risks related to our dependence on third parties. These risks include:

- Our patent protection and prosecution for some of our product candidates is dependent on third parties.
- We rely on third-party manufacturers for the manufacture of our product candidates. This entails a complex process and manufacturers often encounter difficulties in production. If we, or any of our third-party manufacturers, encounter any loss of our master cell banks or if any of our third-party manufacturers otherwise fail to comply with their contractual obligations, the development or commercialization of our product candidates could be delayed or stopped.
- Our existing partnerships are important to our business, and future partnerships may also be important to us. If we are unable to maintain any of these partnerships, or if these partnerships are not successful, our business could be adversely affected.
- We rely upon third-party contractors, and service providers for the execution of most aspects of our development programs. Failure of these collaborators to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of our development programs.
- We rely on third parties to manufacture supplies of our preclinical and clinical product candidates. The development of such candidates could be stopped or delayed if any such third party fails to provide us with sufficient quantities of product or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance.

5. Risks related to our industry. These risks include:

- Clinical trials are expensive and take years to conduct, and the outcome of such clinical trials is uncertain. Clinical trials may fail to prove our product candidates are safe and effective. This could lead to delays, downsizing or termination of clinical development plans for any our product candidates.

- Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials, abandon product candidates, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.
- If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.
- Our industry is subject to competition for skilled personnel and the challenges we face to identify and retain key personnel could impair our ability to effectively conduct and grow our operations.
- The development and commercialization of biologic products is subject to extensive regulation, and we may not obtain regulatory approvals for any of our product candidates.
- We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.
- Our current and future relationships with healthcare professionals, principal investigators, consultants, customers, and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, physician payment transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to penalties.
- Present and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.
- Even if we are able to commercialize any product candidates, our product candidates may be subject to unfavorable pricing regulations, third-party coverage and reimbursement policies or healthcare reform initiatives.
- Our business involves the controlled use of hazardous materials, and as such we are subject to environmental and occupational safety laws. Continued compliance with these laws may incur substantial costs and failure to maintain compliance could result in liability for damages that may exceed our resources.

Risks Related to Our Unique and Specific Business Operations as a Small Biotechnology Company

Our success depends on our ability to use and expand our XmAb technology platform to build a pipeline of product candidates and develop marketable products. We cannot be certain our candidates will receive regulatory approval or be successfully commercialized.

We use our proprietary XmAb technology platform to develop engineered antibodies, with an initial focus on four properties: immune inhibition, cytotoxicity, extended half-life and most recently, heterodimeric Fc domains enabling molecules with dual target binding. This platform has led to our current pipeline of candidates as well as the other programs that utilize our technology and that are being developed by our partners and licensees. While we believe our preclinical and clinical data to date, together with our established partnerships, has validated our platform to a degree, most of the programs are in early stages of development. Although drug candidates incorporating our Fc technology, or Fc candidates, have been approved by the FDA, other product candidates have not yet been, and may never lead to, approved or marketable therapeutic antibody products. Even if we are successful in continuing to build our pipeline, the potential candidates that we identify may not be suitable for clinical development, including as a result of their harmful side effects, limited efficacy or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates, we may not be able to obtain product or partnership revenues in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

The clinical development stage of our operations may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

Our operations to date have been limited to raising capital, staffing our company, developing our proprietary XmAb technology platform, identifying potential product candidates, conducting preclinical studies and clinical trials, developing partnerships and business planning. We have conducted, or are currently conducting, early phase clinical

trials for several product candidates, but have not completed any late stage clinical trials for these or any other product candidate. We have not yet demonstrated our ability to successfully complete any pivotal clinical trials, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about our future success or viability may not be as accurate as they could be if we were further advanced in development of our product candidates.

In addition, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We believe we will need to transition from a company with a research and development focus to a company capable of supporting commercial activities. We may not be successful in this transition.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any quarterly or annual periods as indications of future operating performance.

Preliminary, interim, and topline data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary, interim or topline data from our clinical trials. These updates are based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. Additionally, interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Therefore, positive interim results in any ongoing clinical trial may not be predictive of such results in the completed study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, preliminary, interim or topline data should be viewed with caution until the final data are available. In addition, we may report interim analyses of only certain endpoints rather than all endpoints. Adverse changes between preliminary or interim data and final data could significantly harm our business and prospects. Further, additional disclosure of interim data by us or by our competitors in the future could result in volatility in the price of our common stock. See the description of risks under the heading “Risks Specifically Related to Our Financial Position, Capital Requirements and Ownership of Our Common Stock” for more disclosure related to the risk of volatility in our stock price.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is typically selected from a more extensive amount of available information. You or others may not agree with what we determine is the material or otherwise appropriate information to include in our disclosure, and any information we determine not to disclose may ultimately be deemed significant with respect to future decisions, conclusions, views, activities or otherwise regarding a particular product, product candidate or our business. If the preliminary or topline data that we report differ from late, final or actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize our product candidates may be harmed, which could harm our business, financial condition, results of operations and prospects.

The COVID-19 pandemic and the future outbreak of other highly infectious or contagious diseases, could materially and adversely impact or disrupt our business and our financial condition, results of operations, cash flows and performance.

On March 11, 2020, the World Health Organization (WHO) declared the rapid spread of COVID-19 a global pandemic, and on March 19, 2020, the Governor of the State of California, where we are headquartered and where our principal place of business is located, implemented a mandatory stay at home order for residents working in non-critical businesses.

While we have managed to maintain our operations during the COVID-19 pandemic, additional developments with this pandemic or another epidemic or pandemic, could cause significant disruptions to our business operations, business operations of our partners, on whom we rely for potential revenue, and product development collaborations; operations of our third-party manufacturers and contract research organizations (CROs), on which we rely to conduct our clinical trials; and to our clinical trials, including as a result of significant restrictions or bans on travel into and within the countries in which our manufacturers produce our product candidates or where we conduct our clinical trials. Such disruptions could impede, delay, limit or prevent our employees and CROs from continuing research and development activities.

Although the COVID-19 pandemic has not materially affected our clinical development for the year ended December 31, 2021, certain of our clinical programs have seen slower enrollment and there have also been delays in initiating new studies as a result of the COVID-19 pandemic. These delays are not seen across all our trials and are specific to certain trials enrolling at certain sites. In the future, the COVID-19 pandemic could further adversely affect our and our partners' ability to enroll and recruit patients in current and future clinical trials. Our success is dependent on our ability and the ability of our partners to advance our wholly-owned and partnered development programs into later stages of clinical development. Many pharmaceutical and biotechnology companies have indicated that their clinical trials will be delayed and enrollment of current and ongoing trials will suffer as a result of the COVID-19 pandemic. Completion of our ongoing clinical and preclinical studies or commencement of new clinical trials could be impeded, delayed, limited or prevented by the effects of the COVID-19 pandemic and related restrictions including negative effects on the production, delivery or release of our product candidates to our clinical trial sites, as participation by our clinical trial investigators, patients or other critical staff, which to could delay data collection, analysis and other related activities, any of which could cause delay or denial of regulatory approval of our product candidates. The delay and impact on enrollment cannot be determined at this time and will depend on the length and severity of the COVID-19 pandemic. Continued delays on our clinical and preclinical studies or trials will increase our costs and expenses and seriously harm our operations and financial condition, which will adversely affect our business.

The COVID-19 pandemic could also potentially affect the business of the FDA as well as other health regulatory authorities, which could result in delays in our communications with these authorities and ultimately in the ability for us and our partners to have drug products approved.

The COVID-19 pandemic and mitigation measures also have had and may continue to have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition, including impairment of our ability to raise capital when needed. The trading prices for biopharmaceutical companies' stock, including our common shares have been highly volatile as a result of the COVID-19 pandemic. In addition, a recession, depression, or other sustained adverse market event resulting from the COVID-19 pandemic could materially and adversely affect our business and the value of our common shares.

The COVID-19 pandemic could potentially affect our partnerships and collaborations which provide us with revenue and non-dilutive payments in the form of upfront payments, milestone payments, royalties, and cost-sharing of co-development programs. If our partners' and collaborators' operations are severely affected by the COVID-19 pandemic, it will adversely affect our future potential revenue from such partners and collaborators.

We have required most of our employees, including all of our administrative employees, to work remotely, restricted on-site staff to only those employees that must perform essential activities that must be completed on-site and limited the number of staff allowed in our laboratory and offices. These changes may negatively impact productivity, or disrupt, delay, or otherwise adversely impact our business. In addition, this could increase our cyber security risk, create data accessibility concerns, and make us more susceptible to communication disruptions, any of which could adversely impact our business operations. When we reopen our facilities, we could encounter delays in connection with implementing precautionary measures to mitigate the risk of exposing our facilities and employees to COVID-19.

The COVID-19 pandemic could adversely affect our supply chain for our research, development, and clinical programs. We rely on third party vendors for research supplies, development activities including manufacturing of drug product for our clinical studies and testing of drug material. In the third quarter of 2020, several manufacturing vendors notified us of critical supply shortages which delayed the development timelines for our earlier stage development programs by three to six months. We currently do not expect these supply shortages to delay the timelines for our programs that are already in clinical studies. However, if this supply disruption continues or becomes more acute, it will extend the timelines for advancing our earlier stage programs further and could also delay the current timelines for advancing our existing clinical programs. If any other vendors in our supply chain of products or services are also severely affected from the COVID-19 pandemic, it will adversely affect our ability to continue our research and development activities and also continue our clinical trial activities.

The COVID-19 pandemic continues to rapidly evolve. Its ultimate impact on our business operations is highly uncertain and subject to change that will depend on future developments, which cannot be accurately predicted, including the duration of the COVID-19 pandemic, additional or modified government actions, new information that will emerge concerning the severity and impact of COVID-19 and the actions taken to address its impact in the short and long term, among others. We do not yet know the full extent of potential delays or impacts on our business, our clinical trials, our research programs, healthcare systems or the global economy. We will continue to monitor the situation closely.

Risks Specifically Related to Our Financial Position, Capital Requirements and Ownership of Our Common Stock

We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

We are a clinical-stage biopharmaceutical company. To date, we have financed our operations primarily through equity financings and our research and development licensing agreements and have incurred significant operating losses since our inception in 1997. For the year ended December 31, 2021, we generated net income of $82.6 million and as of December 31, 2021, we had an accumulated deficit of $283.1 million. We expect to incur losses in future years as we execute our plan to continue our discovery, research and development activities, including the ongoing and planned clinical development of our antibody product candidates, and incur the additional costs of operating as a public company. We are unable to predict the extent of any future losses or when we will become profitable, if ever. Even if we do achieve profitability, we may not be able to sustain or increase profitability on an ongoing basis which would adversely affect our business, prospects, financial condition, and results of operations.

Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of uncertainty. We have never generated any revenue from product sales and may never be profitable.

We have devoted substantially all of our financial resources and efforts to developing our proprietary XmAb technology platform, identifying potential product candidates and conducting preclinical studies and clinical trials. We are still in the early stages of developing our product candidates, and we have not completed development of any of our wholly-owned products. Our revenue to date has been primarily revenue from the license of our proprietary XmAb technology platform and drug candidates for the development of product candidates by others or revenue from our partners. Our ability to generate revenue and achieve profitability depends in large part on our ability, alone or with partners, to achieve milestones and to successfully complete the development of, obtain the necessary regulatory approvals for, and commercialize and market, product candidates. We do not anticipate generating revenues from sales

of our own products in the foreseeable future that will provide sufficient proceeds to fund our operations on an ongoing basis.

Our ability to generate future revenues from licensing our proprietary XmAb technologies and drug candidates depends heavily on our and our partners' success in advancing drug candidates that they have licensed from us or developed using one of our technologies. Our partners face the same development, regulatory and market risk for advancing their drug candidates and their ability to successfully advance these partnered programs will affect potential milestones and royalties we could earn under our collaboration agreements. Further, our partners may decide not to pursue, or decide to deprioritize our programs due to changing priorities which could affect our future potential revenue from such arrangements.

Because of the numerous risks and uncertainties associated with biologic product development, we are unable to predict the timing or amount of increased expenses and when we will be able to achieve or maintain profitability, if ever. In addition, our expenses could increase beyond expectations if we are required by the FDA, or foreign regulatory agencies, to perform studies and trials in addition to those that we currently anticipate, or if there are any delays in our or our partners' completion of clinical trials or delays in the development of any of our product candidates. Even if we or our partners are able to generate revenues from the sale of any approved products, we may not become profitable and may need to obtain additional funding to continue operations, which may not be available to us on favorable terms, if at all.

We will require additional financing and may be unable to raise sufficient capital, which could lead us to delay, reduce or abandon research and development programs or commercialization.

As of December 31, 2021, we had $664.1 million in cash, cash equivalents, marketable debt securities, and receivables. We expect our expenses to increase in connection with our ongoing development activities, including the continued development of our pipeline of bispecific antibody and cytokine drug candidates and other research activities. Identifying potential product candidates and conducting preclinical testing and clinical trials are time-consuming, expensive, and uncertain processes that take years to complete, and we or our partners may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success.

Our commercial revenues, if any, will be derived from sales of products that we do not expect to be commercially available for many years, if at all. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

We believe our existing cash, cash equivalents and marketable securities, together with interest thereon and expected milestones and royalty payments will be sufficient to fund our operations through the end of 2025. However, changing circumstances or inaccurate estimates by us may cause us to use capital significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We do not have sufficient cash to complete the clinical development of any of our product candidates and will require additional funding to complete the development activities required for regulatory approval of our current product candidates or any other future product candidates that we develop independently. Because successful development of our product candidates is uncertain, we are unable to estimate the actual funds we will require to complete research and development and commercialize our product candidates. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations; even if we believe we have sufficient funds for our current or future operating plans. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or eliminate our research and development programs or any future commercialization efforts.

The market price of our common stock is likely to be highly volatile, and you could lose all or part of your investment.

Prior to our initial public offering (IPO), there was no public market for our common stock. The trading price of our common stock is likely to be volatile. Since our IPO, the trading price of our common stock has ranged from a low

of approximately $5.75 to a high of approximately $58.345. Our stock price could be subject to wide fluctuations in response to a variety of factors, including the following:

1. adverse results or delays, or cancellations of clinical trials by us or our partners;
2. inability to obtain additional funding;
3. changes in laws or regulations applicable to our products;
4. inability to obtain adequate product supply for our product candidates, or the inability to do so at acceptable prices;
5. adverse regulatory decisions;
6. changes in the structure of healthcare payment systems;
7. introduction of new products or technologies by our competitors;
8. failure to meet or exceed product development or financial projections we provide to the public;
9. the perception of the pharmaceutical and biotechnology industry by the public, legislatures, regulators and the investment community;
10. announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
11. disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
12. additions or departures of key scientific or management personnel;
13. significant lawsuits, including patent or stockholder litigation;
14. changes in the market valuations of similar companies;
15. sales of our common stock by us or our stockholders in the future; and
16. trading volume of our common stock.

In addition, the stock market in general, and the Nasdaq Global Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biopharmaceutical companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Our principal stockholders, directors and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Based on information available to us as of December 31, 2021 our executive officers, directors, 5% stockholders and their affiliates beneficially owned, as a group, approximately 70% of our voting stock.

Therefore, our officers, directors and 5% stockholders and their affiliates will have the ability to influence us through this ownership position and so long as they continue to beneficially own a significant amount of our outstanding voting stock. These stockholders may be able to determine all matters requiring stockholder approval and this concentration of ownership may deprive other stockholders from realizing the true value of our common stock. For example, these stockholders, acting together, may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may

prevent or discourage unsolicited acquisition proposals, offers for our common stock or other transactions or arrangements that you may believe are in your best interest as one of our stockholders.

Raising additional funds through debt or equity financing may be dilutive or restrict our operations and raising funds through licensing may require us to relinquish rights to our technology or product candidates.

To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of those securities could result in substantial dilution for our current stockholders and the terms may include liquidation or other preferences that adversely affect the rights of our current stockholders. Existing stockholders may not agree with our financing plans or the terms of such financings. If we are unable to obtain additional funding on required timelines, we may be required to:

1. seek collaborators for one or more of our product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available;

2. relinquish or license on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves; or

3. significantly curtail one or more of our research or development programs or cease operations altogether. Additional funding may not be available to us on acceptable terms, or at all.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our stockholders may experience substantial dilution. We may sell common stock, convertible securities, or other equity securities in one or more transactions at prices and in a manner, we determine from time to time. These sales may also result in material dilution to our existing stockholders, and new investors could gain rights superior to our existing stockholders.

Pursuant to our 2013 equity incentive plan (2013 plan), subject to board approval, our management is authorized to grant stock options and other equity-based awards to our employees, directors and consultants. The number of shares available for future grant under the 2013 plan will automatically increase each year until 2023 by 4% of all shares of our capital stock outstanding as of December 31 of the prior calendar year, subject to the ability of our Board of Directors to take action to reduce the size of the increase in any given year. As of December 31, 2021, we had options to purchase 8,676,329 shares outstanding under our equity compensation plans. In addition, we are also authorized to grant equity awards, including stock options, to our employees, directors, and consultants, covering up to 13,122,238 shares of our common stock, pursuant to our equity compensation plans. We plan to register the number of shares available for issuance or subject to outstanding awards under our equity compensation plans. If our Board of Directors elects to increase the number of shares available for future grant by the maximum amount each year, our stockholders may experience additional dilution, which could cause our stock price to fall.

If our internal control over financial reporting is not effective, we may not be able to accurately report our financial results or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports in a timely manner. If we fail to adequately staff our accounting and finance function to address the additional demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act of 2002, or fail to maintain adequate internal control over financial reporting, it could prevent our management from concluding our internal control over financial reporting is effective and impair our ability to prevent material misstatements in our financial statements, which could cause our business to suffer.

As a large accelerated filer, we are subject to additional internal control requirements of the Sarbanes-Oxley Act of 2002.

Sales of a substantial number of shares of our common stock by our existing stockholders in the public market could cause our stock price to fall.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. In addition, a substantial number of shares of common stock are subject to outstanding options that are or will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules. If these additional shares of common stock are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could decline.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

Our net operating loss (NOL) carryforwards generated in tax years ending on or prior to December 31, 2017, are only permitted to be carried forward for 20 years under applicable U.S. tax law. Under the Tax Cuts and Jobs Act of 2017 (TCJA), our federal NOLs generated in tax years ending after December 31, 2017, may be carried forward indefinitely, but the deductibility of such federal NOLs generated in tax years beginning after December 31, 2021, is limited. It is uncertain if and to what extent various states will conform to the TCJA. In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation's ability to use its pre-change NOL carryforwards and other pre-change U.S. tax attributes (such as research tax credits) to offset its post-change income or taxes may be limited. It is also possible that we have in the past undergone, and in the future may undergo, ownership changes that could result in additional limitations on our net operating loss and tax credit carryforwards.

As a result, our pre-2018 NOL carryforwards may expire prior to being used. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, if we earn net taxable income, we may be unable to use all or a material portion of our NOLs and other tax attributes, which could potentially result in increased future tax liability to us and adversely affect our future cash flows.

New federal and state income tax legislation may affect our current and future income tax liabilities

The TCJA changed the income tax treatment of research and development expenses which may result in additional federal and state tax liabilities. For tax years ended in December 31, 2022 and subsequent years, research and development costs must be capitalized and amortized over a period of years which could result in additional federal and state tax liabilities in 2022 and future years.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Provisions in our amended and restated certificate of incorporation and bylaws, as well as provisions of Delaware law, could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders or remove our current management.

Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders and may prevent attempts by our stockholders to replace or remove our current management. These provisions include:

- authorizing the issuance of "blank check" preferred stock, the terms of which may be established and shares of which may be issued without stockholder approval;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders;
- eliminating the ability of stockholders to call a special meeting of stockholders; and
- establishing advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with an interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder, unless such transactions are approved by our Board of Directors. This provision could have the effect of delaying or preventing a change of control, whether or not it is desired by or beneficial to our stockholders. Further, other provisions of Delaware law may also discourage, delay, or prevent someone from acquiring us or merging with us. Any provision of our certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

Requirements associated with being a public reporting company will continue to increase our costs significantly, as well as divert significant company resources and management attention.

We have been subject to the reporting requirements of the Exchange Act and the other rules and regulations of the Securities and Exchange Commission (SEC) since December 2013. Effective for the year-ended December 31, 2016, we became a large accelerated filer and are subject to additional internal control and SEC reporting obligations. Compliance with the various reporting and other requirements applicable to public reporting companies requires considerable time, attention of management, and financial resources.

Further, the listing requirements of The Nasdaq Global Market require that we satisfy certain corporate governance requirements relating to director independence, distributing annual and interim reports, stockholder meetings, approvals, and voting, soliciting proxies, conflicts of interest and a code of conduct. Our management and other personnel need to devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations increase our legal and financial compliance costs and also make some activities more time-consuming and costly. These reporting requirements, rules, and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors or board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

In addition, being a public company could make it more difficult or more costly for us to obtain certain types of insurance, including directors' and officers' liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our Board committees, or as executive officers.

Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all.

Risks Related to Our Intellectual Property

If we are unable to obtain, maintain and enforce intellectual property protection covering our products, others may be able to make, use or sell products substantially the same as ours, which could adversely affect our ability to compete in the market.

Our commercial success depends, in part, on our ability to obtain, maintain and enforce patents, trade secrets, trademarks and other intellectual property rights and to operate without having third parties infringe, misappropriate or circumvent the rights that we own or license. The value of many of our partnered licensing arrangements is based on the underlying intellectual property and related patents. If we are unable to obtain, maintain and enforce intellectual property protection covering our products or underlying technologies, others may be able to make, use or sell products that are substantially the same as ours without incurring the sizeable development and licensing costs that we have incurred, which would adversely affect our ability to compete in the market. As of December 31, 2021, we held over 1,300 issued patents and pending patent applications. We file patent applications in the United States, Canada, Japan, Europe and other major markets either directly or via the Patent Cooperation Treaty. Our ability to stop third parties from making, using, selling, offering to sell or importing our product candidates is dependent upon the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. However, the patent positions of biopharmaceutical companies, including ours, can be highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. No consistent policy regarding the breadth of claims allowed in patents in these fields has emerged to date in the United States. The U.S. patent laws have recently changed, there have been changes regarding how patent laws are interpreted, and the U.S. Patent and Trademark Office (the PTO) has also implemented changes to the patent system. Some of these changes are currently being litigated, and we cannot accurately determine the outcome of any such proceedings or predict future changes in the interpretation of patent laws or changes to patent laws which might be enacted into law. Those changes may materially affect our patents, our ability to obtain patents or the patents and applications of our collaborators and licensors. The patent situation in the biopharmaceutical industry outside the United States is even more uncertain. Therefore, there is no assurance that our pending patent applications will result in the issuance of patents or that we will develop additional proprietary products which are patentable. Moreover, patents issued or to be issued to us may not provide us with any competitive advantage. Our patent position is subject to numerous additional risks, including the following:

1. we may fail to seek patent protection for inventions that are important to our success;
2. our pending patent applications may not result in issued patents;
3. we cannot be certain that we are the first to invent the inventions covered by pending patent applications or that we were the first to file such applications and, if we are not, we may be subject to priority disputes;
4. we may be required to disclaim part or all of the term of certain patents or all of the term of certain patent applications;
5. we may file patent applications but have claims restricted or we may not be able to supply sufficient data to support our claims and, as a result, may not obtain the original claims desired or we may receive restricted claims. Alternatively, it is possible that we may not receive any patent protection from an application;
6. we could inadvertently abandon a patent or patent application, resulting in the loss of protection of certain intellectual property rights in a certain country. We, our collaborators or, our patent counsel may take action resulting in a patent or patent application becoming abandoned which may not be able to be reinstated or if reinstated, may suffer patent term adjustments;
7. the claims of our issued patents or patent applications when issued may not cover our product candidates;
8. no assurance can be given that our patents would be declared by a court to be valid or enforceable or that a competitor’s technology or product would be found by a court to infringe our patents. Our patents or patent applications may be challenged by third parties in patent litigation or in proceedings before the PTO or its foreign counterparts, and may ultimately be declared invalid or unenforceable, or narrowed in scope;

9. there may be prior art of which we are not aware that may affect the validity or enforceability of a patent claim. There also may be prior art of which we are aware, but which we do not believe affects the validity or enforceability of a claim, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim;
10. third parties may develop products which have the same or similar effect as our products without infringing our patents. Such third parties may also intentionally circumvent our patents by means of alternate designs or processes or file applications or be granted patents that would block or hurt our efforts;
11. there may be dominating patents relevant to our product candidates of which we are not aware;
12. our patent counsel, lawyers or advisors may have given us, or may in the future give us incorrect advice or counsel. Opinions from such patent counsel or lawyers may not be correct or may be based on incomplete facts;
13. obtaining regulatory approval for biopharmaceutical products is a lengthy and complex process, and as a result, any patents covering our product candidates may expire before, or shortly after such product candidates are approved and commercialized;
14. the patent and patent enforcement laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in foreign jurisdictions. If we encounter such difficulties or we are otherwise precluded from effectively protecting our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed; and
15. we may not develop additional proprietary technologies that are patentable.

Any of these factors could hurt our ability to gain full patent protection for our products. Registered trademarks and trademark applications in the United States and other countries are subject to similar risks as described above for patents and patent applications, in addition to the risks described below.

Many of our product development partnership agreements are complex and may call for licensing or cross-licensing of potentially blocking patents, know-how or intellectual property. Due to the potential overlap of data, know-how and intellectual property rights there can be no assurance that one of our collaborators will not dispute our right to use, license or distribute data, know-how or other intellectual property rights, and this may potentially lead to disputes, liability or termination of a program. There are no assurances that our actions or the actions of our collaborators would not lead to disputes or cause us to default with other collaborators. For example, we may become involved in disputes with our collaborators relating to the ownership of intellectual property developed in the course of the partnership. We also cannot be certain that a collaborator will not challenge the validity or enforceability of the patents we license.

We cannot be certain that any country’s patent and/or trademark office will not implement new rules which could seriously affect how we draft, file, prosecute and/or maintain patents, trademarks and patent and trademark applications. We cannot be certain that increasing costs for drafting, filing, prosecuting and maintaining patents, trademarks and patent and trademark applications will not restrict our ability to file for patent protection. For example, we may elect not to seek patent protection in certain jurisdictions or for certain inventions in order to save costs. We may be forced to abandon or return the rights to specific patents due to a lack of financial resources.

We intend to file applications for trademark registrations in connection with our product candidates in various jurisdictions, including the United States. No assurance can be given that any of our trademark applications will be registered in the United States or elsewhere, or that the use of any registered or unregistered trademarks will confer a competitive advantage in the marketplace. Furthermore, even if we are successful in our trademark registrations, the FDA and regulatory authorities in other countries have their own process for drug nomenclature and their own views concerning appropriate proprietary names. No assurance can be given that the FDA or any other regulatory authority will approve of any of our trademarks or will not request reconsideration of one of our trademarks at some time in the future. The loss, abandonment, or cancellation of any of our trademarks or trademark applications could negatively affect the success of the product candidates to which they relate.

We have in-licensed, and may in the future in-license, a portion of our intellectual property, and, if we fail to comply with our obligations under these arrangements, we could lose such intellectual property rights or owe damages to the licensor of such intellectual property.

We currently rely, and may in the future rely, on certain intellectual property rights licensed from third parties to protect our technology and certain product candidates, and we may enter into additional license agreements in the future. As part of our discovery and development activities, we routinely evaluate in-licenses from academic and research institutions. We have sublicensed certain intellectual property rights related to our CD3 bispecific technology from a third party, and we have licensed certain intellectual property rights from a third party related to our tidutamab product candidate. We also license certain rights to the underlying cell lines for all our product candidates from third parties. Under these licenses, we have no right to control patent prosecution of the intellectual property or to enforce the patents, and as such the licensed rights may not be adequately maintained by the licensors. The termination of these or other licenses could also prevent us from commercializing product candidates covered by the licensed intellectual property.

Our existing license agreements impose, and we expect that future license agreements will impose, various diligence, milestone payment, royalty and other obligations on us. If there is any conflict, dispute, disagreement or issue of non-performance between us and our licensing partners regarding our rights or obligations under the license agreements, including any such conflict, dispute or disagreement arising from our failure to satisfy payment obligations under any such agreement, we may owe damages, our licensor may have a right to terminate the affected license, and our and our partners' ability to utilize the affected intellectual property in our drug discovery and development efforts, and our ability to enter into collaboration or marketing agreements for an affected product or therapeutic candidate, may be adversely affected.

We may be required to reduce the scope of our intellectual property due to third-party intellectual property claims.

Our competitors may have filed, and may in the future file, patent applications covering technology similar to ours. Any such patent application may have priority over our patent applications, which could further require us to obtain rights to issued patents covering such technologies. If another party has filed a U.S. patent application on inventions similar to ours that claims priority to an application filed prior to March 16, 2013, we may have to participate in an interference proceeding declared by the PTO to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful if, unbeknownst to us, the other party had independently arrived at the same or similar invention prior to our own invention, resulting in a loss of our U.S. patent position with respect to such inventions. In addition, changes enacted on March 15, 2013 to the U.S. patent laws under the America Invents Act resulted in the United States changing from a “first to invent” country to a “first to file” country. As a result, we may lose the ability to obtain a patent if a third-party files with the PTO first and could become involved in proceedings before the PTO to resolve disputes related to inventorship. We may also become involved in similar proceedings in other jurisdictions.

Furthermore, changes in U.S. patent law under the America Invents Act allows for post-issuance challenges to U.S. patents, including ex parte reexaminations, inter parte reviews and post-grant review. There is significant uncertainty as to how the new laws will be applied and if our U.S. patents are challenged using such procedures, we may not prevail, possibly resulting in altered or diminished claim scope or loss of patent rights altogether. Similarly, some countries, notably members of the European Union, also have post grant opposition proceedings that can result in changes in scope and/or cancellation of patent claims.

Our products could infringe patents and other property rights of others, which may result in costly litigation and, if we are not successful, could cause us to pay substantial damages or limit our ability to commercialize our products, which could have a material adverse effect on our business.

Our commercial success depends upon our ability, and the ability of our collaborators, to develop, manufacture, market and sell our product candidates and use our proprietary technologies without infringing the patents and other proprietary rights of third parties. There is considerable intellectual property litigation in the biotechnology and pharmaceutical industries. For example, we are aware of issued patents owned by Merus B.V. (Merus) that may relate to

and claim components of our bispecific antibody product candidates and partnered bispecific product candidates, including plamotamab, tidutamab, vudalimab, XmAb104, XmAb841, and XmAb819 will putatively expire in 2033. We are additionally aware of several patents and pending applications directed to the use of IL-15 fused with Fc domains, and in some cases in combination with targeting domains, that might be relevant to XmAb306, with putative expirations ranging from 2025 to later than 2032. It is possible that these terms could be extended, for example, as a result of patent term restoration to compensate for regulatory delays. While we believe that our current development of these candidates currently falls into the "safe harbor" of non-infringement under 35 U.S.C. §271(e)(1), this protection terminates upon commercialization. In addition, there can be no assurance that our interpretation of this statutory exemption would be upheld. We believe there exists reasonable arguments of invalidity for the Merus patents and the IL-15 patents; however, we cannot assure that if challenged in litigation for infringement of these patents that we would prevail. In order to successfully challenge the validity of any issued U.S. patent, we would need to overcome a presumption of validity. This burden is a high one requiring us to present clear and convincing evidence as to the invalidity of such claims. There is no assurance that a court would find these claims to be invalid or not infringed.

In addition, as the biopharmaceutical industry expands and more patents are issued, the risk increases that there may be patents issued to third parties that relate to our products and technology of which we are not aware or that we must challenge to continue our operations as currently contemplated. Our products may infringe or may be alleged to infringe these patents. Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patents that may cover our technologies, our product candidates or their use. Additionally, pending patent applications which have been published can, subject to certain limitations, be later amended in a manner that could cover our technologies, our products or the use of our products. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our products and technology. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future.

If we are sued for patent infringement, we would need to demonstrate that our products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be able to do this. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and divert management's time and attention in pursuing these proceedings, which could have a material adverse effect on us.

Any such claims are likely to be expensive to defend, and some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources.

If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue developing and marketing our products and technology. We may also elect to enter into such a license in order to settle litigation or in order to resolve disputes prior to litigation. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us and could require us to make substantial royalty payments. We could also be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business.

If we are not able to prevent disclosure of our trade secrets and other proprietary information, the value of our technology and products could be significantly diminished.

We rely on trade secret protection to protect our interests in proprietary know-how and in processes for which patents are difficult to obtain or enforce. We may not be able to protect our trade secrets adequately. We have a policy of

requiring our consultants, advisors, and collaborators to enter into confidentiality agreements and our employees to enter into invention, non-disclosure and non-compete agreements. However, no assurance can be given that we have entered into appropriate agreements with all parties that have had access to our trade secrets, know-how or other proprietary information. There is also no assurance that such agreements will provide for a meaningful protection of our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of information. Furthermore, we cannot provide assurance that any of our employees, consultants, contract personnel, or collaborators, either accidentally or through willful misconduct, will not cause serious damage to our programs and/or our strategy, for example by disclosing important trade secrets, know-how or proprietary information to our competitors. It is also possible that our trade secrets, know-how or other proprietary information could be obtained by third parties as a result of breaches of our physical or electronic security systems. Any disclosure of confidential data into the public domain or to third parties could allow our competitors to learn our trade secrets and use the information in competition against us. In addition, others may independently discover our trade secrets and proprietary information. Any action to enforce our rights is likely to be time consuming and expensive, and may ultimately be unsuccessful, or may result in a remedy that is not commercially valuable. These risks are accentuated in foreign countries where laws or law enforcement practices may not protect proprietary rights as fully as in the United States or Europe. Any unauthorized disclosure of our trade secrets or proprietary information could harm our competitive position.

If we do not obtain patent term extension and data exclusivity for any therapeutic candidates we develop, our business may be materially harmed.

Depending upon the timing, duration, and specifics of any FDA marketing approval of any therapeutic candidates we may develop, one or more of our owned or licensed U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. However, we may not be granted an extension in the United States and/or foreign countries and territories because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request or we fail to choose the most optimal patents to extend, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations and prospects could be materially harmed.

Risks Related to Our Dependence on Third Parties

Our patent protection and prosecution for some of our product candidates is dependent on third parties.

While we normally seek and gain the right to fully prosecute the patents relating to our product candidates, there may be times when patents relating to our product candidates are controlled by our licensors.

We rely on third-party manufacturers for the manufacture of our XmAb-engineered antibodies. This entails a complex process and manufacturers often encounter difficulties in production. If we, or any of our third-party manufacturers, encounter any loss of our master cell banks or if any of our third-party manufacturers otherwise fail to comply with their contractual obligations, the development or commercialization of our product candidates could be delayed or stopped.

The manufacture of biopharmaceutical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We and our contract manufacturers must comply with cGMP regulations and guidelines. Manufacturers of biopharmaceutical products often encounter difficulties in production, particularly in scaling up and validating initial production and contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Furthermore, if microbial, viral or other contaminations are discovered in our products or

in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

All of our XmAb engineered antibodies are manufactured by starting with cells which are stored in a cell bank. We have one master cell bank for each antibody manufactured in accordance with cGMP and multiple working cell banks and believe we would have adequate backup should any cell bank be lost in a catastrophic event. However, it is possible that we could lose multiple cell banks and have our manufacturing severely impacted by the need to replace the cell banks.

We cannot assure you that any stability or other issues relating to the manufacture of any of our product candidates or products will not occur in the future. Additionally, our manufacturer may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide any product candidates to patients in clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates or products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could materially adversely affect our business and delay or impede the development and commercialization of any of our product candidates or products and could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our existing partnerships are important to our business, and future partnerships may also be important to us. If we are unable to maintain any of these partnerships, or if these partnerships are not successful, our business could be adversely affected.

Because developing biologics products, conducting clinical trials, obtaining regulatory approval, establishing manufacturing capabilities and marketing approved products are expensive, we have entered into partnerships, and may seek to enter into additional partnerships, with companies that have more resources and experience than us, and we may become dependent upon the establishment and successful implementation of partnership agreements.

Our partnership and license agreements include those we have announced with Janssen, Genentech, Vir, Amgen, MorphoSys, Alexion and others. These partnerships and license agreements also have provided us with important funding for our development programs, and we expect to receive additional funding under these partnerships in the future. Our existing partnerships, and any future partnerships we enter into, may pose a number of risks, including the following:

1. collaborators have significant discretion in determining the efforts and resources that they will apply to these partnerships. For example, in 2021, Novartis notified us of its decision to return the rights to vibecotamab to us under the terms of the Novartis Agreement, and in 2020, Amgen notified us of its decision to return the rights to AMG 424 to us under the terms of the Amgen Agreement;
2. our Janssen Agreement provides for cost-sharing on development costs for the bispecific antibody candidate, plamotamab. Such an arrangement may require us to incur substantial costs in excess of our available resources;
3. our Genentech Agreement requires that we fund 45% of worldwide development costs of XmAb306 and other IL-15 candidates. Such an arrangement may require us to incur substantial costs in excess of available resources;

4. collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
5. collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
6. collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
7. a collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
8. disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
9. while we have generally retained the right to maintain and defend our intellectual property under our agreements with collaborators, certain collaborators may not properly maintain or defend certain of our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information;
10. collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
11. collaborators may learn about our technology and use this knowledge to compete with us in the future;
12. results of collaborators' preclinical or clinical studies could produce results that harm or impair other products using our XmAb technology platform;
13. there may be conflicts between different collaborators that could negatively affect those partnerships and potentially others; and
14. the number and type of our partnerships could adversely affect our attractiveness to future collaborators or acquirers.

If our partnerships and license agreements do not result in the successful development and commercialization of products or if one of our collaborators terminates its agreement with us, we may not receive any future research and development funding or milestone or royalty payments under the arrangement. If we do not receive the funding we expect under these arrangements, our continued development of our product candidates could be delayed, and we may need additional resources to develop additional product candidates. All of the risks described in these risk factors relating to product development, regulatory approval and commercialization described in this Annual Report also apply to the activities of our collaborators and there can be no assurance that our partnerships and license agreements will produce positive results or successful products on a timely basis or at all.

Our partnership agreements generally grant our collaborators exclusive rights under certain of our intellectual property and may therefore preclude us from entering into partnerships with others relating to the same or similar compounds, indications or diseases. In addition, partnership agreements may place restrictions or additional obligations on our ability to license additional compounds in different indications, diseases or geographical locations. If we fail to comply with or breach any provision of a partnership agreement, a collaborator may have the right to terminate, in whole or in part, such agreement or to seek damages. Many of our collaborators also have the right to terminate the partnership

agreement for convenience. If a partnership agreement is terminated, in whole or in part, we may be unable to continue the development and commercialization of the applicable product candidates, and even if we are able to do so, such efforts may be delayed and result in additional costs.

There is no assurance that a collaborator who is acquired by a third party would not attempt to change certain contract provisions that could negatively affect our partnership. The acquiring company may also not accept the terms or assignment of our contracts and may seek to terminate the agreements. Any one of our partners could breach covenants, restrictions and/or sub-license agreement provisions leading us into disputes and potential breaches of our agreements with other partners.

We may in the future determine to partner with additional pharmaceutical and biotechnology companies for development and potential commercialization of therapeutic products. We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a partnership will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed partnership and the proposed collaborator's evaluation of a number of factors. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into partnerships and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our product candidates or bring them to market or continue to develop our product platform and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We rely upon third-party contractors, and service providers for the execution of most aspects of our development programs. Failure of these collaborators to provide services of a suitable quality and within acceptable timeframes may cause the delay or failure of our development programs.

We outsource manufacturing, certain functions, testing and services to CROs, medical institutions and collaborators, and we rely on third parties for quality assurance, clinical monitoring, clinical data management and regulatory expertise. We also have engaged, and may in the future engage, a CRO to run all aspects of a clinical trial on our behalf. There is no assurance that such individuals or organizations will be able to provide the functions, tests, biologic supply or services as agreed upon or in a quality fashion and we could suffer significant delays in the development of our products or processes.

In some cases, there may be only one or few providers of such services, including clinical data management or manufacturing services. In addition, the cost of such services could be significantly increased over time. We rely on third parties and collaborators as mentioned above to enroll qualified patients and conduct, supervise and monitor our clinical trials. Our reliance on these third parties and collaborators for clinical development activities reduces our control over these activities. Our reliance on these parties, however, does not relieve us of our regulatory responsibilities, including ensuring that our clinical trials are conducted in accordance with GCP regulations and the investigational plan and protocols contained in the regulatory agency applications. In addition, these third parties may not complete activities on schedule or may not manufacture under GMP conditions. Preclinical or clinical studies may not be performed or completed in accordance with Good Laboratory Practices (GLP) regulatory requirements or our trial design. If these third parties or collaborators do not successfully carry out their contractual duties or meet expected deadlines, obtaining regulatory approval for manufacturing and commercialization of our product candidates may be delayed or prevented. We rely substantially on third-party data managers for our clinical trial data. There is no assurance that these third parties will not make errors in the design, management or retention of our data or data systems. There is no assurance these third parties will pass FDA or regulatory audits, which could delay or prohibit regulatory approval.

We rely on third parties to manufacture supplies of our preclinical and clinical product candidates. The development of such candidates could be stopped or delayed if any such third party fails to provide us with sufficient quantities of product or fails to do so at acceptable quality levels or prices or fails to maintain or achieve satisfactory regulatory compliance.

We do not currently have nor do we plan to acquire the infrastructure or capability internally to manufacture our clinical drug supplies for use in the conduct of our clinical trials, and we lack the resources and the capability to

manufacture any clinical candidates on a clinical scale. Instead, we rely on our third-party manufacturing partners to manufacture our clinical drug supply. Any of our contract manufacturers may not perform as agreed, may be unable to comply with cGMP requirements and with FDA, state and foreign regulatory requirements or may terminate their respective agreements with us.

In addition, manufacturers are subject to ongoing periodic unannounced inspection by the FDA and other governmental authorities to ensure strict compliance with government regulations. We do not control the manufacturing processes of our third-party manufacturing partners, which include, among other things, quality control, quality assurance and the maintenance of records and documentation. If we were to experience an unexpected loss of supply, we could experience delays in our planned clinical trials as our third-party manufacturing partner would need to manufacture additional clinical drug supply and would need sufficient lead time to schedule a manufacturing slot. While there are other potential suppliers of clinical supplies of our biologics, the long transition periods necessary to switch manufacturers for any of our clinical drug supply would significantly delay our clinical trials and the commercialization of such products, if approved.

Risks Related to Our Industry

Clinical trials are expensive and take years to conduct and the outcome of such clinical trials is uncertain. Clinical trials may fail to prove our product candidates are safe and effective. This could lead to delays, downsizing or termination of clinical development plans for any our product candidates.

Each product candidate must receive regulatory approval and therefore must undergo rigorous and extensive preclinical studies and clinical trials to demonstrate safety and efficacy in patients. Clinical trials at any stage in development may fail to demonstrate the safety, efficacy or pharmacologic properties needed to be a viable product candidate in patients. Early clinical trials may fail to demonstrate the safety and pharmacokinetic characteristics needed to invest in larger later stage clinical studies. Later clinical studies that are larger may not demonstrate the desired safety and efficacy profile needed to be of benefit to patients. Additionally, regulatory authorities may determine that the data provided is not sufficient to grant marketing approval for our product candidates and may request additional data including additional clinical trials or reject product approval.

Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials, abandon product candidates, limit the commercial profile of an approved label, or result in significant negative consequences following marketing approval, if any.

Conducting early clinical trials is complex and the outcomes are uncertain. Preclinical studies are performed to help inform human clinical trials, but human and animal studies are not comparable. Expected or unexpected undesirable side effects caused by our product candidates could result in the delay, suspension or termination of clinical trials by us, our collaborators, the FDA or other regulatory authorities for a number of reasons. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenues from any of these product candidates will be delayed or eliminated. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product candidate at issue. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. In addition, some of our competitors have ongoing clinical trials for product candidates that treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates.

Our inability to enroll a sufficient number of patients for any of our clinical trials could result in significant delays and could require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates and in delays to commercially launching our product candidates, if approved, which would cause the value of our company to decline and limit our ability to obtain additional financing.

Our industry is subject to competition for skilled personnel and the challenges we face to identify and retain key personnel could impair our ability to effectively conduct and grow our operations.

Attracting and retaining the highly qualified management, scientific and medical personnel necessary for us to successfully implement our business strategy is extremely competitive in the biotechnology industry. Our industry is experiencing an increasing rate of competition in hiring and retaining employees and in turnover of management personnel. We depend heavily on our current management team, whose services are critical to the successful implementation of our product candidate development and regulatory strategies. In order to induce valuable employees to continue their employment with us, we have provided equity incentives that vest over time. The value to employees of this equity is significantly affected by movements in our stock price that are beyond our control and may at any time be insufficient to counteract more lucrative offers from other companies.

Despite our efforts to retain valuable employees, members of our management team may terminate their employment with us at any time, with or without notice. Further, we do not maintain “key person” insurance for any of our executives or other employees. The loss of the services of any of our executive officers and our inability to find suitable replacements could harm our business, financial condition, prospects and ability to achieve the successful development or commercialization of our product candidates. Our success also depends on our ability to continue to attract, retain and motivate highly skilled scientific and medical personnel at all levels.

Since 2016 we have been increasing the number of our employees and expanding the scope of our operations with a goal of advancing multiple clinical candidates into development. The increase in our number of employees places a significant strain on our management, operations, and financial resources, and we may have difficulty managing this growth. As we continue to grow our operations and advance our clinical programs into later stages of development, it will require us to recruit and retain employees with additional knowledge and skill sets and no assurance can be provided that we will be able to attract employees with the necessary skill set to assist in our growth. Many of the other biotechnology and pharmaceutical companies and academic institutions that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. We also may employ consultants or part-time and contract employees. There can be no assurance that these individuals are retainable. While we have been able to attract and retain skilled and experienced personnel and consultants in the past, no assurance can be given that we will be able to do so in the future.

The development and commercialization of biologic products is subject to extensive regulation, and we may not obtain regulatory approvals for any of our product candidates.

The clinical development, manufacturing, labeling, packaging, storage, recordkeeping, advertising, promotion, export, import, marketing and distribution and other possible activities relating to our current lead antibody product candidates, as well as any other antibody product candidate that we may develop in the future, are subject to extensive regulation in the United States and outside the US as biologics.

If we experience delays in obtaining approval, or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenues will be materially impaired which would adversely affect our business, prospects, financial condition and results of operations.

We face significant competition from other biotechnology and pharmaceutical companies and our operating results will suffer if we fail to compete effectively.

The biotechnology and pharmaceutical industries are intensely competitive. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies,

universities and other research institutions. Many of our competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations and well-established sales forces. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing on an exclusive basis, drug products that are more effective or less costly than any product candidate that we are currently developing or that we may develop.

Competition in autoimmune disease and cancer drug development is intense, with hundreds of compounds in clinical trials by large multinational pharmaceutical companies. In addition, many currently marketed drugs are undergoing clinical testing in new indications in order to expand their use to new patient populations. Other companies, including many large international companies, are developing bispecific antibody technologies and checkpoint inhibitors. This includes products in preclinical and clinical development. Some of these agents have received marketing approval, and companies continue to conduct clinical trials to expand their currently approved indications. Alternative technologies, such as standard chemotherapy, cellular therapies and cancer vaccines, may also compete with our products for patients to conduct clinical trials and future potential market share.

Our ability to compete successfully will depend largely on our ability to leverage our experience in drug discovery and development to:

1. discover and develop products that are superior to other products in the market;
2. attract qualified scientific, product development and commercial personnel;
3. obtain and maintain patent and/or other proprietary protection for our products and technologies;
4. obtain required regulatory approvals; and
5. successfully collaborate with pharmaceutical companies in the discovery, development and commercialization of new products.

Established biopharmaceutical companies may invest heavily to accelerate discovery and development of products that could make our product candidates less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety in order to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, receiving FDA approval or discovering, developing and commercializing medicines before we do, which would have a material adverse impact on our business. We will not be able to successfully commercialize our product candidates without establishing sales and marketing capabilities internally or through collaborators.

Our current and future relationships with healthcare professionals, principal investigators, consultants, customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, physician payment transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to penalties.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors may require us to comply with broadly applicable fraud and abuse and other healthcare laws, including, without limitation, the federal Anti-Kickback Statute and the federal civil False Claims Act, that may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to physician payment transparency laws and patient privacy and security regulation by the federal government and by the states and foreign jurisdictions in which we conduct our business.

Efforts to ensure that our future business arrangements with third parties will comply with applicable healthcare laws and regulations may involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and

abuse or other healthcare laws. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, disgorgement, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, additional reporting requirements and/or oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and the curtailment or restructuring of our operations, as well as reputational harm, which could significantly harm our business.

Present and future legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives. Healthcare reform measures, if approved, may result in more rigorous coverage criteria and lower reimbursement, and in additional downward pressure on the price that may be charged for any of our product candidates.

Even if we are able to commercialize any product candidates, our product candidates may be subject to unfavorable pricing regulations, third-party coverage and reimbursement policies or healthcare reform initiatives.

Our ability to commercialize any product candidates successfully will depend, in part, on the extent to which coverage and adequate reimbursement for our product candidates will be available from government payor programs at the federal and state levels, including Medicare and Medicaid, private health insurers, managed care plans and other third-party payors. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, we may not be able to successfully commercialize any product candidates for which marketing approval is obtained.

The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drugs and biological products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a product before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues able to be generated from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if our product candidates obtain marketing approval.

There can be no assurance that our product candidates, if they are approved for sale in the United States or in other countries, will be considered medically reasonable and necessary for a specific indication, that they will be considered cost-effective by third-party payors, that coverage or an adequate level of reimbursement will be available, or that third-party payors' reimbursement policies will not adversely affect our ability to sell our product candidates profitably if they are approved for sale.

Our business involves the controlled use of hazardous materials and as such we are subject to environmental and occupational safety laws. Continued compliance with these laws may incur substantial costs and failure to maintain compliance could result in liability for damages that may exceed our resources.

Our research, manufacturing and development processes, and those of our third-party contractors and partners, involve the controlled use of hazardous materials. We and our manufacturers are subject to federal, state and local laws and regulations governing the use, manufacture, storage, handling and disposal of such materials and certain waste products. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. The risk of accidental contamination or injury from

these materials cannot be completely eliminated. In the event of such an accident, we could be held liable for any damages that result, and any such liability could exceed our resources. We are not insured against this type of liability. We may be required to incur significant costs to comply with environmental laws and regulations in the future, and our operations, business or assets may be materially adversely affected by current or future environmental laws or regulations or any liability thereunder.

We may become subject to the risk of product liability claims.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we or our partners commercialize any products. Human therapeutic products involve the risk of product liability claims and associated adverse publicity. Currently, the principal risks we face relate to patients in our clinical trials, who may suffer unintended consequences. Claims might be made by patients, healthcare providers or pharmaceutical companies or others. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates, if approved. Even successful defense would require significant financial and management resources.

General Risk Factors

Our intellectual property may be infringed upon by a third party.

Third parties may infringe one or more of our issued patents or trademarks. We cannot predict if, when or where a third party may infringe one or more of our issued patents or trademarks. To counter infringement, we may be required to file infringement claims, which can be expensive and time consuming. There is no assurance that we would be successful in a court of law in proving that a third party is infringing one or more of our issued patents or trademarks. Any claims we assert against perceived infringers could also provoke these parties to assert counterclaims against us, alleging that we infringe their intellectual property. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly and/or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question, any of which may adversely affect our business. Even if we are successful in proving in a court of law that a third party is infringing one or more of our issued patents or trademarks there can be no assurance that we would be successful in halting their infringing activities, for example, through a permanent injunction, or that we would be fully or even partially financially compensated for any harm to our business. We may be forced to enter into a license or other agreement with the infringing third party at terms less profitable or otherwise commercially acceptable to us than if the license or agreement were negotiated under conditions between those of a willing licensee and a willing licensor. We may not become aware of a third-party infringer within legal timeframes for compensation or at all, thereby possibly losing the ability to be compensated for any harm to our business. Such a third party may be operating in a foreign country where the infringer is difficult to locate and/or the intellectual property laws may be more difficult to enforce. Some third-party infringers may be able to sustain the costs of complex infringement litigation more effectively than we can because they have substantially greater resources. Any inability to stop third-party infringement could result in loss in market share of some of our products or even lead to a delay, reduction and/or inhibition of the development, manufacture or, sale of certain products by us. There is no assurance that a product produced and sold by a third-party infringer would meet our or other regulatory standards or would be safe for use. Such third-party infringer products could irreparably harm the reputation of our products thereby resulting in substantial loss in market share and profits.

We may not have or be able to obtain or maintain sufficient and affordable insurance coverage to cover product liability claims, and without sufficient coverage any claim brought against us could have a materially adverse effect on our business, financial condition or results of operations. We run clinical trials through investigators that could be negligent through no fault of our own and which could affect patients, cause potential liability claims against us and result in delayed or stopped clinical trials. We are required by contractual obligations to indemnify collaborators, partners, third-party contractors, clinical investigators, and institutions. These indemnifications could result in a material

impact due to product liability claims against us and/or these groups. We currently carry at least $10.0 million in product liability insurance, which we believe is appropriate for our current clinical trials. Although we maintain such insurance, any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. We may also need to expand our insurance coverage as our business grows or if any of our product candidates is commercialized. We may not be able to maintain or increase insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of our employees' former employers.

Many of our employees were previously employed at universities or other life sciences companies, including our competitors or potential competitors. Although no claims against us are currently pending, we or our employees may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. A loss of key research personnel work product could hamper or prevent our ability to commercialize certain potential products, which could severely harm our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Our business could be negatively impacted by cyber security threats and other disruptions, including the theft of our intellectual property, and could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

We are increasingly dependent on information technology systems and infrastructure, including mobile technologies, to operate our business. In the ordinary course of our business, we use our data centers and our networks to store and access confidential and proprietary business information. The information includes, among other things, our intellectual property and proprietary information, the confidential information of our collaborators and licensees and the personally identifiable information of our employees, and the individually identified health information of patients participating in our clinical trials. It is important to our operations and business strategy that this electronic information remains secure and is perceived to be secure. The size and complexity of our information technology systems, and those of our partners and third-party vendors with whom we contract together with the volume of data we retain, make such systems potentially vulnerable to breakdown, malicious intrusion, security breaches and other cyber-security attacks.

Information security risks have significantly increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. We face various cyber security threats, including cyber security attacks to our information technology infrastructure and attempts by others to gain access to our proprietary or sensitive information. A security breach or privacy violation that leads to disclosure or modification of or prevents access to personally identifiable information or other protected information could harm our reputation, compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, require us to verify the correctness of database contents and otherwise subject us to liability under laws and regulations that protect personal data, resulting in increased costs or loss of revenue. Similarly, the loss of clinical trial data from completed or ongoing or planned clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Moreover, a security breach that exposes our confidential intellectual property could compromise our patent portfolio. Additionally, theft of our intellectual property or proprietary business information could require substantial expenditures to remedy. If we are unable to prevent such security breaches or privacy violations or implement satisfactory remedial measures, our operations could be disrupted, and we may suffer loss of reputation, financial loss and other regulatory penalties because of lost or misappropriated information. In addition, these breaches and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. Moreover, the prevalent use of mobile devices that access

confidential information increases the risk of data security breaches, which could lead to the loss of confidential information, trade secrets or other intellectual property. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

The procedures and controls we use to monitor these threats and mitigate our exposure may not be sufficient to prevent cyber security incidents. The result of these incidents could have a material adverse effect on our business, financial condition and results of operations including disrupted operations, lost opportunities, misstated financial data, liability for stolen assets or information, increased costs arising from the implementation of additional security protective measures, litigation and reputational damage. Any remedial costs or other liabilities related to cyber security incidents may not be fully insured or indemnified by other means.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products, technologies and programs, and the diseases our product or product candidates are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend ourselves or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our product or product candidates. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Compliance with global privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally, and the failure to comply with such requirements could have a material adverse effect on our business, financial condition or results of operations.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of information worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. For example, the EU’s General Data Protection Regulation (GDPR), imposes strict obligations on the processing of personal data, including personal health data, and the free movement of such data. The GDPR applies to any company established in the EU as well as any company outside the EU that processes personal data in connection with the offering of goods or services to individuals in the EU or the monitoring of their behavior.

As such, the GDPR will apply to us in connection with any clinical trials we conduct in the EU. The GDPR enhances data protection obligations for processors and controllers of personal data, including, for example, obligations relating to: processing health and other sensitive data; obtaining consent of individuals; providing notice to individuals regarding data processing activities; responding to data subject requests; taking certain measures when engaging third-party processors; notifying data subjects and regulators of data breaches; implementing safeguards to protect the security and confidentiality of personal data; and transferring personal data to countries outside the EU, including the U.S. The GDPR imposes substantial fines for breaches of data protection requirements, which can be up to four percent of global revenue or 20 million euros, whichever is greater, and it also confers a private right of action on data subjects for breaches of data protection requirements. The GDPR and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data, such as healthcare data or other personal information from our clinical trials, could require us to change our business practices or lead to government enforcement actions, private litigation or significant penalties against us and could have a material adverse effect on our business, financial condition or results of operations.

Additionally, California recently enacted legislation that has been dubbed the first “GDPR-like” law in the U.S. Known as the California Consumer Privacy Act (CCPA), it creates new individual privacy rights for consumers (as that word is broadly defined in the law) and places increased privacy and security obligations on entities handling personal

data of consumers or households. The CCPA, which went into effect on January 1, 2020, requires covered companies to provide new disclosures to California consumers, and provides such consumers new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., which could increase our potential liability and adversely affect our business.

We may be vulnerable to disruption, damage and financial obligation as a result of system failures.

Despite the implementation of security measures, any of the internal computer systems belonging to us, our collaborators or our third-party service providers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own, in collaborators' or in third-party service vendors' operations could result in a material disruption of our drug discovery and development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our or our partners' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability as a result, our drug discovery programs and competitive position may be adversely affected and the further development of our product candidates may be delayed. Furthermore, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with manufacturing standards we have established, to comply with federal and state healthcare fraud and abuse laws and regulations, or to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a Code of Business Conduct and Ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal, and administrative sanctions, and our reputation.

In addition, during the course of our operations our directors, executives, and employees may have access to material, nonpublic information regarding our business, our results of operations, or potential transactions we are considering. We may not be able to prevent a director, executive, or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive, or employee was to be investigated or an action was to be brought against a director, executive, or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money, and divert attention of our management team from other tasks important to the success of our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal laboratory and administrative facilities are located in Monrovia, California, which is located in the greater Los Angeles region. We currently lease 48,000 square feet of laboratory and office space in Monrovia, California. The original lease was for 24,000 square feet under a lease that was set to expire in June 2020. In April and September 2020, we entered into amendments to the lease that extended the term under the original terms through October 2020. In November 2020, we entered into an amendment to the lease which extends the lease to December 2025.

In July 2017, under a separate lease agreement, we entered into a lease for an additional 24,000 square feet of space in the same building. The lease includes a 64-month term for the additional 24,000 square feet with an option to renew for an additional five years at then market rates. The lease terms for the original space were not amended. In June 2017, we entered into a lease for 23,500 of office space in San Diego. The lease term has a 61-month term beginning August 2017 and includes an option to renew for an additional five years.

In June 2021, the Company entered into an Agreement of Lease (the Halstead Lease) relating to 129,543 rentable square feet, for laboratory and office space, in Pasadena, California, where the Company intends to move its corporate headquarters in the second half of 2022. The term of the Halstead Lease will become effective in two phases. The first phase commences on August 1, 2022 and encompasses 83,083 square feet while the second phase commences no later than September 30, 2026 and encompasses an additional 46,460 square feet. The term of the Halstead Lease is 13 years from the first phase commencement date, August 1, 2022.

In June 2021, the Company entered into an 18-month lease for a 7,020-square-foot office space in Monrovia, California. The lease began on August 1, 2021 and includes options to renew.

We believe that our existing facilities and planned new corporate headquarters are adequate to meet our current and future needs.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Our common stock began trading on The Nasdaq Global Market on December 3, 2013 under the symbol "XNCR." Prior to such time, there was no public market for our common stock. On February 16, 2022, the closing price for our common stock as reported on the Nasdaq Global Market was $32.58.

Holders of Record

As of February 16, 2022, we had 59,375,320 shares of common stock outstanding held by approximately 180 stockholders of record. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

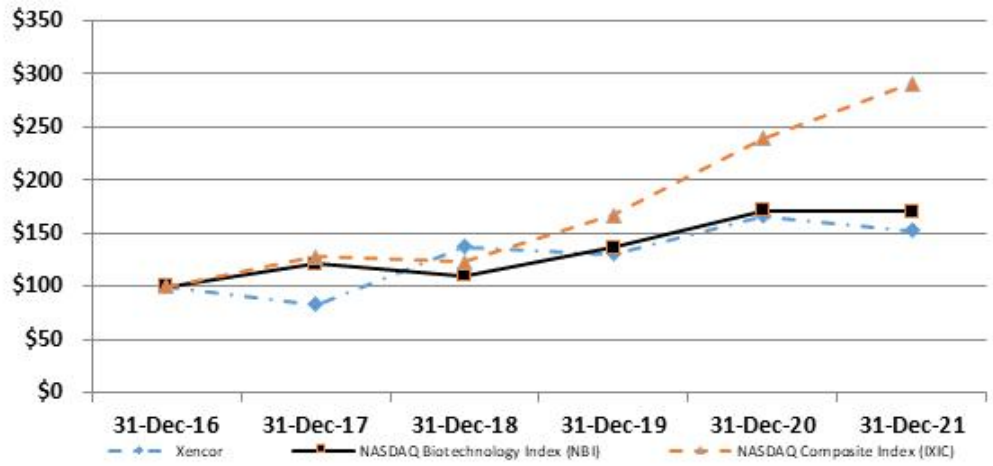
We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors and will depend upon, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our Board of Directors may deem relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

Information about our equity compensation plans is incorporated herein by reference to Item 12 of Part III of this Annual Report.

Performance Graph

The following graph shows a comparison from December 30, 2016 through December 31, 2021 of the cumulative total return for our common stock, the Nasdaq Biotechnology Index (NBI) and the Nasdaq Composite Index (CCMP). The graph assumes an initial investment of $100 on December 30, 2016 and assumes reinvestment of the full amount of all dividends, if any. The comparisons in the graph are not intended to forecast or be indicative of possible future performance of our common stock.



The performance graph shall not be deemed to be incorporated by reference by means of any general statement incorporating by reference this Form 10-K into any filing under the Securities Act of 1933, as amended or the Exchange Act, except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such acts.

Recent Sales of Unregistered Securities

Under the terms of the Stock Purchase Agreement, Johnson & Johnson Innovation, JJDC, Inc. (JJDC), purchased $25.0 million of newly issued unregistered shares of the Company's common stock, priced at a 30-day volume-weighted average price of $33.4197 per share as of October 1, 2021. The Company issued 748,062 shares of common stock to JJDC on November 12, 2021. The issued shares are subject to customary resale restrictions pursuant to Rule 144 of the Securities Act of 1933.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 6. [Reserved]

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

You should read the following discussion and analysis together with our financial statements and related notes included elsewhere in this Annual Report. The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those expressed or implied in any forward-looking statements as a result of various factors, including those set forth under the caption "Item 1A. Risk Factors."

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered monoclonal antibody and cytokine therapeutics to treat patients with cancer and autoimmune diseases who have unmet medical needs. We are advancing a broad portfolio of clinical-stage XmAb® drug candidates from our proprietary Fc technology platforms. We also use our protein engineering capabilities to increase our understanding of protein structure and interactions and to design new Fc technologies and XmAb development candidates with improved properties. In addition to engineering protein-target interactions, our approach to protein design includes engineering Fc domains, the part of an antibody that interacts with multiple segments of the immune system and controls antibody structure. The Fc domain is constant and interchangeable among antibodies, and our engineered Fc domains can be readily substituted for natural Fc domains.

Our protein engineering capabilities and Fc technologies enable us and our partners to develop XmAb antibodies and biotherapeutic drug candidates with improved properties and function, which can provide innovative approaches to treating disease and potential clinical advantage over other treatment options. For example, we developed an antibody scaffold to rapidly create novel bispecific antibodies that bind two different targets simultaneously, creating entirely new biological mechanisms. Other applications of our Fc technologies enhance antibody performance by increasing immune inhibitory activity, improving cytotoxicity, extending circulating half-life and stabilizing novel protein structures, such as engineered cytokines. Three medicines have been developed with our Fc technologies. The medicines are marketed by our partners and, are generating royalty revenues for us, which partially offset our internal development costs.

Refer to Part I, Item 1, "XmAb Bispecific Technologies" and "Other XmAb Fc Technologies" in the description of our business included in this Annual Report on Form 10-K for a discussion of our core Fc technology platforms.

COVID-19

We are closely monitoring the COVID-19 pandemic and continue to evaluate its impact on all aspects of our business, including how it will affect our partners, collaborations, supply chains and research and development operations. While the pandemic did not significantly disrupt our business during the year ended December 31, 2021, the evolving nature of the pandemic prevents us from reasonably predicting how the pandemic will affect our financial condition, results of operations and cash flows due to numerous uncertainties. These uncertainties include the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impacts and the direct and indirect economic effects of the pandemic and containment measures, among others. Many states, including California, where we are headquartered and where our principal place of business is located, and cities therein have ongoing restrictions, rules and guidelines that affect the continued operation of businesses. Other countries and states where we conduct manufacturing of our drug product, testing activities and clinical sites where patients are enrolled in our clinical trials have enacted similar restrictions that could affect our ability to conduct our drug candidate development and clinical operations.

The potential impacts on our business, revenue, clinical studies and research and development activities of the COVID-19 pandemic include:

- Business: Our broad protein engineering capabilities and technologies are uniquely suited to provide us with opportunities to identify and enhance compounds that may target the novel coronavirus and potentially treat patients with COVID-19. For example, sotrovimab, an antibody that targets the SARS-CoV-2 virus, received an EUA from the FDA for the treatment of mild-to-moderate COVID-19 in high-risk adults and pediatric patients, and is made available by Vir and its partner GlaxoSmithKline Plc. Sotrovimab incorporates our Xtend Fc technology for longer duration of action. VIR-7832, a second antibody licensed to Vir, which also targets the SARS-CoV-2 virus, incorporates Xtend technology and other XmAb Fc technologies, and it is currently enrolling patients in a Phase 1b/2a study. We are eligible to receive a mid-single digit percentage royalty on the net sales of both sotrovimab and VIR-7832. Our partner Bristol-Myers Squibb (BMS) has also licensed our Xtend technology to improve the half-life of antibodies that target SARS-CoV-2 and is supporting a Phase 2 study for a combination of two half-life-extended antibodies. We are eligible to receive royalties on net sales of the BMS candidate.
- Revenue: We receive upfront payments, milestone payments and royalties from licensing our XmAb technologies and drug candidates. The COVID-19 pandemic has not adversely affected the amount of revenue we generate from such partnerships and collaborations for the year ended December 31, 2021. During the year, we received $204.9 million from our partnerships and collaborations including those with Vir, MorphoSys, Alexion, Janssen, and Viridian.

  Our ability to earn revenue from these and other partnerships is dependent on the ability of our partners to generate sales from products, such as sotrovimab, Ultomiris®, and Monjuvi®, the ability of our partners to advance our partnered programs through regulatory approval, and the ability of our partners to advance our partnered programs into later stages of development, which would entitle us to potential milestone payments. If the COVID-19 pandemic adversely affects the sales or clinical, development and regulatory progress of partnered programs, the amount of future revenue we could earn would be adversely affected.
- Clinical studies: We are currently enrolling patients into multiple trials evaluating our drug candidates, and our partner Genentech is enrolling patients in the Phase 1 study of XmAb306 (also known as RG6323), our co-development program with Genentech. Many partners are also enrolling patients in clinical trials with drug candidates that incorporate one or more of our XmAb technologies. Although the pandemic has not materially affected the development of our clinical programs for the year ended December 31, 2021, some of our clinical programs temporarily experienced slower patient enrollment, and the initiations of new studies for certain programs have been delayed as a result of the COVID-19 pandemic. These delays have not broadly affected the status of our portfolio programs and have been limited to specific trials and specific sites. Many clinical sites have delayed starting new clinical trials and others have postponed enrollment to address the pandemic.
- Research, development, and administrative activities: We have implemented environmental, health and safety procedures for all employees and have also offered reimbursement of costs incurred and time off to employees to receive vaccinations that have been authorized. We believe we provide a safe and healthy environment for our onsite employees who have been able to continue research operations, following an initial period of reduced onsite activities while new policies and procedures were developed and implemented. As of December 31, 2021, these activities have continued without interruption from the pandemic.

  Our development activities include initiating a Phase 1 study of XmAb819, our first 2+1 CD3 bispecific candidate that targets ENPP3, and conducting IND-enabling studies for XmAb808, our first tumor selective CD28 bispecific candidate that targets B7-H3, and XmAb662, our reduced-potency engineered IL12 cytokine candidate. Several other bispecific antibody and cytokine programs are in earlier stages of development. Certain manufacturing and supply companies have indicated supply chain issues and shortages of research and manufacturing supply materials. The development timelines for additional early-stage programs and ongoing clinical programs could be affected if the supply shortages and delays continue for an extended period.

Advancements in Our Clinical Portfolio of XmAb Bispecific Antibodies and Cytokine Candidates

Our modular XmAb bispecific technology and protein engineering capabilities enable us to rapidly advance multiple drug candidates into clinical development. We and our partners are currently enrolling Phase 1 or Phase 2 studies for seven wholly owned or co-development candidates to treat patients with many different types of cancer and autoimmune diseases, and an eighth, to be developed for patients with kidney cancer, is expected to enter clinical development in early 2022.

Plamotamab (CD20 x CD3): Plamotamab is a bispecific antibody that targets CD20, an antigen on B-cell tumors, and CD3, an activating receptor on T cells. At the ASH Annual Meeting in December 2021, we presented updated safety and anti-tumor activity data from the Phase 1 dose-escalation study of plamotamab in B-cell malignancies, including from patients with relapsed or refractory NHL. The results indicated that plamotamab monotherapy was generally well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients at the recommended intravenous Phase 2 dose. We are currently enrolling patients with non-Hodgkin lymphoma in the monotherapy dose expansion cohorts to further evaluate the safety and efficacy of plamotamab monotherapy at the Phase 2 recommended dose, and we plan to present data from these cohorts in the second half of 2022. Additionally, pharmacokinetic modeling supports subcutaneous administration, which we plan to incorporate into our ongoing Phase 1 monotherapy study.

In October 2021, we entered a global collaboration and license agreement with Janssen Biotech, Inc. (Janssen), to advance plamotamab and XmAb CD28 bispecific antibody combinations for the treatment of patients with B-cell malignancies, which expands our strategy to develop multiple highly active chemotherapy-free regimens across B-cell cancers. Janssen received worldwide exclusive development and commercial rights, and we will collaborate with Janssen on further clinical development of plamotamab, with us paying 20% of costs. Under the collaboration, we will develop B-cell targeted CD28 bispecific antibodies to selectively enhance T-cell cytotoxic activity in combination with plamotamab.

In 2022, we plan to initiate a potentially registration-enabling Phase 2 study to evaluate the chemotherapy-free triple combination of plamotamab, tafasitamab and lenalidomide in patients with relapsed or refractory DLBCL Plamotamab, which redirects T cells to tumors, and tafasitamab, a CD19-directed XmAb antibody, combine powerful and distinct immune pathways, and the study is designed to generate new clinical insights and accelerate development timelines for the program. MorphoSys AG and Incyte Corporation will provide tafasitamab for the studies.

Vudalimab (PD-1 x CTLA-4): Vudalimab is a bispecific antibody that targets PD-1 and CTLA-4, two immune checkpoint receptors, to selectively activate the tumor microenvironment, and it is being developed for patients with castration-resistant prostate cancer, as well as for patients with other types of solid tumors. In November 2021, we presented updated data from the Phase 1 study of vudalimab in patients with multiple types of advanced solid tumors at the SITC Annual Meeting. Data from the Phase 1 study indicate that vudalimab was generally well-tolerated in heavily pretreated patients with encouraging clinical activity.

We have initiated a Phase 2 study of vudalimab in patients with certain molecular subtypes of CRPC, as a monotherapy or in combination depending on the molecular subtype, as these patients represent a high unmet medical need. We plan to present initial data from the Phase 2 study in mCRPC in the second half of 2022.

We are initiating a second Phase 2 study for patients with advanced gynecologic and genitourinary malignancies, and the study will include a cohort to evaluate vudalimab in patients with clinically-defined high-risk mCRPC.

Tidutamab (SSTR2 x CD3): Tidutamab is a bispecific antibody that targets somatostatin receptor 2, (SSTR2), a target on many neuroendocrine-like tumor types, and CD3. Dose-escalation and expansion data from the Phase 1 study in patients with neuroendocrine tumors (NET) indicates that tidutamab was generally well tolerated at the recommended dose identified for the expansion portion of the study. Tidutamab induced sustained activation of cytotoxic T cells and engagement of the SSTR2 target and demonstrated an encouraging safety profile. We are enrolling patients in a Phase 2 clinical study for tidutamab in patients with Merkel cell carcinoma and small cell lung cancer, which are SSTR2-

expressing tumor types known to be responsive to immunotherapy.

XmAb306/RO7310729 (IL15/IL15Rα-Fc Cytokine): XmAb306 is a reduced-potency IL15/IL15Rα-Fc fusion protein that incorporates our Xtend extended half-life technology, and we are co-developing this program in collaboration with Genentech. In November 2021, we announced encouraging early preliminary data from an ongoing Phase 1 study in patients with advanced solid tumors, while further dose escalation in both study arms continues.

We share in 45 percent of worldwide development and commercialization costs for XmAb306 and will receive a share of net profits or net losses from product sales at the same percentage rate. We retain the right to perform clinical studies with XmAb306, as well as with other collaboration programs developed in combination with other therapeutic agents, subject to certain restrictions and at our sole expense. Additional studies of XmAb306 in combination with other agents, such as NK- or T-cell recruiting therapies, are being planned.

XmAb564 (IL2-Fc Cytokine): XmAb564 is a wholly owned, monovalent, reduced-potency IL2-Fc fusion protein that we are developing for the treatment of patients with autoimmune diseases. XmAb564 is engineered to selectively activate and expand regulatory T cells (Tregs), with reduced binding affinity for IL-2's beta receptor and increased binding affinity for its alpha receptor. In preclinical studies, XmAb564 was well-tolerated, promoted the selective and sustained expansion of Tregs and exhibited a favorable pharmacokinetic profile. In April 2021, the first subject was dosed in a randomized, double-blind, placebo-controlled, single-ascending dose (SAD) Phase 1 clinical study to evaluate the safety and tolerability of XmAb564, administered subcutaneously in healthy adult volunteers. In 2022, we plan to present tolerability, durability, and biomarker data from the Phase 1 SAD study, and we plan to initiate a multiple-ascending dose study in patients with autoimmune diseases.

Additional wholly owned XmAb bispecific antibody programs in Phase 1 clinical studies include XmAb841 (CTLA-4 x LAG-3) and XmAb104 (PD-1 x ICOS). We have completed the dose escalation portions of these studies and are enrolling patients with advanced solid tumors.

XmAb968 (CD38 x CD3): XmAb968 is a bispecific antibody that targets CD38 and CD3. We are supporting a Phase 1 investigator sponsored trial, which is evaluating XmAb968 in patients with T-cell acute lymphoblastic leukemia, T-cell lymphoblastic lymphoma and acute myeloid leukemia.

Vibecotamab is a bispecific antibody that targets CD123 and CD3. In August 2021, Novartis notified us it was terminating its rights with respect to the vibecotamab program, effective February 2022. We do not intend any further internal development of this program.

Advancements Expanding XmAb Bispecific Platforms

We conduct further research into the function and application of antibody Fc domains in order to expand the scope of our XmAb technology platforms and identify additional XmAb drug candidates. We use the modularity of our XmAb bispecific Fc technology to build bispecific antibodies and cytokines in a variety of formats, and we recently introduced CD3 bispecific antibodies of a mixed valency format, the XmAb 2+1 bispecific antibody. XmAb 2+1 bispecific antibodies may preferentially kill tumor cells with high target expression, which may be especially beneficial in designing antibodies that target solid tumors. This selectivity potentially empowers CD3 bispecifics to address an expanded set of tumor antigens. Our lead XmAb 2+1 bispecific antibody candidate is XmAb819, a first-in-class ENPP3 x CD3 bispecific antibody. ENPP3 is a tumor-associated antigen in renal cell carcinoma (RCC) and exhibits low level expression on normal tissues. We are currently initiating a Phase 1 study to evaluate XmAb819 in patients with RCC.

Additionally, we have engineered CD28 bispecific antibodies to provide conditional CD28 co-stimulation of T cells, activating them when bound to tumor cells. Targeted CD28 bispecific antibodies may provide conditional co-stimulation of T cells, for example, to T cells recognizing neoantigens or in concert with CD3 T-cell engaging bispecific antibodies. We are advancing wholly owned CD28 candidates including our lead candidate, XmAb808, a B7-H3 x CD28 bispecific antibody designed to be evaluated for the treatment of patients with a range of solid tumors, which is currently advancing in IND-enabling studies. We plan to submit an IND application for XmAb808 in the first half of 2022 and initiate a Phase 1 study in the second half of 2022.

Our CD28 platform is also the subject of two collaborations with Janssen. The first collaboration was announced in 2020 and involves our research efforts to create and characterize CD28 bispecific antibody candidates against a prostate tumor target specified by Janssen. In November 2021, we completed our research efforts under the collaboration. Janssen selected a CD28 bispecific for further development, and we received a $5.0 million milestone payment. The second Janssen collaboration was announced in October 2021 and includes conducting research activities with Janssen to create and characterize CD28 bispecific antibody candidates against B-cell targets during a two-year period, with Janssen having an exclusive worldwide license to develop selected molecules from the research activities and also selected molecules in combination with plamotamab and other agents, such as other CD3 bispecific antibodies.

In November 2021, we presented emerging preclinical data from early-stage programs that highlighted several of our platform technologies at the Annual Meeting of the Society for Immunotherapy of Cancer, with poster presentations with data from our IL-12-Fc cytokine program, PD-L1 x CD28 bispecific antibody program, TGFβR2 bispecific program, and bispecific NK cell engager platform.

Progress Across Partnerships

A key part of our business strategy is to leverage our protein engineering capabilities, XmAb technologies and drug candidates with partnerships, collaborations and licenses. Through these arrangements we generate revenues in the form of upfront payments, milestone payments and royalties. For partnerships for our drug candidates, we aim to retain a major economic interest in the form of keeping major geographic commercial rights; profit-sharing; co-development options; and the right to conduct studies with drug candidates developed in the collaboration. The types of arrangements that we have entered with partners include product licenses, novel bispecific antibody collaborations, technology licensing agreements and strategic collaborations.

Product Licenses

Product licenses are arrangements in which we have internally developed drug candidates and, based on a strategic review, licensed partial or full rights to third parties to continue development and potential commercialization. We seek partners that can provide infrastructure and resources to successfully develop our drug candidates, have a track record of successfully developing and commercializing medicines, or have a portfolio of development-stage candidates and commercialized medicines which could potentially be developed in rational combinations with our drug candidates.

The FDA approved Monjuvi® (tafasitamab-cxix) under accelerated approval in July 2020. Monjuvi is a CD19-directed cytolytic antibody indicated in combination with lenalidomide for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) not otherwise specified, including DLBCL arising from low grade lymphoma, and who are not eligible for autologous stem cell transplant (ASCT). This indication is approved under accelerated approval based on overall response rate. Continued approval for this indication may be contingent upon verification and description of clinical benefit in a confirmatory trial(s). In August 2021, the European Commission granted conditional marketing authorization for Minjuvi® (tafasitamab) in combination with lenalidomide, followed by tafasitamab monotherapy, for the treatment of adult patients with relapsed or refractory diffuse large B-cell lymphoma (DLBCL) who are not eligible for autologous stem cell transplantation (ASCT). Tafasitamab was created and initially developed by us. Tafasitamab is co-marketed by Incyte and MorphoSys under the brand name Monjuvi in the U.S. and is marketed by Incyte under the brand name Minjuvi in the E.U. Incyte has exclusive commercialization rights to tafasitamab outside the U.S. Monjuvi® and Minjuvi® are registered trademarks of MorphoSys AG. In April 2021, MorphoSys and Incyte announced the initiation of a Phase 3 study (inMIND) evaluating the addition of tafasitamab to lenalidomide and rituximab in patients with relapsed or refractory follicular lymphoma or marginal zone lymphoma. In May 2021, MorphoSys and Incyte announced the initiation of a pivotal Phase 3 study (frontMIND) evaluating tafasitamab and lenalidomide in addition to rituximab, cyclophosphamide, doxorubicin, vincristine and prednisone (R-CHOP) compared to R-CHOP alone as first-line treatment for high-intermediate and high-risk patients with untreated DLBCL. In 2021, we earned $12.5 million for the development milestone related to the inMind trial, and we recognized royalty revenue of $5.9 million on net sales of Monjuvi.

In March 2021, our two-year research collaboration with Genentech to discover new targeted IL-15 cytokine candidates concluded, and we may independently advance into development targeted IL-15 programs not previously

nominated under the agreement. A targeted IL-15 program was identified as a development candidate under the Genentech Agreement in October 2020, and we were sharing in 45% of development costs for this candidate. In August 2021, Genentech and Xencor ceased development of the targeted IL-15 program due to observations in preclinical studies that suggested an undesirable clinical profile. No additional development of this candidate is planned by Genentech or us. Genentech and we are planning to study additional combination agents with XmAb306.

In October 2017, we entered into an agreement with INmune, pursuant to which we provided INmune with an exclusive license to our XPro1595 drug candidate. INmune is currently conducting or planning Phase 2 studies in patients with Alzheimer's disease, mild cognitive impairment and treatment resistant depression. In connection with the license, we received shares of INmune common stock and an option to acquire up to 10% of the outstanding common stock of INmune for $10.0 million. In June 2021, we sold the option to INmune for $15.0 million in cash and $3.3 million in additional shares of INmune common stock. In September 2021, we exercised an option to acquire an additional 108,000 shares of INmune common stock for $0.8 million.

In November 2021, we entered into an agreement with Zenas BioPharma (Cayman) Limited (Zenas), to which we licensed the exclusive worldwide rights to develop and commercialize obexelimab, a bifunctional antibody that targets CD19 with its variable domain and uses our XmAb Immune Inhibitor Fc Domain. Zenas issued a warrant giving us the right to acquire additional Zenas equity, such that our total equity in Zenas would be 15% of its fully diluted capitalization following the closing of Zenas' next round of equity financing, subject to certain requirements. We are eligible to receive up to $470.0 million based on the achievement of certain clinical development, regulatory and commercial milestones and are eligible to receive tiered, mid-single digit to mid-teen percent royalties upon commercialization of obexelimab, dependent on geography.

Novel Bispecific Antibody Collaborations

Novel bispecific antibody collaborations are arrangements in which our partner seeks to create a bispecific antibody using one or more of our XmAb bispecific technologies. Our partners provide an antibody or a tumor-associated antigen, and we conduct limited research and development to create potential bispecific antibody candidates for further development and commercialization by our partners.

In November 2020, we entered an agreement with Janssen, focused on the discovery of XmAb bispecific antibodies against CD28, an immune co-stimulatory receptor on T cells, and an undisclosed prostate tumor target, for the potential treatment of patients with prostate cancer. Additionally, we have a right to access select, predefined agents from Janssen's portfolio of clinical-stage drug candidates and commercialized medicines to evaluate potential combination therapies in prostate cancer with agents in our own pipeline, subject to some limitations. Janssen has the same right with our portfolio to evaluate potential combination therapies in prostate cancer, as well. The ability to study combinations of therapies from both companies' prostate cancer portfolios leverages our broad clinical pipeline and Janssen's leading prostate cancer therapeutics portfolio. In 2021, we received a $5.0 million milestone payment related to our first agreement with Janssen, which selected an XmAb CD28 bispecific antibody candidate for further development.

Other XmAb bispecific antibodies being developed by our partners include Amgen's AMG 509, a STEAP1 x CD3 XmAb 2+1 bispecific antibody, which is being evaluated in a Phase 1 study for patients with prostate cancer; Astellas' ASP2138, a CLDN18.2 x CD3 bispecific antibody, which is entering Phase 1 development for patients with gastric/GEJ adenocarcinomas and pancreatic adenocarcinoma and an undisclosed bispecific antibody candidate being developed by Novartis, which is also in Phase 1 development.

Technology License Agreements

We enter into technology licensing agreements in which we license access to one or more of our XmAb Fc technologies on a restricted basis, typically to an XmAb Cytotoxic Fc Domain and/or the Xtend Fc Domain. Our partners are responsible for all research, development and commercialization activities of the drug candidates. The plug-and-play nature of XmAb technologies allows us to license access to our platforms with limited or no internal research and development activities.

Alexion’s Ultomiris® uses Xtend Fc technology for longer half-life. Ultomiris has received marketing authorizations from regulatory agencies in the U.S. and multiple global markets for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH) and for patients with atypical hemolytic uremic syndrome (aHUS). Alexion is also evaluating Ultomiris in a broad late-stage development program across many indications in neurology and nephrology. In 2021, we earned $22.2 million in royalties from Alexion.

In August 2019, we provided Vir a non-exclusive license to our Xtend Fc technology for two targets in infectious disease. Vir has advanced two programs under this agreement. In the second quarter of 2021, Vir announced plans to initiate a Phase 2 trial of VIR-3434 in combination with an siRNA drug candidate as a potential treatment for patients with chronic hepatitis B virus infection, and we earned $0.5 million for the development milestone.

In March 2020, we entered a second agreement with Vir Biotechnology, Inc., under which Vir has non-exclusive access to our Xtend Fc technology to extend the half-life of novel antibodies being investigated as potential treatments for patients with COVID-19. In May 2021, the FDA granted EUA to sotrovimab for the treatment of mild-to-moderate COVID-19 in high-risk adults and pediatric patients. In December 2021, the EU granted a temporary authorization for sotrovimab, and several other countries have also provided temporary or conditional authorizations for its use. A second drug candidate, VIR-7832, is in a Phase 1b/2a trial of adults with mild-to-moderate COVID-19. In 2021, we earned estimated $52.2 million in royalties from Vir.

In May 2021, we entered into a technology license agreement with Bristol-Myers Squibb Company (BMS) under which BMS has access to Xtend Fc technology to extend the half-life of a novel antibody combination therapy that is intended to neutralize the SARS-CoV-2 virus for the treatment or prevention of COVID-19. Phase 2 and 3 studies are planned as part of the NIH ACTIV-2 trial examining treatment of infected outpatients. Under the terms of the agreement, BMS is solely responsible for the activities and costs related to research, development, regulatory, and commercial activities for their COVID-19 drug candidates, and we are eligible to receive royalties on net sales.

In December 2021, we entered into an agreement with Viridian Therapeutics, inc. (Viridian) for a non-exclusive license to certain antibody libraries developed by us. Under the agreement, Viridian received a one-year research license to review the antibodies and the right to select up to three antibodies for further development. Viridian is responsible for all further development of the selected antibodies. We received an upfront payment of 394,737 shares of Viridian common stock valued at $7.5 million and are eligible to receive development, regulatory and sales milestones in addition to royalties on net sales of approved products under the agreement.

In connection with our June 2016 collaboration and license agreement with Novartis, we granted Novartis a non-exclusive license to certain non-bispecific Fc technologies to apply against up to ten targets. In 2021, Novartis exercised its right to incorporate our Xtend Fc domain into a drug candidate. In 2021, we earned $3.0 million in milestones for a development milestone related to an undisclosed XmAb antibody program that Novartis has advanced into Phase 1 clinical studies.

Strategic Collaborations

We enter into strategic collaborations where we can create synergies between our partners' strengths and assets and our own protein engineering capabilities, Fc technologies and XmAb drug candidates. Through these arrangements we seek to create new drug candidates, investigate novel combination therapies and potentially identify additional indications for our portfolio of XmAb drug candidates.

In February 2021, we announced an agreement with the University of California, Los Angeles (UCLA) to develop therapeutic antibodies, pairing novel targets proposed by scientists at UCLA and utilizing our XmAb Fc domains. UCLA’s Technology Development Group will work with faculty to propose potential antibody drug candidates, and for selected candidates, we will use a streamlined framework with predefined terms to enter sponsored research agreements and potential license agreements.

Refer to Part IV, Item 15, Note 10, "Collaboration and Licensing Agreements" of the notes to our financial statements included in this Annual Report on Form 10-K for a description of the key terms of our arrangements.

Financial Operations Overview

Revenues

Our revenues to date have been generated primarily from our collaboration agreements, our product licensing agreements, and our technology licensing agreements. Revenue recognized from our collaboration and product licensing agreements includes non-refundable upfront payments, milestone payments and royalties on net sales of approved products while revenue from our technology licensing agreements includes upfront payments, option payments to obtain commercial licenses, milestone payments and royalties on net sales of approved products. Since our inception through December 31, 2021, we have generated $820.7 million in revenues under the various product development partnership and technology license arrangements. Several of our product development partnership and technology license agreements provide us the opportunity to earn future milestone payments, royalties on product sales and option exercise payments.

Summary of Collaboration and Licensing Revenue by Partner

The following is a comparison of collaboration, product licensing, and technology licensing revenue for the years ended December 31, 2021 and 2020 (in millions):

	Year Ended December 31,	
	2021	2020
Aimmune	$ —	$ 9.6
Alexion	22.2	26.2
Amgen	—	—
Astellas	—	3.5
Genentech	2.5	3.5
Gilead	—	13.5
Janssen	113.8	—
MorphoSys	18.4	39.0
Novartis	43.1	—
Omeros	—	5.0
Vir	52.7	0.3
Viridian	7.5	6.0
Zenas	14.9	16.1
Total	$ 275.1	$ 122.7

Research and Development Expenses

The following is a comparison of research and development expenses for the years ended December 31, 2021 and 2020 (in millions):

	Year Ended December 31,	
	2021	2020
External research and development expenses	$ 101.7	$ 94.2
Internal research and development expenses	66.6	54.7
Stock-based compensation	24.2	20.9
Total	$ 192.5	$ 169.8

Internal research and development expenses consist primarily of salaries, benefits, related personnel costs, supplies, and allocated overhead including facility costs. External research and development expenses include preclinical testing costs, clinical trial costs and fees paid to external service providers. External service providers include CROs and

contract manufacturing organizations (CMOs) to conduct clinical trials, manufacturing and process development, IND-enabling toxicology testing and formulation of clinical drug supplies. We expense research and development expenses as incurred. We account for nonrefundable advance payments for goods and services that will be used in future research and development activities as expense when the service has been performed or when the goods have been received. We estimate contract manufacturing, preclinical study and clinical trial expenses based on the services performed pursuant to the contracts with manufacturing, research institutions and clinical research organizations that manufacture and conduct and manage preclinical studies and clinical trials on our behalf based on the actual time and expenses incurred by them. We accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and adjust estimates accordingly. Our estimates of clinical trial expense have fluctuated on a period-to-period basis due to changes in the stage of the clinical trials and patient enrollment levels. We expect to experience a continuing pattern of fluctuations in clinical trial expenses as current clinical trials are completed and as we initiate additional and later stage clinical trials. To date, we have not experienced significant differences between our periodic estimates of clinical trial expense and the actual costs incurred. We expect changes in future clinical trial expenses to be driven by changes in service provider costs and changes in clinical stage and patient enrollment.

We expect that our future research and development expenses will increase overspending levels in recent years if we are successful in advancing our current clinical-stage drug candidates or any of our preclinical programs into later stages of clinical development. The process of conducting preclinical studies and clinical trials necessary to obtain regulatory approval is costly and time-consuming. We or our partners may never succeed in achieving marketing approval for any of our product candidates. Numerous factors may affect the probability of success for each product candidate, including preclinical data, clinical data, competition, manufacturing capability, approval by regulatory authorities and commercial viability.

Our research and development operations are conducted such that design, management and evaluation of results of all of our research and development is performed internally, while the execution of certain phases of our research and development programs, such as toxicology studies in accordance with Good Laboratory Practices (GLP), and manufacturing in accordance with cGMP, is accomplished using CROs and CMOs. We account for research and development costs on a program-by-program basis except in the early stages of research and discovery, when costs are often devoted to identifying preclinical candidates and improving our discovery platform and technologies, which are not necessarily allocable to a specific development program. We assign costs for such activities to distinct projects for preclinical pipeline development and new technologies. We allocate research management, overhead, commonly used laboratory supplies and equipment, and facility costs based on the percentage of time of full-time research personnel efforts on each program.

The following is a comparison of research and development expenses for the years ended December 31, 2021 and 2020 (in millions):

	Year Ended December 31,	
	2021	2020
Product programs:		
Obexelimab (XmAb5871)	$ 1.4	$ 2.9
Bispecific programs:		
CD3 programs:		
*Vibecotamab**	8.3	12.4
*Plamotamab**	33.7	33.8
Tidutamab	15.6	14.9
XmAb819 (ENPP3 x CD3)	16.7	7.4
Total CD3 programs	74.3	68.5
Tumor microenvironment (TME) activator programs:		
Vudalimab (XmAb717)	26.2	26.4
XmAb104	15.7	13.3
XmAb841	12.5	10.6
Total TME activator programs	54.4	50.3
Cytokine programs:		
*XmAb306/RG6323 and a targeted IL-15 candidate**	15.3	12.0
XmAb564	13.2	15.4
Total cytokine programs	28.5	27.4
Subtotal bispecific programs	157.2	146.2
Other, research and early-stage programs	33.9	20.7
Total research and development expenses	$ 192.5	$ 169.8

*Includes net payments to, and reimbursements from our partners pursuant to agreements that include cost-sharing arrangements.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation related to our executive, finance, business development, and support functions. Other general and administrative expenses include intellectual property costs, facility costs, and professional fees for auditing, tax and legal services.

Other Income, Net

For the year ended December 31, 2021, other income, net, consists primarily of realized and unrealized gain on equity securities during the year, while for the year ended December 31, 2020, other income, net, consists primarily of interest income from our investments during the year.

Critical Accounting Policies, Significant Judgments, and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The preparation of our financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates. Our management believes judgment is

involved in determining revenue recognition, the fair value-based measurement of stock-based compensation, the fair value estimate of marketable securities, the capitalization and recoverability of intellectual property costs, valuation of deferred tax assets and accruals. Our management evaluates estimates and assumptions as facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates and assumptions, and those differences could be material to the financial statements. If our assumptions change, we may need to revise our estimates, or take other corrective actions, either of which may also have a material adverse effect on our statements of operations, liquidity and financial condition.

While our significant accounting policies are described in more detail in Note 1 to our financial statements included elsewhere in this Annual Report, we believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We have, to date, earned revenue from research and development collaborations, which may include research and development services, licenses of our internally developed technologies, licenses of our internally developed drug candidates, or combinations of these.

The terms of our license and research and development and collaboration agreements generally include non-refundable upfront payments, research funding, co-development reimbursements, license fees, and milestone and other contingent payments to us for the achievement of defined collaboration objectives and certain clinical, regulatory and sales-based events, as well as royalties on sales of any commercialized products.

The terms of our licensing agreements include non-refundable upfront fees, contractual payment obligations for the achievement of pre-defined preclinical, clinical, regulatory and sales-based events by our partners. The licensing agreements also include royalties on sales of any commercialized products by our partners.

In certain transactions for licensing of our technologies or our product candidates, we may receive an equity interest from our partners as full or partial consideration for an upfront payment due under the arrangement. We record the initial equity at its fair value and mark the value to market quarterly for publicly traded securities and review for impairment for equity that is not publicly traded on a national exchange.

Capitalized Intellectual Property Costs

We capitalize and amortize third-party intellectual property costs such as amounts paid to outside patent counsel for filing, prosecuting and obtaining patents for our internally developed technologies and product candidates, to the extent such patents are deemed to have probable future economic benefit. We also capitalize amounts paid to third parties for licenses that we acquire for intellectual property or for research and development purposes where the technology has alternative uses. The net capitalized patents, licenses, and other intangible assets as of December 31, 2021 and 2020 were $16.5 million and $16.0 million, respectively. We believe that these costs should be capitalized as the intellectual property portfolio creates the underlying property right to our technologies and product candidates and supports the upfront payments, licensing fees, milestone payments and royalties made by our collaboration partners for licensing our technologies and product candidates.

We begin amortization of capitalized patent costs during the period that we obtain a patent relating to the capitalized cost over the shorter of the patent life or the estimated economic useful life. Capitalized licensing costs are amortized beginning in the period that access to the license or technology is available and is amortized over the shorter of the license term or the estimated economic useful life of the licensed asset. Such amortization is recorded as general and administrative expenses.

On a regular basis we review the capitalized intellectual property portfolio and determine if there have been changes in the scientific or patent landscape that leads us to decide to abandon an in-process patent application or abandon a previously issued patent. While we confer with outside patent counsel, the decision to continue prosecuting certain patent claims or abandon other claims are made by us based on our judgment and existing knowledge of our

technology, current U.S. and foreign patent authority rulings and expected rulings, and scientific advances and patent filings by competitors operating in our technology or drug development field. We record an expense for the write-off of capitalized intangible assets in the period that the decision to abandon a claim or license is made. We also review the carrying value of capitalized licensing costs on a regular basis to determine if there have been any changes to the useful life or estimated amortization period over which the costs should be amortized. We recorded a charge for abandoned intangible assets of $0.9 million and $0.5 million for the years ended December 31, 2021 and 2020, respectively. Such charges are reflected as general and administrative expenses.

We determine if there has been an impairment of our intangible assets which include the capitalized patent and licensing costs whenever events such as recurring operating losses or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

Accrued Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing contracts and purchase orders, reviewing the terms of our license agreements, communicating with our applicable personnel to identify services that have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of actual cost. The majority of our service providers invoice us monthly in arrears for services performed. We make estimates of our accrued expenses as of each balance sheet date based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. Examples of estimated accrued research and development expenses include fees to:

- CROs and other service providers in connection with clinical studies;
- contract manufacturers in connection with the production of and testing of clinical trial materials; and
- vendors in connection with preclinical development activities.

We base our expenses related to clinical studies on our estimates of the services received and efforts expended pursuant to contracts with multiple research institutions and CROs that conduct and manage clinical studies on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows and expense recognition. Payments under some of these contracts depend on factors such as the successful enrollment of patients and the completion of clinical trial milestones. In accruing these costs, we estimate the time period over which services will be performed for which we have not been invoiced and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual accordingly. Our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in our reporting changes in estimates in any particular period.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income in the period that such tax rate changes are enacted. The measurement of a deferred tax asset is reduced, if necessary, by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Financial statement recognition of a tax position taken or expected to be taken in a tax return is determined based on a more-likely-than not threshold of that position being sustained. If the tax position meets this threshold, the benefit to be recognized is measured as the largest amount that is more than 50% likely to be realized upon ultimate settlement. Our policy is to record interest and penalties related to uncertain tax positions as a component of income tax expense. We have concluded that there are no material uncertain tax positions and have not recorded an income tax expense or liability for uncertain tax positions as of December 31, 2021.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (TCJA) was enacted into law, which beginning in 2018, made several changes to U.S. corporate income tax provisions including a reduction in the U.S. corporate rate from a maximum rate of 35% to 21% effective January 1, 2018. The TCJA also allowed net operating losses incurred after January 1, 2018 to be carried forward indefinitely.

The other material change in our tax provision from the TCJA is elimination of the U.S. corporate alternative minimum tax (AMT) system and allowance for a tax refund for AMT credit carryovers as of December 31, 2017, which do not expire. We received a tax refund of $0.8 million in each of 2020 and 2019 related to federal AMT credit carryovers.

We recorded net deferred tax assets of $93.6 million as of December 31, 2021, which was fully offset by a valuation allowance due to uncertainties surrounding our ability to realize these tax benefits. The deferred tax assets are primarily comprised of deferred revenue, federal and state tax net operating loss (NOL) carryforwards and research and development tax credit carryforwards. As of December 31, 2021, we had cumulative net operating loss carryforwards for federal income tax purposes of approximately $168.2 million; $63.9 million of such losses were incurred prior to December 31, 2017 and $104.3 million were incurred in the years ending on or after December 31, 2018. We also had available tax credit carryforwards of $34.0 million for federal tax purposes. We had cumulative state tax loss carryforwards at December 31, 2021 of $161.6 million, and available state tax credit carryforwards of approximately $17.8 million, which can be carried forward to offset future taxable income, if any.

Our federal net operating loss carryforwards incurred prior to January 1, 2018 expire starting in 2026; state net operating loss carryforwards expire starting in 2035; and federal tax credit carryforwards begin to expire starting in 2020. Approximately $0.5 million of federal tax credits will expire if unused from 2021 through 2024.

No income tax expense or benefit was recorded for the year ended December 31, 2021 or 2020.

Valuation of Stock-Based Compensation

We record the fair value of stock options and shares issued under our Employee Stock Purchase Plan (ESPP) to employees as of the grant date as compensation expense over the service period, which is generally the vesting period. For non-employees, we also record the fair value of stock options as of the grant date as compensation expense over the service period. We then periodically re-measure the awards to reflect the current fair value at each reporting period until the non-employee completes the performance obligation or the date on which a performance commitment is reached. Expense is recognized over the related service period.

We calculate the fair value of stock-based compensation awards using the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the use of subjective assumptions, including volatility of our common stock, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options and the fair value of the underlying common stock on the date of grant.

Common Stock Options Fair Value

We recognize stock-based compensation expense in accordance with the provisions of ASC Topic 718, *Compensation—Stock Compensation*. The use of a Black-Scholes model requires us to apply judgment and make assumptions and estimates that include the following:

- *Expected Volatility*—Volatility is a measure of the amount by which a financial variable such as a share price has fluctuated (historical volatility) or is expected to fluctuate (expected volatility) during a period.
- *Expected Dividend Yield*—We have never declared or paid dividends and have no plans to do so in the foreseeable future.
- *Risk-Free Interest Rate*—This is the U.S. Treasury rate for the week of each option grant during the year, having a term that most closely resembles the expected life of the option.

- *Expected Term*—This is the period of time that the options granted are expected to remain unexercised. Options granted have a maximum term of ten years and we have estimated the expected life of the option term to be between six and eight years. We use a simplified method to calculate the average expected term for employee awards.

Results of Operations

The discussion that follows includes a comparison of our results of operations and liquidity and capital resources for the years ended December 31, 2021 and 2020. For a comparison of our results of operations and financial condition for the years ended December 31, 2020 and 2019. see "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Annual report on Form 10-K, filed with the SEC on February 23, 2021.

Comparison of the Years Ended December 31, 2021 and 2020

The following table summarizes our results of operations for the years ended December 31, 2021 and 2020 (in millions):

	Year ended December 31,		
	2021	**2020**	**Change**
Revenues:			
Research collaboration	$ 93.0	$ 4.5	$ 88.5
Milestone	21.0	50.2	(29.2)
Licensing	80.8	50.2	30.6
Royalties	80.3	17.8	62.5
Total revenues	275.1	122.7	152.4
Operating expenses:			
Research and development	192.5	169.8	22.7
General and administrative	38.8	29.7	9.1
Total operating expenses	231.3	199.5	31.8
Other income, net	38.8	7.5	31.3
Net income (loss)	$ 82.6	$ (69.3)	$ 151.9

Revenues

Increased research collaboration revenues in 2021 is primarily revenue recognized under our Janssen and Novartis agreements, while research collaboration revenues in 2020 is primarily revenue recognized under our Genentech agreement.

Milestone payments decreased by $29.2 million in 2021 over 2020 amounts primarily due to milestones received from Janssen and MorphoSys in 2021, compared to milestones received from Alexion and MorphoSys in 2020.

Licensing revenues in 2021 primarily consist of revenues recognized from Janssen, Viridian, and Zenas, and licensing revenues in 2020 primarily consist of revenues recognized from various technology and product license agreements entered throughout the year.

Increased royalty revenues for 2021 is primarily due to revenue recognized from our Alexion, MorphoSys, and Vir agreements over royalty amounts in 2020, which is primarily revenue recognized from our Alexion agreement.

Research and Development Expenses

The following table summarizes our research and development expenses for the years ended December 31, 2021 and 2020 (in millions):

	Year Ended December 31,		
	2021	2020	Change
Product programs:			
Obexelimab (XmAb5871)	$ 1.4	$ 2.9	$ (1.5)
Bispecific programs:			
CD3 programs:			
*Vibecotamab**	8.3	12.4	(4.1)
*Plamotamab**	33.7	33.8	(0.1)
Tidutamab	15.6	14.9	0.7
XmAb819 (ENPP3 x CD3)	16.7	7.4	9.3
Total CD3 programs	74.3	68.5	5.8
Tumor microenvironment (TME) activator programs:			
Vudalimab (XmAb717)	26.2	26.4	(0.2)
XmAb104	15.7	13.3	2.4
XmAb841	12.5	10.6	1.9
Total TME activator programs	54.4	50.3	4.1
Cytokine programs:			
*XmAb306/RG6323 and a targeted IL-15 candidate**	15.3	12.0	3.3
XmAb564	13.2	15.4	(2.2)
Total cytokine programs	28.5	27.4	1.1
Subtotal bispecific programs	157.2	146.2	11.0
Other, research and early-stage programs	33.9	20.7	13.2
Total research and development expenses	$ 192.5	$ 169.8	$ 22.7

*Includes net reimbursements from our partners pursuant to agreements that include cost-sharing arrangements.

Research and development expenses increased by $22.7 million in 2021 over 2020 amounts as we continue to expand our pipeline of bispecific antibody and cytokine candidates. Increased research and development spending in 2021 was primarily driven by increased spending on our XmAb819 program and other early-stage programs including IND enabling studies for our B7-H3 x CD28 program and early development work on XmAb662, our IL-12 cytokine program, during the year.

General and Administrative Expenses

General and administrative expenses increased by $9.1 million in 2021 over 2020 amounts primarily due to increased general and administrative staffing, and additional spending on facilities and intellectual property costs including licensing fees.

Other Income, Net

Other income, net increased by $31.3 million in 2021 over 2020 amounts reflecting the gain realized from the sale of the INmune option, and the unrealized gain recognized from the change in accounting for our investments in equity securities in connection with our licensing transactions.

Liquidity and Capital Resources

Since our inception, our operations have been primarily financed through proceeds from public offering, private sales of our equity, and payments received under our collaboration and development partnerships and licensing arrangements. We have devoted our resources to funding research and development programs, including discovery research, preclinical and clinical development activities.

We have incurred substantial operating losses since our inception, and we expect to continue to incur operating losses into the foreseeable future as we advance the ongoing development of our bispecific antibody and cytokine product candidates, evaluate opportunities for the potential clinical development of our other preclinical programs, and continue our research efforts.

In 2021, we received a total of $204.9 million in upfront payments, milestones, and royalties in connection with licensing of our technologies and products.

At December 31, 2021, we had $664.1 million of cash, cash equivalents, marketable debt securities, and receivables compared to $610.2 million at December 31, 2020. We expect to continue to receive additional payments from our collaborators for research and development services rendered, additional milestone, contingent payments, opt-in and royalty payments. Our ability to receive milestone payments and contingent payments from our partners is dependent upon either our ability or our partners' abilities to achieve certain levels of research and development activities and is therefore uncertain at this time.

Funding Requirements

We have not generated any revenue from product sales and do not expect to do so until we obtain regulatory approval and commercialize one or more of our product candidates. At the current stage of our clinical development programs, it will be some time before we expect to achieve this, and it is uncertain that we ever will. We expect that our operating expenses will continue to increase in connection with ongoing as well as additional planned clinical and preclinical development of product candidates in our pipeline. We expect to continue our collaboration arrangements and will look for additional collaboration and licensing opportunities.

Although it is difficult to predict our funding requirements, based upon our current operating plan, we believe that our existing cash, cash equivalents and marketable securities, together with interest thereon and expected milestone and royalty payments will be sufficient to fund our operations through the end of 2025. We have based these estimates on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Cash Flows

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

	Year Ended December 31,	
	2021	**2020**
Net cash provided by (used in):		
Operating activities	$ (16,853)	$ (5,004)
Investing activities	(46,249)	100,192
Financing activities	43,038	18,044
Net increase (decrease) in cash and cash equivalents	$ (20,064)	$ 113,232

Operating Activities

Net cash used by operating activities for the years ended December 31, 2021 and December 31, 2020 reflect the operating expenses incurred in each year offset by the upfront, milestone, and royalty payments received during the respective year.

Investing Activities

Investing activities consist primarily of proceeds from maturities of marketable securities offset by purchases of marketable securities available-for-sale, acquisition of intangible assets and purchases of property and equipment. In 2021, we purchased $24.4 million of marketable securities, net of $485.2 million of proceeds from sales and maturities. In 2020, we redeemed $114.0 million of marketable securities, net of $643.7 million of purchase. We acquired $2.7 million and $3.2 million of intangible assets in the years ended December 31, 2021 and 2020, respectively. We purchased $11.8 million and $10.5 million of capital equipment for the years ended December 31, 2021 and 2020, respectively. We also purchased a $5.0 million convertible note for the year ended December 31, 2021.

Financing Activities

Net cash provided by financing activities during the year ended December 31, 2021 consists primarily of proceeds from issuance of common stock in connection with our Janssen collaboration, stock option exercises, and proceeds from the sales of shares under our Employee Stock Purchase Plan (ESPP). Net cash provided by financing activities during the year ended December 31, 2020 consists primarily of cash from stock option exercises and the sales of shares under the ESPP.

Contractual Obligations and Commitments

We are obligated to make future payments to third parties under in-license agreements, including sublicense fees, royalties, and payments that become due and payable on the achievement of certain development and commercialization milestones. We have also entered into agreements with third-party vendors which will require us to make future payments upon the delivery of goods and services in future periods.

In February 2015, we entered into a license agreement with BIO-TECHNE Corporation (BIO-TECHNE) for a non-exclusive license to certain antibody technology including monoclonal antibodies which recognize human somatostatin receptor 2 (SSTR2). The variable domain of this antibody is incorporated in our tidutamab drug candidate. Under this license agreement, we may be required to make $3.8 million in additional contingent payments which include $0.8 million of clinical milestones and $3.0 million of regulatory milestones, in addition to royalties upon commercial sales of products of less than 1%. We made an upfront payment of $0.2 million in connection with this license and made a Phase 1 milestone payment of $0.1 million in 2018. We made a Phase 2 milestone payment of $0.2 million in 2021.

We entered into a second agreement with BIO-TECHNE, effective February 2018, for a non-exclusive license to a certain recombinant monoclonal antibody reactive with human programmed death protein, PD-1. Under this license agreement, we may be required to make $22.0 million in additional contingent payments which include $1.5 million of clinical milestones, $4.5 million of regulatory milestones and milestones on the achievement of certain sales of $16.0 million, in addition to royalties upon commercial sales of products of 1%. We made an upfront payment in connection with this license in 2019 and have not made any additional payments under this license agreement.

In February 2016, we entered into a worldwide exclusive commercial license agreement with Selexis SA to develop and commercialize products produced from the Selexis cell line that was manufactured in connection with our plamotamab drug candidate. In connection with the license, we may be required to make CHF 1.7 million in additional contingent obligations which include CHF 500,000 in development milestones, CHF 400,000 in regulatory milestones and CHF 800,000 in sales milestones, in addition to royalties upon commercial sales of products of less than 1%.

In December 2017, we entered into worldwide exclusive commercial license agreements with Selexis to develop and commercialize products produced from the Selexis cell line that was manufactured for each of our bispecific

antibody and cytokine drug candidates: tidutamab, vudalimab, XmAb841, XmAb104, XmAb306, XmAb564 and XmAb819. The terms for each agreement are identical and for each licensed cell line we may be required to make up to CHF 1.4 million in total development, regulatory and sales milestones which include CHF 425,000 in development milestones, CHF 340,000 in regulatory milestones and CHF 680,000 in sales milestones. In addition, we may be obligated to pay royalties upon commercial sales of approved products of less than 1%. In 2019, we made a milestone payment of CHF 75,000 in connection with an IND submission, and in 2020, we recorded a milestone payment due of CHF 75,000 in connection with an IND submission. In 2021, we recorded a milestone payment due of CHF 170,000 upon an initiation of Phase 2.

In December 2012, we entered into a Cross-License Agreement with MedImmune, LLC (MedImmune) for a non-exclusive license to certain MedImmune patents related to half-life technology. Under the terms of the agreement, we made payments in connection with the use of our Xtend™ technology, including use by us in our development candidates and also for use by our licensees. Our obligations to make payments under this agreement expired in December 2021. We made milestone payments under this agreement of $375,000 and $1,275,000 for 2020 and 2021, respectively.

As the amount and timing of sublicense fees and the achievement and timing of these milestones are not probable and estimable, such commitments have not been included on our balance sheet or in the contractual obligations and commitment tables above.

New Accounting Pronouncements

See Note 1 - Recent Accounting Pronouncements in the accompanying financial statements for information regarding recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term duration of our investment portfolio and the low risk profile of our investments, an immediate 10.0% change in interest rates would not have a material effect on the fair market value of our portfolio. Accordingly, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our investment portfolio.

We do not believe that our cash, cash equivalents and marketable securities have significant risk of default or illiquidity. While we believe our cash, cash equivalents and marketable securities do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations during the periods presented.

Item 8. Financial Statements and Supplementary Data

Xencor, Inc.
Financial Statements

Audited Financial Statements for the Years Ended December 31, 2021, 2020 and 2019:

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
Xencor, Inc.

Opinion on the Financial Statements
We have audited the accompanying balance sheets of Xencor, Inc. (the Company) as of December 31, 2021 and 2020, the related statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes to the financial statements. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report, dated February 24, 2022, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the Audit Committee and that: (1) relates to accounts or disclosures that are material to the financial statements; and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition—Collaboration and Licensing Agreements
As discussed in Note 10 to the financial statements, the Company entered into collaboration and licensing agreements during the year ended December 31, 2021. These contracts contain multiple performance obligations. Management's identification of the performance obligations requires significant judgment, including whether the performance obligations are distinct and capable of being distinct, which requires management to evaluate whether the customer can benefit from the good or service on its own, or together with other resources readily available to the customer. Management applies significant judgment in determining the revenue recognition for these collaboration and licensing contracts including the identification of and accounting for all performance obligations and the calculation of the stand-alone selling price (SSP) for each identified performance obligation. The Company's estimate of SSP for each performance obligation within these customer contracts requires management to consider many factors, including

external market data as well as an estimate of future profitability. For each performance obligation identified, the Company recognizes revenue upon transfer of control of promised intellectual property and technology licenses or upon delivery of research and development services to its collaboration and licensing partners in an amount that reflects the consideration the Company expects to receive in exchange for those licenses or services.

We identified the Company's revenue recognition related to the collaboration and licensing agreements as a critical audit matter because auditing the identification and accounting for performance obligations, and the calculation of the SSP for each performance obligation, required significant audit effort and a high degree of auditor judgment and subjectivity to perform our audit procedures and evaluate the audit evidence obtained.

Our audit procedures related to the Company's collaboration and licensing contracts included the following, among others:

- We obtained and read the collaboration and licensing agreements and evaluated the completeness of the performance obligations identified by management, and performed an evaluation of whether these performance obligations were distinct and capable of being distinct.

- We obtained an understanding of the relevant controls related to the collaboration and licensing contracts and tested such controls for design, implementation and operating effectiveness, including management review controls related to identifying distinct performance obligations and when transfer of control is satisfied, and determining the SSP over each of the identified performance obligations.

- We tested management's process used to estimate the SSP by evaluating the models, including testing the accuracy and completeness of data used, and reasonableness of assumptions applied by management.

- As each contract has multiple performance obligations, we also tested the allocation of the transaction price to each performance obligation based upon the SSP.

/s/ RSM US LLP

We have served as the Company's auditor since 2015.

Los Angeles, California
February 24, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of
Xencor, Inc.

Opinion on Internal Control Over Financial Reporting
We have audited Xencor, Inc.'s (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the balance sheets of the Company as of December 31, 2021 and 2020, the related statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, of the Company and our report, dated February 24, 2022, expressed an unqualified opinion.

Basis for Opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ RSM US LLP

Los Angeles, California
February 24, 2022

Xencor, Inc.

Balance Sheets

(in thousands, except share and per share data)

	December 31,	
	2021	**2020**
Assets		
Current assets		
Cash and cash equivalents	$ 143,480	$ 163,544
Marketable debt securities	153,767	434,156
Marketable equity securities	36,860	5,303
Accounts receivable	66,384	11,443
Contract asset	—	12,500
Prepaid expenses and other current assets	23,877	10,726
Total current assets	424,368	637,672
Property and equipment, net	28,240	21,682
Patents, licenses, and other intangible assets, net	16,493	15,977
Marketable debt securities - long term	300,465	1,030
Marketable equity securities - long term	31,262	16,071
Notes receivable - long term	5,000	—
Right of use asset	31,730	10,600
Other assets	653	212
Total assets	$ 838,211	$ 703,244
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 14,001	$ 8,954
Accrued expenses	19,443	17,603
Lease liabilities	—	1,889
Deferred revenue	37,294	92,615
Total current liabilities	70,738	121,061
Lease liabilities, net of current portion	33,969	9,739
Total liabilities	104,707	130,800
Commitments and contingencies (see note 9)		
Stockholders' equity		
Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at December 31, 2021 and 2020	—	—
Common stock, $0.01 par value: 200,000,000 authorized shares; 59,355,558 issued and outstanding shares at December 31, 2021 and 57,873,444 issued and outstanding at December 31, 2020	595	580
Additional paid-in capital	1,017,523	937,525
Accumulated other comprehensive income	(1,510)	74
Accumulated deficit	(283,104)	(365,735)
Total stockholders' equity	733,504	572,444
Total liabilities and stockholders' equity	$ 838,211	$ 703,244

See accompanying notes to the financial statements.

Xencor, Inc.

Statements of Comprehensive Income (Loss)

(in thousands, except share and per share data)

	Year ended December 31,		
	2021	**2020**	**2019**
Revenue			
Collaborations, licenses, milestones, and royalties	$ 275,111	$ 122,694	$ 156,700
Operating expenses			
Research and development	192,507	169,802	118,590
General and administrative	38,837	29,689	24,286
Total operating expenses	231,344	199,491	142,876
Income (loss) from operations	43,767	(76,797)	13,824
Other income (expense)			
Interest income, net	849	7,264	13,619
Other income (expense), net	(1,274)	95	(256)
Gain on equity securities, net	39,289	105	—
Total other income, net	38,864	7,464	13,363
Income (loss) before income tax	82,631	(69,333)	27,187
Income tax expense	—	—	312
Net income (loss)	82,631	(69,333)	26,875
Other comprehensive income (loss)			
Net unrealized gain (loss) on marketable securities available-for-sale	(1,584)	(1,087)	2,132
Comprehensive income (loss)	$ 81,047	$ (70,420)	$ 29,007
Net income (loss) per share attributable to common stockholders:			
Basic	$ 1.42	$ (1.21)	$ 0.48
Diluted	$ 1.37	$ (1.21)	$ 0.46
Weighted average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	58,379,641	57,212,737	56,531,439
Diluted	60,495,455	57,212,737	58,467,880

See accompanying notes to the financial statements.

Xencor, Inc.

Statements of Stockholders' Equity

(in thousands, except share data)

Stockholders' Equity	Common Stock Shares	Common Stock Amount	Additional Paid in-Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance, December 31, 2018	56,279,542	$ 563	$ 845,366	$ (971)	$ (323,277)	$ 521,681
Issuance of common stock upon exercise of stock awards	543,887	5	9,264	—	—	9,269
Issuance of common stock under the Employee Stock Purchase Plan	67,561	1	1,392	—	—	1,393
Issuance of restricted stock units	11,311	—	—			—
Comprehensive income	—	—	—	2,132	26,875	29,007
Stock-based compensation	—	—	31,851	—	—	31,851
Balance, December 31, 2019	56,902,301	569	887,873	1,161	(296,402)	593,201
Issuance of common stock upon exercise of stock awards	858,470	9	16,608	—	—	16,617
Issuance of common stock under the Employee Stock Purchase Plan	50,318	1	1,426	—	—	1,427
Issuance of restricted stock units	62,355	1	(1)	—	—	—
Comprehensive loss	—	—	—	(1,087)	(69,333)	(70,420)
Stock-based compensation	—	—	31,619	—	—	31,619
Balance, December 31, 2020	57,873,444	580	937,525	74	(365,735)	572,444
Sale of common stock	748,062	7	28,913	—	—	28,920
Issuance of common stock upon exercise of stock awards	520,240	5	12,276	—	—	12,281
Issuance of common stock under the Employee Stock Purchase Plan	62,257	1	1,836	—	—	1,837
Issuance of restricted stock units	151,555	2	(2)	—	—	—
Comprehensive income	—	—	—	(1,584)	82,631	81,047
Stock-based compensation	—	—	36,975	—	—	36,975
Balance, December 31, 2021	**59,355,558**	**$ 595**	**$ 1,017,523**	**$ (1,510)**	**$ (283,104)**	**$ 733,504**

See accompanying notes to the financial statements.

Xencor, Inc.

Statements of Cash Flows

(in thousands)

	Year ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities			
Net income (loss)	$ 82,631	$ (69,333)	$ 26,875
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,491	5,794	4,298
Amortization of premium (accretion of discount) on marketable securities	3,160	(272)	(4,321)
Stock-based compensation	36,975	31,619	31,851
Abandonment of capitalized intangible assets	934	535	221
Loss on disposal of assets	462	4	8
Gain on sale of marketable securities available-for-sale	—	(153)	—
Equity received in connection with license agreement	(22,379)	(26,660)	—
Equity received in connection with sale of financial assets	(3,300)	—	—
Cash redemption of equity received in connection with license agreement	—	5,390	—
Change in fair value of equity securities	(20,988)	(105)	—
Equity securities impairment	762	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(54,941)	10,131	(11,321)
Interest receivable from marketable debt securities	655	1,190	(387)
Prepaid expenses and other current assets	(13,151)	(4,170)	3,828
Income tax receivable	—	895	704
Contract asset and deposits	12,059	(12,401)	—
Accounts payable	5,047	(1,235)	6,392
Accrued expenses	1,840	8,608	(667)
Deferred rent	—	—	(1,513)
Lease liabilities and ROU assets	1,211	(325)	1,354
Deferred revenue	(55,321)	45,484	7,052
Net cash provided by (used in) operating activities	(16,853)	(5,004)	64,374
Cash flows from investing activities			
Proceeds from sale and maturities of marketable securities available-for-sale	485,152	757,617	456,923
Proceeds from sale of property and equipment	19	1	—
Purchase of marketable securities	(509,597)	(643,658)	(496,855)
Purchase of intangible assets	(2,682)	(3,229)	(3,685)
Purchase of property and equipment	(13,299)	(10,539)	(7,353)
Purchase of convertible note	(5,000)	—	—
Exercise of stock options	(842)	—	—
Net cash provided by (used in) investing activities	(46,249)	100,192	(50,970)
Cash flows from financing activities			
Proceeds from issuance of common stock upon exercise of stock awards	12,281	16,617	9,269
Proceeds from issuance of common stock from Employee Stock Purchase Plan	1,837	1,427	1,393
Proceeds from issuance of common stock	28,920	—	—
Net cash provided by financing activities	43,038	18,044	10,662
Net (decrease) increase in cash and cash equivalents	(20,064)	113,232	24,066
Cash and cash equivalents, beginning of year	163,544	50,312	26,246
Cash and cash equivalents, end of year	$ 143,480	$ 163,544	$ 50,312
Supplemental disclosures of cash flow information			
Cash paid for:			
Interest	$ 14	$ 15	$ 11
Taxes	$ —	$ —	$ 400
Supplemental Schedule of Noncash Investing Activities			
Net unrealized gain (loss) on marketable securities available-for-sale	$ (1,584)	$ (1,087)	$ 2,132

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

Description of Business

Xencor, Inc. (we, us, our, or the Company) was incorporated in California in 1997 and reincorporated in Delaware in September 2004. We are a clinical-stage biopharmaceutical company focused on discovering and developing engineered monoclonal bispecific antibody and cytokine therapeutics to treat patients with cancer and autoimmune diseases who have unmet medical needs. We create our product candidates using our proprietary XmAb technology platforms, which focus on the portion of an antibody that interacts with multiple segments of the immune system, referred to as the Fc domain, which is constant and interchangeable among antibodies. Our engineered Fc domains, the XmAb technology, can increase antibody immune inhibition, improve cytotoxicity, extend half-life and most recently are used to create bispecific antibodies and cytokines.

Our operations are based in Monrovia, California and San Diego, California.

Basis of Presentation

The Company's financial statements as of December 31, 2021, 2020, and 2019 and for the years then ended have been prepared in accordance with accounting principles generally accepted in the United States (U.S.).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, other comprehensive gain (loss) and the related disclosures. On an ongoing basis, management evaluates its estimates, including estimates related to its accrued clinical trial and manufacturing development expenses, stock-based compensation expense, evaluation of intangible assets, investments, leases and other assets for evidence of impairment, fair value measurements, and contingencies. Significant estimates in these financial statements include estimates made for royalty revenue, accrued research and development expenses, stock-based compensation expenses, intangible assets, incremental borrowing rate for right-of-use asset and lease liability, estimated standalone selling price of performance obligations, estimated time for completing delivery of performance obligations under certain arrangements, the likelihood of recognizing variable consideration, the carrying value of equity instruments without a readily determinable fair value, and recoverability of deferred tax assets.

Recent Accounting Pronouncements

Pronouncements adopted in 2021

Effective January 1, 2021, the Company adopted ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which removes specific exceptions to the general principles in Topic 740 and simplifies the accounting for income taxes. The adoption of this standard did not have a significant impact on the Company's financial statements.

Effective January 1, 2021, the Company adopted ASU No. 2020-01, which clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, *Investment – Equity Method and Joint Ventures*, for the purposes of applying the measurement alternative in accordance with Topic 321, *Investments – Equity Securities* immediately before applying or upon discontinuing the equity method. The adoption of this standard did not have a significant impact on the Company's financial statements.

Effective January 1, 2021, the Company adopted ASU No. 2020-10, *Codification Improvements*, which amends a variety of topics in the Accounting Standards Codification to improve consistency and clarify guidance. The adoption of this standard did not have a significant impact on the Company's financial statements.

Pronouncements not yet effective

There are accounting standards that have been issued by the Financial Accounting Standards Board (FASB) but are not yet effective. The standards are not expected to have a material impact on our results of operations, financial conditions, or cash flows.

Revenue Recognition

We have, to date, earned revenue from research and development collaborations, which may include research and development services, licenses of our internally developed technologies, licenses of our internally developed drug candidates, or combinations of these.

The terms of our license, research and development, and collaboration agreements generally include non-refundable upfront payments, research funding, co-development payments and reimbursements, license fees, and milestone and other contingent payments to us for the achievement of defined collaboration objectives and certain clinical, regulatory and sales-based events, as well as royalties on sales of any commercialized products.

The terms of our licensing agreements include non-refundable upfront fees, annual licensing fees, and contractual payment obligations for the achievement of pre-defined preclinical, clinical, regulatory and sales-based events by our partners. The licensing agreements also include royalties on sales of any commercialized products by our partners.

We recognize revenue through the five-step process in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

Deferred Revenue

Deferred revenue arises from payments received in advance of the culmination of the earnings process. We have classified deferred revenue for which we stand ready to perform within the next 12 months as a current liability. We recognize deferred revenue as revenue in future periods when the applicable revenue recognition criteria have been met. The total amounts reported as deferred revenue were $37.3 million and $92.6 million at December 31, 2021 and 2020, respectively.

Accounts Receivable

Accounts receivable primarily consists of royalty and milestone revenues receivable from our license and collaboration agreements, as well as receivables arising from cost-sharing development activities. We did not record allowance for doubtful accounts at December 31, 2021 or 2020, as we expect to collect all receivables within the terms, which are generally between 30 and 60 days.

Research and Development Expenses

Research and development expenses include costs we incur for our own and for our collaborators' research and development activities. Research and development costs are expensed as incurred. These costs consist primarily of salaries and benefits, including associated stock-based compensation, laboratory supplies, facility costs, and applicable overhead expenses of personnel directly involved in the research and development of new technology and products, as well as fees paid to other entities that conduct certain research and development activities on our behalf. We estimate preclinical study and clinical trial expenses based on the services performed pursuant to the contracts with research institutions and clinical research organizations that conduct and manage preclinical studies and clinical trials on our behalf based on the actual time and expenses they incurred. Further, we accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and adjust estimates accordingly.

We capitalize acquired research and development technology licenses and third-party contract rights where such assets have an alternative use and amortize the costs over the shorter of the license term or the expected useful life. We review the license arrangements and the amortization period on a regular basis and adjust the carrying value or the amortization period of the licensed rights if there is evidence of a change in the carrying value or useful life of the asset.

Cash and Cash Equivalents

We consider cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which mature within three months from the date of purchase.

Marketable Debt and Equity Securities

The Company has an investment policy that includes guidelines on acceptable investment securities, minimum credit quality, maturity parameters, and concentration and diversification. The Company invests its excess cash primarily in marketable debt securities issued by investment grade institutions.

The Company considers its marketable debt securities to be available-for-sale and does not intend to sell these securities, and it is not more likely than not the Company will be required to sell the securities before recovery of the amortized cost basis. These assets are carried at fair value and any impairment losses and recoveries related to the underlying issuer's credit standing are recognized within other income (expense), while non-credit related impairment losses and recoveries are recognized within accumulated other comprehensive income (loss). There were no impairment losses or recoveries recorded for the years ended in December 31, 2021 and 2020, respectively. Accrued interest on marketable debt securities is included in marketable securities' carrying value. Accrued interest was $0.8 million and $1.4 million at December 31, 2021 and 2020, respectively. Each reporting period, the Company reviews its portfolio of marketable debt securities, using both quantitative and qualitative factors, to determine if each security's fair value has declined below its amortized cost basis.

The Company receives equity securities in connection with certain licensing transactions with its partners. These investments in an equity security are carried at fair value with changes in fair value recognized each period and reported within other income (expense). For equity securities with a readily determinable fair value, the Company remeasures these equity investments at each reporting period until such time that the investment is sold or disposed. If the Company sells an investment, any realized gains or losses on the sale of the securities will be recognized within other income (expense) in the Statement of Comprehensive Income (Loss) in the period of sale.

The Company also has investments in equity securities without a readily determinable fair value, where the Company elects the measurement alternative to record at their initial cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

Concentrations of Risk

Cash, cash equivalents, and marketable debt securities are financial instruments that potentially subject the Company to concentrations of risk. We invest our cash in corporate debt securities and U.S. sponsored agencies with strong credit ratings. We have established guidelines relative to diversification and maturities that are designed to help ensure safety and liquidity. These guidelines are periodically reviewed to take advantage of trends in yields and interest rates.

Cash and cash equivalents are maintained at financial institutions, and at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at December 31, 2021 and 2020 approximated $143.2 million and $163.3 million, respectively.

We have payables with four service providers that represent 64% of our total payables and with one service provider that represented 49% of our total payables at December 31, 2021 and 2020, respectively. We rely on four critical suppliers for the manufacture of our drug product for use in our clinical trials. While we believe that there are

alternative vendors available, a change in manufacturing vendors could cause a delay in the availability of drug product and result in a delay of conducting and completing our clinical trials. No other vendor accounted for more than 10% of total payables at December 31, 2021 or 2020.

We have receivables with two service providers that represent 84% and 88% of our total receivables at December 31, 2021 and 2020, respectively. The receivables are related to royalty revenues from our licensing and collaboration agreements. No other customer accounted for more than 10% of total receivables at December 31, 2021 or 2020.

Fair Value of Financial Instruments

Our financial instruments primarily consist of cash and cash equivalents, marketable debt securities, accounts receivable, accounts payable, and accrued expenses. Marketable debt securities and cash equivalents are carried at fair value. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. The fair value of the other financial instruments closely approximate their fair value due to their short maturities.

The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a fair value hierarchy for assets and liabilities measured at fair value, and requires expanded disclosure about fair value measurements. The ASC 820 hierarchy ranks the quality of reliable inputs, or assumptions, used in the determination of fair value and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

Level 1—Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets or liabilities.

Level 2—Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in markets that are not active. Related inputs can also include those used in valuation or other pricing models, such as interest rates and yield curves that can be corroborated by observable market data.

Level 3—Fair value is determined by inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgments to be made by the reporting entity – e.g. determining an appropriate discount factor for illiquidity associated with a given security.

The Company measures the fair value of financial assets using the highest level of inputs that are reasonably available as of the measurement date. The assets recorded at fair value are classified within the hierarchy as follows for the periods reported (in thousands):

	December 31, 2021			
	Total Fair Value	Level 1	Level 2	Level 3
Money Market Funds in Cash and Cash Equivalents	$ 123,892	$ 123,892	$ —	$ —
Corporate Securities	144,418	—	144,418	—
Government Securities	309,814	—	309,814	—
	$ 578,124	$ 123,892	$ 454,232	$ —

	December 31, 2020			
	Total Fair Value	Level 1	Level 2	Level 3
Money Market Funds in Cash and Cash Equivalents	$ 158,937	$ 158,937	$ —	$ —
Corporate Securities	119,833	—	119,833	—
Government Securities	315,353	—	315,353	—
	$ 594,123	$ 158,937	$ 435,186	$ —

Our policy is to record transfers of assets between Level 1 and Level 2 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. During the years ended December 31, 2021 and 2020, there were no transfers between Level 1 and Level 2.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred, while renewals and improvements are capitalized. Useful lives by asset category are as follows:

Computers, software and equipment	3 - 5 years
Furniture and fixtures	5 - 7 years
Leasehold improvements	5 - 7 years or remaining lease term, whichever is less

Patents, Licenses, and Other Intangible Assets

The cost of acquiring licenses is capitalized and amortized on the straight-line basis over the shorter of the term of the license or its estimated economic life, ranging from 1 to 18 years. Third-party costs incurred for acquiring patents are capitalized. Capitalized costs are accumulated until the earlier of the period that a patent is issued, or we abandon the patent claims. Cumulative capitalized patent costs are amortized on a straight-line basis from the date of issuance over the shorter of the patent term or the estimated useful economic life of the patent, ranging from 3 to 27 years. Our senior management, with advice from outside patent counsel, assesses three primary criteria to determine if a patent will be capitalized initially: i) technical feasibility, ii) magnitude and scope of new technical function covered by the patent compared to the company's existing technology and patent portfolio, particularly assessing the value added to our product candidates or licensing business, and iii) legal issues, primarily assessment of patentability and prosecution cost. We review our intellectual property on a regular basis to determine if there are changes in the estimated useful life of issued patents and if any capitalized costs for unissued patents should be abandoned. Capitalized patent costs related to

abandoned patent filings are charged off in the period of the decision to abandon. During 2021, 2020, and 2019, we abandoned previously capitalized patent and licensing related charges of $0.9 million, $0.5 million, and $0.2 million, respectively.

The carrying amount and accumulated amortization of patents, licenses, and other intangibles is as follows (in thousands):

	December 31,	
	2021	2020
Patents, definite life	$ 13,231	$ 12,038
Patents, pending issuance	8,821	8,432
Licenses and other amortizable intangible assets	2,474	2,560
Nonamortizable intangible assets (trademarks)	399	399
Total gross carrying amount	24,925	23,429
Accumulated amortization—patents	(6,800)	(5,791)
Accumulated amortization—licenses and other	(1,632)	(1,661)
Total intangible assets, net	$ 16,493	$ 15,977

Amortization expense for patents, licenses, and other intangible assets was $1.2 million, $1.1 million, and $0.9 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Future amortization expense for patent, licenses, and other intangible assets recorded as of December 31, 2021, and for which amortization has commenced, is as follows:

	Year ended December 31, (in thousands)
2022	$ 1,073
2023	957
2024	770
2025	680
2026	586
Thereafter	3,207
Total	$ 7,273

The above amortization expense forecast is an estimate. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets, and other events. As of December 31, 2021, the Company has $8.8 million of intangible assets which are in-process and have not been placed in service, and accordingly amortization on these assets has not commenced.

Long-Lived Assets

Management reviews long-lived assets which include fixed assets and amortizable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets.

We did not recognize a loss from impairment for the years ended December 31, 2021, 2020, or 2019.

Income Taxes

We account for income taxes in accordance with accounting guidance which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances, and information available at the reporting date. For those tax positions where there is greater than 50% likelihood that a tax benefit will be sustained, we have recorded the largest amount of tax benefit that may potentially be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is a 50% or less likelihood that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. We did not have any material uncertain tax positions at December 31, 2021 or 2020.

Our policy is to recognize interest and penalties on taxes, if any, as a component of income tax expense.

The Tax Cuts and Jobs Act of 2017 (TCJA) enacted on December 22, 2017 included several key provisions impacting the accounting for and reporting of income taxes. The most significant provisions reduced the U.S. corporate statutory tax rate from 35% to 21%, eliminated the corporate Alternative Minimum Tax (AMT) system, and made changes to the carryforward of net operating losses beginning on January 1, 2018. The tax reform provided for a refund of unused AMT carryforwards for years beginning after December 31, 2017. We received an income tax refund during the years ended December 31, 2020 and 2019 of $0.8 million each year related to our federal AMT carryforwards.

Stock-Based Compensation

We recognize compensation expense using a fair-value-based method for costs related to all share-based payments, including stock options, restricted stock units (RSUs), and shares issued under our Employee Stock Purchase Plan (ESPP). Stock-based compensation cost related to employees and directors is measured at the grant date, based on the fair-value-based measurement of the award using the Black-Scholes method, and is recognized as expense over the requisite service period on a straight-line basis. We account for forfeitures when they occur. We recorded stock-based compensation and expense for stock-based awards to employees, directors, and consultants of approximately $37.0 million, $31.6 million, and $31.9 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Net Income (Loss) Per Share

Basic net income (loss) per common share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents. Diluted net income (loss) per common share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common stock equivalents outstanding for the period. Potentially dilutive securities consisting of stock issuable pursuant to outstanding options and restricted stock units (RSUs), and stock issuable pursuant to the 2013 Employee Stock Purchase Plan (ESPP) are not included in the per common share calculation in periods when the inclusion of such shares would have an anti-dilutive effect.

Basic and diluted net income (loss) per common share is computed as follows:

Basic net income (loss) per common share is computed by dividing the net income or loss by the weighted-average number of common shares outstanding during the period. Potentially dilutive securities were included in the diluted net income per common share calculation for 2021 and 2019.

In 2020, we excluded all options and awards from the calculations because we reported net losses in the period, and the inclusion of such shares would have had an antidilutive effect.

	Year Ended December 31,		
	2021	2020	2019
	(in thousands, except share and per share data)		
Basic			
Numerator:			
Net income (loss) attributable to common stockholders for basic net income (loss) per share	$ 82,631	$ (69,333)	$ 26,875
Denominator:			
Weighted-average common shares outstanding	58,379,641	57,212,737	56,531,439
Basic net income (loss) per common share	$ 1.42	$ (1.21)	$ 0.48
Diluted			
Numerator:			
Net income (loss) attributable to common stockholders for diluted net income (loss) per share	$ 82,631	$ (69,333)	$ 26,875
Denominator:			
Weighted average number of common shares outstanding used in computing basic net income (loss) per common share	58,379,641	57,212,737	56,531,439
Dilutive effect of employee stock options, RSUs, and ESPP	2,115,814	—	1,936,441
Weighted-average number of common shares outstanding used in computing diluted net income (loss) per common share	60,495,455	57,212,737	58,467,880
Diluted net income (loss) per common share	$ 1.37	$ (1.21)	$ 0.46

For the year ended December 31, 2021, we excluded 1,196,268 shares of options and RSUs from the calculation of diluted net income per common share because the inclusion of such shares would have had an anti-dilutive effect. For the year ended December 31, 2020, all outstanding potentially dilutive securities were excluded from the calculation as the effect of including such securities would have been anti-dilutive. For the year ended December 31, 2019, we excluded 1,022,623 shares of options and RSUs from the calculation because the inclusion of such shares would have had an anti-dilutive effect.

Segment Reporting

The Company determines its segment reporting based upon the way the business is organized for making operating decisions and assessing performance. The Company has only one operating segment related to the development of pharmaceutical products.

2. Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). For the years ended December 31, 2021, 2020, and 2019, the only component of other comprehensive income (loss) is net unrealized gain (loss) on marketable debt securities. There were no material reclassifications out of accumulated other comprehensive loss during the year ended December 31, 2021.

3. Marketable Debt and Equity Securities

The Company's marketable debt securities held as of December 31, 2021 and 2020 are summarized below:

	December 31, 2021			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds	$ 123,892	$ —	$ —	$ 123,892
Corporate Securities	144,584	—	(166)	144,418
Government Securities	311,148	1	(1,335)	309,814
	$ 579,624	$ 1	$ (1,501)	$ 578,124
Reported as				
Cash and cash equivalents				$ 123,892
Marketable securities				454,232
Total investments				$ 578,124

	December 31, 2020			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Money Market Funds	$ 158,937	$ —	$ —	$ 158,937
Corporate Securities	119,782	57	(6)	119,833
Government Securities	315,319	37	(3)	315,353
	$ 594,038	$ 94	$ (9)	$ 594,123
Reported as				
Cash and cash equivalents				$ 158,937
Marketable securities				435,186
Total investments				$ 594,123

The maturities of the Company's marketable debt securities as of December 31, 2021 are as follows:

(in thousands)	Amortized Cost	Estimated Fair Value
Mature in one year or less	$ 153,871	$ 153,767
Mature within two years	301,861	300,465
	$ 455,732	$ 454,232

The unrealized losses on available-for-sale investments and their related fair values as of December 31, 2021 and 2020 are as follows:

	December 31, 2021			
	Less than 12 months		12 months or greater	
(in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate Securities	$ 50,337	$ (51)	$ 45,872	$ (115)
Government Securities	39,909	(54)	254,593	(1,281)
	$ 90,246	$ (105)	$ 300,465	$ (1,396)

	December 31, 2020			
	Less than 12 months		12 months or greater	
(in thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate Securities	$ 15,843	$ (6)	$ —	$ —
Government Securities	40,802	(3)	—	—
	$ 56,645	$ (9)	$ —	$ —

The unrealized losses from the listed securities are due to a change in the interest rate environment and not a change in the credit quality of the securities.

The Company's equity securities include securities with a readily determinable fair value. These investments are carried at fair value with changes in fair value recognized each period and reported within other income (expense). Equity securities with a readily determinable fair value and their fair values (in thousands) as of December 31, 2021 and 2020 are as follows:

	Fair Value December 31, 2021	Fair Value December 31, 2020
Astria Common Stock	$ 3,449	$ —
INmune Common Stock	19,233	—
Viridian Common Stock	14,178	5,303
	$ 36,860	$ 5,303

The Company also has investments in equity securities without a readily determinable fair value. The Company elects the measurement alternative to record these investments at their initial cost and evaluate such investments at each reporting period for evidence of impairment, or observable price changes in orderly transactions for the identical or a similar investment of the same issuer. During the year ended December 31, 2021, the Company recorded an impairment charge of $0.8 million related to the Astria preferred stock. Equity securities without a readily determinable fair value and their carrying values (in thousands) as of December 31, 2021 and 2020 are as follows:

	Carrying Value December 31, 2021	Carrying Value December 31, 2020
Astria Preferred Stock	$ 312	$ —
Zenas Preferred Stock	30,950	16,071
	$ 31,262	$ 16,071

In 2018, the Company received equity shares in Quellis Biosciences, Inc. (Quellis) in connection with a licensing transaction. The Company recorded the Quellis equity as securities without a readily determinable fair value, and the investment was recorded at its original cost. In 2021, Quellis merged into Catabasis Pharmaceuticals, Inc. (Catabasis), and the Company received 259,206 shares of common stock and 3,928 shares of preferred stock in Catabasis in exchange for its Quellis equity. In June 2021, 3,581 shares of the Catabasis preferred stock were exchanged for 3,580,539 shares of Catabasis common stock. The total 3,839,745 shares of the Catabasis common stock have a readily determinable fair value. In August 2021, Catabasis effected a reverse stock split of its shares of common stock at a ratio of 1:6, and in September 2021, Catabasis changed its name to Astria Therapeutics, Inc. (Astria). The adjustment in the fair value of the Astria common stock has been recorded in unrealized gain (loss) on equity securities for the year ended December 31, 2021.

The Company records its investment in the shares of Astria preferred stock as an equity interest without a readily determinable fair value. The Company elected to record the original 3,928 shares of preferred stock at their initial cost of $12.1 million and to review the carrying value for impairment or other changes in carrying value at each reporting period. After the conversion of 3,581 shares of Astria preferred stock to common stock in June 2021, the Company owned 347 shares of preferred stock and continued to carry the shares at their original cost of $1.1 million. The Company subsequently recorded impairment charges of $0.8 million related to its investment in Astria's preferred stock.

In 2017, the Company received 1,585,000 shares of common stock of INmune Bio, Inc. (INmune) and an option to acquire an additional 10% of INmune's outstanding shares of common stock in connection with a licensing transaction. The Company also received an option to acquire 108,000 shares of INmune common stock in connection with a designee appointed by us serving on the board of directors of INmune. The Company initially recorded its equity interest, including its option to acquire additional equity in INmune, at cost pursuant to ASC 323, *Investments – Equity Method and Joint Ventures*. In June 2021, the Company entered into an Option Cancellation Agreement with INmune and received $15.0 million in proceeds and an additional 192,533 shares of INmune common stock in exchange for the option to acquire 10% of INmune. During the three-month period ended June 30, 2021, the Company determined that it should no longer account for its investment in INmune under the equity method. In September 2021, the Company exercised its option to purchase 108,000 shares of INmune common stock for $0.8 million and the Company recorded a gain of $0.9 million on the purchase. The 1,885,533 shares of INmune common stock have a readily determinable fair value, and the adjustment in the fair value of the shares of INmune common stock was recorded in gain (loss) on equity securities for the year ended December 31, 2021.

In December 2020, the Company received 322,407 shares of common stock of Viridian Therapeutics, Inc. (Viridian) in connection with the Viridian Agreement (defined below). In December 2021, the Company received an additional 394,737 shares of common stock of Viridian in connection with the Second Viridian Agreement (defined below). The shares of Viridian common stock are classified as equity securities with a readily determinable fair value and the adjustment in the fair value of the shares of Viridian common stock was recorded in gain (loss) on equity securities for the year ended at December 31, 2021.

In 2020, the Company received an equity interest in Zenas BioPharma Limited (Zenas), in connection with the Zenas Agreement (defined below). The Company elected the measurement alternative to carry the Zenas equity at cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. In 2021, the Company received a warrant to receive equity from Zenas in connection with the Second Zenas Agreement (defined below). During the year ended December 31, 2021, there have not been any impairment or observable price changes related to this investment.

Unrealized gains and losses recognized on equity securities (in thousands) during the year ended December 31, 2021 and 2020 consist of the following:

	Year Ended December 31, 2021	2020
Net gains recognized on equity securities	$ 39,289	$ 105
Less: net gains recognized on equity securities redeemed	18,301	801
Unrealized gain (losses) recognized on equity securities	$ 20,988	$ (696)

4. Sale of Additional Common Stock

Under the terms of the Stock Purchase Agreement (defined below), Johnson & Johnson Innovation, JJDC, Inc. (JJDC), purchased $25.0 million of newly issued unregistered shares of the Company's common stock, priced at a 30-day volume-weighted average price of $33.4197 per share as of October 1, 2021. The Company issued 748,062 shares of common stock to JJDC on November 12, 2021. The issued shares are subject to customary resale restrictions pursuant to Rule 144 of the Securities Act of 1933.

5. Property and Equipment

Property and equipment consist of the following:

	December 31, 2021	2020
	(in thousands)	
Computers, software and equipment	$ 41,955	$ 31,229
Furniture and fixtures	539	527
Leasehold and tenant improvements	8,574	6,957
Total gross carrying amount	51,068	38,713
Less accumulated depreciation and amortization	(22,828)	(17,031)
Total property and equipment, net	$ 28,240	$ 21,682

Depreciation expense related to property and equipment in 2021, 2020, and 2019 was $6.3 million, $4.7 million, and $3.4 million, respectively.

6. Income Taxes

Our effective tax rate differs from the statutory federal income tax rate, primarily as a result of the changes in valuation allowance. There was no provision for taxes for the years ended December 31, 2021 and December 31, 2020. The provision for income taxes for the year ended December 31, 2019 was $0.3 million, which represents the current state alternative minimum tax for the year.

A reconciliation of the federal statutory income tax to our effective income tax is as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Federal statutory income tax	$ 17,352	$ (14,559)	$ 5,709
State and local income taxes	783	(4,659)	2,549
Research and development credit	(10,492)	(9,669)	(6,747)
Stock-based compensation	2,424	529	1,927
State credit	—	—	1,725
Other	95	56	(301)
Change in state rate	2,599	—	—
Net change in valuation allowance	(12,761)	28,302	(4,550)
Income tax provision	$ —	$ —	$ 312

The tax effect of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities at December 31, 2021 and 2020 is presented below (in thousands):

	December 31,	
	2021	2020
Deferred income tax assets		
Net operating loss carryforwards	$ 46,629	$ 56,182
Research credits	48,128	38,047
Unrealized loss on securities	327	195
Capitalized lease assets	489	288
Accrued compensation	9,207	8,464
Deferred revenue	—	11,925
Gross deferred income tax assets	104,780	115,101
Valuation allowance	(93,580)	(105,995)
Net deferred income tax assets	11,200	9,106
Deferred income tax liabilities		
Patent costs	(3,416)	(4,219)
Equity investment	(3,508)	(4,497)
Licensing costs	(151)	(194)
Capitalized legal costs	(13)	(21)
Depreciation	(288)	(151)
Unrealized gain on securities	(3,824)	(24)
Gross deferred income tax liabilities	(11,200)	(9,106)
Net deferred income tax asset	$ —	$ —

The Tax Cuts and Jobs Act of 2017 (TCJA) was enacted in December 2017 and made substantial changes in the U.S. tax system. One of the changes was elimination of the AMT tax system for corporations and allowance of an income tax refund for AMT tax credit carryforwards as of December 31, 2017. We have received an income tax refund of $0.8 million and $0.8 million for each year ended December 31, 2020 and 2019 for U.S. AMT credit carryforwards. We have net deferred tax assets relating primarily to net operating loss carryforwards and research and development tax credit carryforwards. Due to the uncertainty surrounding the realization of the benefits of our deferred tax assets in future tax periods, we have placed a valuation allowance against our deferred tax assets at December 31, 2021 and 2020. The Company recognizes valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. The Company’s net deferred income tax asset is not more likely than not to be realized due to the lack of sufficient sources of future taxable income and cumulative losses that have resulted over the years. During the year ended December 31, 2021, the valuation allowance decreased by $12.4 million. The Company’s tax years starting in 2017 through 2020 remain open to potential examination by the U.S. and state taxing authorities due to carryforwards of net operating losses.

As of December 31, 2021, we had cumulative net operating loss carryforwards for federal and state income tax purposes of $168.2 million and $161.6 million, respectively, and available tax credit carryforwards of approximately $34.0 million for federal income tax purposes and $17.8 million for state income tax purposes, which can be carried forward to offset future taxable income, if any. The federal net operating loss carryforwards consist of $63.9 million of losses incurred prior to January 1, 2018, which are subject to carryforward limitations and $104.3 million of losses incurred after January 1, 2018, which may be carried forward indefinitely.

Our federal net operating loss carryforwards expire starting in 2026, state net operating loss carryforwards expire starting in 2035, and federal tax credit carryforwards began to expire in 2019. A total of $0.5 million in federal tax credits will expire over the next four years if not utilized. Utilization of our net operating loss and tax credit carryforwards are subject to a substantial annual limitation under Section 382 of the Code due to the fact that we have experienced ownership changes. As a result of these changes, certain of our net operating loss and tax credit carryforwards may expire before we can use them.

7. Stock-Based Compensation

Our Board of Directors and the requisite stockholders previously approved the 2010 Equity Incentive Plan (the 2010 Plan). In October 2013, our Board of Directors approved the 2013 Equity Incentive Plan (the 2013 Plan), and in November 2013, our stockholders approved the 2013 Plan. The 2013 Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance stock awards, performance cash awards, and other stock awards. The 2013 Plan became effective as of December 2, 2013, the date of the pricing of the Company's initial public offering. As of December 2, 2013, we suspended the 2010 Plan, and no additional awards may be granted under the 2010 Plan. Any shares of common stock covered by awards granted under the 2010 Plan that terminate after December 2, 2013 by expiration, forfeiture, cancellation, or other means without the issuance of such shares will be added to the 2013 Plan reserve.

As of December 31, 2021, the total number of shares of common stock available for issuance under the 2013 Plan was 13,122,238. Unless otherwise determined by the Board, beginning January 1, 2014, and continuing until the expiration of the 2013 Plan, the total number of shares of common stock available for issuance under the 2013 Plan will automatically increase annually on January 1 by 4% of the total number of issued and outstanding shares of common stock as of December 31 of the immediately preceding year. On January 1, 2021, the total number of shares of common stock available for issuance under the 2013 Plan was increased by 2,314,937 shares, which is included in the number of shares available for issuance above. As of December 31, 2021, a total of 12,400,073 options have been granted under the 2013 Plan.

As of December 31, 2021, the Company has awarded 1,124,487 RSUs to certain employees pursuant to the 2013 Plan. Vesting of these awards will be annually over equal installments, either a two or three-year vesting period, and is contingent on continued employment terms. The fair value of these awards is determined based on the intrinsic value of the stock on the date of grant and will be recognized as stock-based compensation expense over the requisite service period.

In November 2013, our Board of Directors and stockholders approved the 2013 Employee Stock Purchase Plan (ESPP), which became effective as of December 5, 2013. Under the ESPP our employees may elect to have between 1-15% of their compensation withheld to purchase shares of the Company's common stock at a discount. The ESPP had an initial two-year term that includes four six-month purchase periods, and employee withholding amounts may be used to purchase Company stock during each six-month purchase period. The initial two-year term ended in December 2015 and pursuant to the provisions of the ESPP, the second two-year term began automatically upon the end of the initial term. The total number of shares that can be purchased with the withholding amounts are based on the lower of 85% of the Company's common stock price at the initial offering date or 85% of the Company's stock price at each purchase date.

We have reserved a total of 581,286 shares of common stock for issuance under the ESPP. Unless otherwise determined by our Board, beginning on January 1, 2014, and continuing until the expiration of the ESPP, the total number shares of common stock available for issuance under the ESPP will automatically increase annually on January 1 by the lesser of (i) 1% of the total number of issued and outstanding shares of common stock as of December 31 of the

immediately preceding year, or (ii) 621,814 shares of common stock. On January 1, 2014, the total number of shares of common stock available for issuance under the ESPP was automatically increased by 313,545 shares, which is included in the number of shares reserved for issuance above. Pursuant to approval by our board, there were no increases in the number of authorized shares in the ESPP in years from 2015 to 2021. As of December 31, 2021, we have issued a total of 529,852 shares of common stock under the ESPP.

Total employee, director and non-employee stock-based compensation expense recognized was as follows:

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
General and administrative	$ 12,813	$ 10,769	$ 8,854
Research and development	24,162	20,850	22,997
	$ 36,975	$ 31,619	$ 31,851

	Year Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Stock options	$ 27,909	$ 26,045	$ 30,502
ESPP	992	804	687
RSUs	8,074	4,770	662
	$ 36,975	$ 31,619	$ 31,851

Information with respect to stock options outstanding is as follows:

	December 31,		
	2021	**2020**	**2019**
Exercisable options	5,576,430	4,668,179	3,950,965
Weighted average exercise price per share of exercisable options	$ 24.15	$ 21.75	$ 17.79
Weighted average grant date fair value per share of options granted during the year	$ 21.65	$ 16.96	$ 20.74
Options available for future grants	3,597,371	3,346,092	3,975,160
Weighted average remaining contractual life	6.65	7.00	7.32

The following table summarizes stock option activity for the years ended December 31, 2021 and 2020:

	Number of Shares	Weighted-Average Exercise Price (Per Share)[1]	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)[2]
Balances at December 31, 2019	7,174,319	24.03	7.32	$ 79,116
Options granted	1,679,324	33.08		
Options forfeited	(243,384)	32.93		
Options exercised[3]	(858,470)	19.36		
Balances at December 31, 2020	7,751,789	26.23	7.00	$ 134,941
Options granted	1,827,234	41.22		
Options forfeited	(382,454)	36.15		
Options exercised[3]	(520,240)	23.61		
Balances at December 31, 2021	8,676,329	$ 29.11	6.65	$ 100,057
As of December 31, 2021				
Options vested and expected to vest	8,676,329	$ 29.11	6.65	$ 100,057
Exercisable	5,576,430	$ 24.15	5.53	$ 89,287

(1) The weighted average exercise price per share is determined using exercise price per share for stock options.

(2) The aggregate intrinsic value is calculated as the difference between the exercise price of the option and the fair value of our common stock for in-the-money options at December 31, 2021 and 2020.

(3) The total intrinsic value of stock options exercised was $9.2 million, $16.3 million, and $11.5 million for the years ended December 31, 2021, 2020 and 2019 respectively.

The stock options outstanding and exercisable by exercise price at December 31, 2021 are as follows:

Stock Options Outstanding				Stock Options Exercisable	
Range of Exercise Prices	Number of Shares	Weighted-Average Remaining Contractual Term (in years)	Weighted-Average Exercise Price Per Share	Number of Shares	Weighted-Average Exercise Price Per Share
$4.25 – $10.28	151,488	1.68	$ 4.29	151,488	$ 4.29
$10.52 – $15.78	1,508,709	3.33	$ 13.15	1,507,724	$ 13.15
$15.91 – $23.87	1,777,216	5.52	$ 22.77	1,756,016	$ 22.76
$23.96 – $35.94	2,312,270	7.91	$ 32.08	1,168,530	$ 31.65
$35.99 – $53.99	2,926,646	8.31	$ 40.12	992,672	$ 37.52
	8,676,329	6.65	$ 29.11	5,576,430	$ 24.15

We estimated the fair value of employee and non-employee awards using the Black-Scholes valuation model. The fair value of employee stock options is being amortized on a straight-line basis over the requisite service period of the awards. Management estimates the probability of non-employee awards being vested based upon an evaluation of the non-employee achieving their specific performance goals.

Options are issued at the fair market value of our stock on the date of grant.

The fair value of employee stock options was estimated using the following weighted average assumptions for the years ended December 31, 2021, 2020 and 2019:

	Options		
	2021	2020	2019
Common stock fair value per share	$ 30.65 - 49.47	$ 20.69 - 45.91	$ 29.96 - 44.19
Expected volatility	53.91% - 56.82%	52.93% - 58.95%	60.67% - 61.33%
Risk-free interest rate	0.47% - 1.33%	0.29% - 1.71%	1.37% - 2.60%
Expected dividend yield	—	—	—
Expected term (in years)	6.00 - 7.65	5.23 - 7.65	5.23 - 6.59

	ESPP		
	2021	2020	2019
Expected term (years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0
Expected volatility	46.08% - 66.37%	50.77% - 66.37%	50.77% - 71.37%
Risk-free interest rate	0.04% - 1.65%	0.09% - 1.65%	1.47% - 2.70%
Expected dividend yield	—	—	—

The expected term of stock options represents the average period the stock options are expected to remain outstanding. The expected stock price volatility for our stock options for the years ended December 31, 2021, 2020, and 2019 was determined using a blended volatility by examining the historical volatility for industry peer companies and the volatility of our stock from the effective date that our shares were publicly traded on a national stock exchange.

We determined the average expected life of stock options based on the anticipated time period between the measurement date and the exercise date by examining the option holders' past exercise patterns.

The risk-free interest rate assumption is based on the U.S. Treasury instruments, for which the term was consistent with the expected term of our stock options.

The expected dividend assumption is based on our history and expectation of dividend payouts. We have not paid dividends and did not have any dividend payout at December 31, 2021.

The following table summarizes RSU activity for the years ended December 31, 2021:

	Number of Shares	Weighted-Average Grant Date Fair Value (Per Unit)
Unvested at December 31, 2019	90,006	$ 34.66
Granted	348,288	32.51
Vested	(62,355)	32.61
Forfeited	(17,114)	32.33
Unvested at December 31, 2020	358,825	$ 33.04
Granted	670,700	39.11
Vested	(151,555)	32.76
Forfeited	(51,822)	36.68
Unvested at December 31, 2021	826,148	$ 37.79

As of December 31, 2021 and 2020, the unamortized compensation expense related to unvested stock options was $54.5 million and $48.9 million, respectively. The remaining unamortized compensation expense will be recognized over the next 2.62 years. At December 31, 2021 and 2020, the unamortized compensation expense was $2.3 million and $0.9 million respectively under our ESPP. The remaining unamortized expense will be recognized over the next 1.94 years. At December 31, 2021 and 2020, the unamortized compensation expense related to unvested restricted stock units was $24.8 million and $8.5 million, respectively. The remaining unamortized compensation expense will be recognized over the next 1.95 years.

8. Leases

The Company leases office and laboratory space in Monrovia, California under a lease that expires in December 2025 with an option to renew for an additional five years at then market rates. In July 2017, under a separate lease agreement, the Company entered into a lease for additional space in the same building with a lease that continues through September 2022, also with an option to renew for an additional five years. The Company has assessed that it is unlikely to exercise either of the lease term extension options.

The Company leases additional office space in San Diego, California through August 2022, with an option to extend for an additional five years. The Company has assessed that it is unlikely to exercise the option to extend the lease term.

In June 2021, the Company entered into an Agreement of Lease (the Halstead Lease) relating to 129,543 rentable square feet, for laboratory and office space, in Pasadena, California, where the Company intends to move its corporate headquarters in the second half of 2022. The term of the Halstead Lease will become effective in two phases. The first phase commences on July 1, 2022 and encompasses 83,083 square feet while the second phase commences no later than September 30, 2026 and encompasses an additional 46,460 square feet. The term of the Halstead Lease is 13 years from the first phase commencement date. The Company received delivery of the first phase premises on July 1, 2021 and is scheduled to complete construction of office, laboratory, and related improvements in the second half of 2022. The Halstead Lease provides the Company with improvement allowances of up to $17,032,015 and $3,252,000 in connection with the Phase 1 and Phase 2 building improvements, respectively. The initial base monthly rent is $386,335.95, or $4.65 per square foot, and includes increases of three percent annually. The Company will also be responsible for its proportionate share of operating expenses, tax expense, and utility costs.

In July 2021, the Halstead Lease was amended to clarify the start date of the new lease as August 1, 2022 and to amend other provisions of the Halstead Lease to reflect the new start date of the lease. For the year ended December 31, 2021, ROU assets obtained in exchange for new operating lease liabilities are $29.7 million.

In June 2021, the Company entered into an 18-month lease for a 7,020-square-foot office space in Monrovia, California. The lease began on August 1, 2021, and the initial base monthly rent is $15,000.00. The Company received delivery of the premises on July 19, 2021. For the year ended December 31, 2021, ROU assets obtained in exchange for new operating lease liabilities are $0.3 million.

The Company’s lease agreements do not contain any residual value guarantees or restrictive covenants.

The following table reconciles the undiscounted cash flows for the operating leases at December 31, 2021 to the operating lease liabilities recorded on the balance sheet (in thousands):

Years ending December 31,	
2022	$ 2,097
2023	5,566
2024	5,713
2025	5,817
2026	5,279
Thereafter	52,117
Total undiscounted lease payments	76,589
Less: Tenant allowance	(17,032)
Less: Imputed interest	(25,588)
Present value of lease payments	$ 33,969
Lease liabilities - long-term	$ 33,969

The following table summarizes lease costs, cash, and other disclosures for the years ended December 31, 2021, 2020, and 2019 (in thousands):

	Year Ended December 31,		
	2021	**2020**	**2019**
Operating lease cost	$ 4,342	$ 2,503	$ 2,596
Variable lease cost	58	150	80
Total lease costs	$ 4,400	$ 2,653	$ 2,676
Cash paid for amounts included in the measurement of lease liabilities	$ 2,773	$ 2,233	$ 1,929
Weighted-average remaining lease term —operating leases (in years)	12.3	7.4	5.5
Weighted-average discount rate —operating leases	5.8%	5.5%	5.5%

9. Commitments and Contingencies

Contingencies

From time to time, the Company may be subject to various litigation and related matters arising in the ordinary course of business. The Company does not believe it is currently subject to any material matters where there is at least a reasonable possibility that a material loss may be incurred.

We are obligated to make future payments to third parties under in-license agreements, including sublicense fees, royalties, and payments that become due and payable on the achievement of certain development and commercialization milestones. As the amount and timing of sublicense fees and the achievement and timing of these milestones are not probable and estimable, such commitments have not been included on our balance sheet. We have also entered into agreements with third party vendors which will require us to make future payments upon the delivery of goods and services in future periods.

Guarantees

In the normal course of business, we indemnify certain employees and other parties, such as collaboration partners and other parties that perform certain work on behalf of, or for the Company or take licenses to our technologies. We have agreed to hold these parties harmless against losses arising from our breach of representations or covenants, intellectual property infringement or other claims made against these parties in performance of their work with us.

These agreements typically limit the time within which the party may seek indemnification by us and the amount of the claim. It is not possible to prospectively determine the maximum potential amount of liability under these indemnification agreements since we have not had any prior indemnification claims on which to base the calculation. Further, each potential claim would be based on the unique facts and circumstances of the claim and the particular provisions of each agreement. We are not aware of any potential claims and we did not record a liability as of December 31, 2021 and 2020.

10. Collaboration and Licensing Agreements

Following is a summary description of the material revenue arrangements, including arrangements that generated revenue in the period ended December 31, 2021, 2020, and 2019. The revenue reported for each agreement has been adjusted to reflect the adoption of ASC 606 for each period presented.

Aimmune Therapeutics, Inc.

On February 4, 2020, the Company entered into a License, Development and Commercialization Agreement (the Aimmune Agreement) with Aimmune Therapeutics, Inc. (Aimmune) pursuant to which the Company granted Aimmune an exclusive worldwide license to XmAb7195, which was renamed AIMab7195. Under the Aimmune Agreement, Aimmune will be responsible for all further development and commercialization activities for XmAb7195. The Company received an upfront payment of $5.0 million and 156,238 shares of Aimmune common stock with an aggregate value of $4.6 million on the closing date. Under the Aimmune Agreement, the Company is also eligible to receive up to $385.0 million in milestones, which include $22.0 million in development milestones, $53.0 million in regulatory milestones and $310.0 million in sales milestones, and tiered royalties on net sales of approved products from high-single to mid-teen percentage range.

Under the Aimmune Agreement, Aimmune received exclusive worldwide rights to manufacture, develop and commercialize XmAb7195. They also received the rights to all data, information and research materials related to the XmAb7195 program.

The Company evaluated the Aimmune Agreement under the revenue recognition standard ASC 606 and identified the following performance obligations that it deemed to be distinct at the inception of the contract:

- license to the rights to the XmAb7195 drug candidate; and
- rights to material, data, and information that the Company had accumulated in connection with manufacturing, testing, and conducting clinical trials for the XmAb7195 program and intellectual property filings and information (XmAb7195 data).

The Company considered the licenses as functional intellectual property as Aimmune has the right to use XmAb7195 at the time that the Company transfers such rights. The rights to the XmAb7195 data are not considered to be separate from the license to XmAb7195 as Aimmune cannot benefit from the license without the supporting data and documentation.

The Company determined the transaction price at inception is $9.6 million which consists of the $5.0 million upfront payment and the 156,238 shares of Aimmune common stock which had a value of $4.6 million on the closing date. The Company determined that the transaction price is to be allocated to the performance obligations. The Aimmune Agreement includes variable consideration for potential future milestones and royalties that are contingent on future

success factors for the XmAb7195 program. The Company used the “most likely amount” method to determine the variable consideration. None of the development, regulatory or sales milestones or royalties were included in the transaction price. The Company will re-evaluate the transaction price in each reporting period as uncertain events are resolved or other changes in circumstances occur.

The Company determined the transaction price at inception of the Aimmune Agreement and allocated it to the performance obligation, delivery of the XmAb7195 license.

The Company completed delivery of its performance obligations in March 2020. The license to XmAb7195 was transferred to Aimmune at inception of the Aimmune Agreement, and the XmAb7195 data were transferred to Aimmune in March 2020.

No revenue was recognized for the year ended December 31, 2021; the Company recognized $9.6 million of revenue related to the agreement for the year ended December 31, 2020. There is no deferred revenue as of December 31, 2021 or 2020 related to this agreement.

Alexion Pharmaceuticals, Inc.

In January 2013, the Company entered into an option and license agreement with Alexion Pharmaceuticals, Inc. (Alexion). Under the terms of the agreement, the Company granted to Alexion an exclusive research license, with limited sublicensing rights, to make and use our Xtend technology. Alexion exercised its rights to include our technology in ALXN1210, which is now marketed as Ultomiris.

The Company is eligible to receive contractual milestones for certain commercial achievements, and the Company is also entitled to receive royalties based on a percentage of net sales of such products sold by Alexion, its affiliates, or its sub licensees, which percentage is in the low single digits. Alexion’s royalty obligations continue on a product-by-product and country-by-country basis until the expiration of the last-to-expire valid claim in a licensed patent covering the applicable product in such country.

In 2019, Alexion completed certain regulatory submissions for Ultomiris, and the Company received a total of $8.0 million in milestone payments. During 2019, the Company also recorded royalty revenue of $5.0 million in connection with reported net sales of Ultomiris by Alexion.

In 2020, the Company received $10.0 million for the achievement of certain sales milestones of Ultomiris in 2020 and also recorded royalty revenue of $16.2 million on net sales.

In 2021, the Company recorded royalty revenue of $22.2 million on net sales.

The total revenue recognized under this arrangement was $22.2 million, $26.2 million, and $13.0 million for the years ended December 31, 2021, 2020, and 2019, respectively. As of December 31, 2021, there is a receivable of $10.8 million, and there is no deferred revenue related to this agreement.

Amgen Inc.

In September 2015, the Company entered into a research and license agreement (the Amgen Agreement) with Amgen Inc. (Amgen) to develop and commercialize bispecific antibody product candidates using the Company’s proprietary XmAb® bispecific Fc technology. The Company also agreed to apply its bispecific technology to five previously identified Amgen provided targets (each a Discovery Program). Amgen has advanced one of the discovery programs into clinical development. The Company is eligible to receive up to $255.0 million in future development, regulatory and sales milestones in total for the program and is eligible to receive royalties on any global net sales of products.

In the third quarter of 2019, a $5.0 million milestone was recognized in connection with a development milestone for a Discovery Program.

During the year ended December 31, 2019, the Company recognized $5.0 million in revenue under this arrangement. No revenue was recognized for the year ended December 31, 2021, or 2020. As of December 31, 2021, there was no deferred revenue related to the arrangement.

Astellas Pharma Inc.

Effective March 29, 2019, the Company entered into a Research and License Agreement (Astellas Agreement) with Astellas Pharma Inc. (Astellas) pursuant to which the Company and Astellas conducted a discovery program to characterize compounds and products for development and commercialization. Under the Astellas Agreement, Astellas was granted a worldwide exclusive license, with the right to sublicense products in the field created by the research activities.

Pursuant to the Astellas Agreement, the Company applied its bispecific Fc technology to research antibodies provided by Astellas to generate bispecific antibody candidates and returned the candidates to Astellas for further development and commercialization. Astellas will assume full responsibility for development and commercialization of the antibody candidate. Pursuant to the Astellas Agreement, the Company received an upfront payment of $15.0 million and is eligible to receive up to $240.0 million in milestones, which include $32.5 million in development milestones, $57.5 million in regulatory milestones and $150.0 million in sales milestones. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

Astellas has advanced an antibody that was delivered into development, and we received a milestone related to the candidate in 2020. The Company recognized the $13.6 million of revenue in 2019 and recognized $2.5 million related to the milestone in 2020. The $1.4 million allocated to the research activities was recognized as the research services were completed.

No revenue was recognized for the year ended December 31, 2021. We recognized $3.5 million and $14.0 million of revenue under this arrangement for the years ended December 31, 2020 and 2019, respectively. There is no deferred revenue as of December 31, 2021.

Astria Therapeutics, Inc.

In May 2018, the Company entered into an agreement with Quellis, pursuant to which the Company provided Quellis a non-exclusive license to its Xtend Fc technology to apply to an identified antibody. Quellis is responsible for all development and commercialization activities. The Company received an equity interest in Quellis and is eligible to receive up to $66.0 million in milestones, which include $6.0 million in development milestones, $30.0 million in regulatory milestones and $30.0 million in sales milestones. In addition, the Company is eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

In January 2021, Quellis merged into Catabasis, and the Company received common stock and preferred stock of Catabasis in exchange for its equity in Quellis. The Company recognized an increase in the fair value of its equity interest for the exchange of shares, which was recorded as unrealized gain for the three months ended March 31, 2021. In June 2021, a portion of the Company’s preferred stock in Catabasis was converted to common stock, which was recorded at its fair value as of June 30, 2021. The remaining Catabasis preferred stock is carried at its original cost and is reviewed for impairment or other changes at each reporting period. In August 2021, Catabasis effected a reverse stock split of its shares of common stock at a ratio of 1:6, and in September 2021, Catabasis changed its name to Astria. The Company recorded an impairment charge of $0.8 million for its investment in Astria preferred stock for the year ended December 31, 2021.

The Company recognized unrealized gain of $4.5 million related to its equity interest in Astria for the year ended December 31, 2021. There is no deferred revenue as of December 31, 2021 related to this agreement.

Bristol-Myers Squibb Company

In May 2021, the Company entered into a Technology License Agreement (the BMS Agreement) with Bristol-Myers Squibb Company (BMS) pursuant to which the Company provided a non-exclusive license to its Xtend technology to extend the half-life of antibodies that specifically bind to SARS-CoV-2. Under the terms of the BMS Agreement, BMS is responsible for all research, development, regulatory and commercial activities for antibodies, and the Company is eligible to receive royalties on net sales of approved products in the low-single digit percentage range.

BMS initiated a Phase 2 study with a licensed antibody to treat patients with COVID-19 in the third quarter of 2021. No revenue was recognized for the year ended December 31, 2021. There is no deferred revenue as of December 31, 2021 related to this agreement.

Genentech, Inc., and F. Hoffmann-La Roche Ltd.

In February 2019, the Company entered into a collaboration and license agreement (the Genentech Agreement) with Genentech, Inc. and F. Hoffman-La Roche Ltd (collectively, Genentech) for the development and commercialization of novel IL-15 collaboration products (Collaboration Products), including XmAb306, the Company's IL-15/IL15Rα-Fc candidate.

Under the terms of the Genentech Agreement, Genentech received an exclusive worldwide license to XmAb306 and other Collaboration Products, including any new IL-15 programs identified during the joint research collaboration. Genentech and Xencor will jointly collaborate on worldwide development of XmAb306 and potentially other Collaboration Products. The two-year research term expired in March 2021.

The Company received a $120.0 million upfront payment and is eligible to receive up to an aggregate of $160.0 million in clinical milestone payments for XmAb306 and up to $180.0 million in clinical milestone payments for each new Collaboration Product. The Company is also eligible to receive 45% share of net profits for sales of XmAb306 and other Collaboration Products, while also sharing in net losses at the same percentage rate. The parties will jointly share in development and commercialization costs for all programs designated as a development program under the Genentech Agreement at the same percentage rate, while Genentech will bear launch costs entirely. The initial 45% profit-cost share percentage is subject to a one-time downward adjustment at the Company's discretion and convertible to a royalty under certain circumstances.

Pursuant to the Genentech Agreement, XmAb306 is designated as a development program and all costs incurred for developing both XmAb306 is being shared with Genentech under the initial cost-sharing percentage.

The Company evaluated the Genentech Agreement under the provisions of ASU No. 2014-09, *Revenue from Contracts with Customers* and all related amendments (collectively, ASC 606) as well as ASC 808, *Collaborative Arrangements*. Certain provisions of the Genentech Agreement including the cost-sharing of development programs are governed by ASC 808. We have determined that Genentech is a customer for purposes of the delivery of specific performance obligations under the Genentech Agreement and applied the provisions of ASC 606 to the transaction.

The Company identified the following performance obligations under the Genentech Agreement: (i) the license of XmAb306 and (ii) research services during a two-year period, which expired in March 2021, to identify additional IL-15 candidates, each a separate research program and a separate performance obligation. The Company determined that the license and each of the potential research programs are separate performance obligations because they were capable of being distinct in the context of the Genentech Agreement. The license to XmAb306 has standalone functionality as Genentech has exclusive worldwide rights to the program, including the right to sublicense to third parties. Upon the transfer of the license of XmAb306, Genentech could develop and commercialize XmAb306 without further assistance from the Company. The Company determined that the research services for a potential additional IL-15 candidate and research program were separate standalone performance obligations. The Genentech Agreement provided an outline of an integrated research plan for the programs to be conducted by the two companies, and the research activities were separate and distinct from the license to XmAb306. In October 2020, an additional program was declared a Collaboration Program under the Agreement, and the Company completed its performance obligation for that specific

research program as the program and licensed rights were transferred to Genentech.

The Company determined the standalone selling price of the license to be $114.4 million using the adjusted market assessment approach considering similar collaboration and license agreements and transactions. The standalone selling price for the research activities to be performed during the research term was determined to be $8.5 million using the expected cost approach which was derived from the Company's experience and information from providing similar research activities to other parties.

The Company determined that the transaction price of the Genentech Agreement at inception was $120.0 million consisting of the upfront payment, and allocated the transaction price to each of the separate performance obligations using the relative standalone selling price with $111.7 million allocated to the license to XmAb306, $4.1 million allocated to the additional program and $4.2 million allocated to the research services.

The Company recognized the $111.7 million allocated to the license when it satisfied its performance obligation and transferred the license to Genentech in March 2019, and the $8.3 million allocated to the research activities was recognized over a period of time through the end of the research term or the time that a program is delivered to Genentech. The research term expired in the first half of 2021, and the balance in deferred revenue related to the Genentech Agreement was recognized as the Company is no longer required to render services. A total of $2.5 million, $3.5 million, and $2.2 million of revenue related to the research activities was recognized for the years ended December 31, 2021, 2020, and 2019, respectively.

For the years ended December 31, 2021, 2020, and 2019, we recognized $2.5 million, $3.5 million, and $113.9 million of income, respectively from the Genentech Agreement. As of December 31, 2021, there is a $2.2 million payable related to cost-sharing development activities during the fourth quarter of 2021. There is no deferred revenue as of December 31, 2021.

Gilead Sciences, Inc.

In January 2020, the Company entered into a Technology License Agreement (the Gilead Agreement) with Gilead Sciences, Inc. (Gilead), in which the Company provided Gilead an exclusive license to its Cytotoxic Fc and Xtend Fc technologies for an initial identified antibody and options for up to three additional antibodies directed to the same molecular target. Gilead is responsible for all development and commercialization activities for all target candidates. The Company received an upfront payment of $6.0 million and is eligible to receive up to $67.0 million in milestones, which include $10.0 million in development milestones, $27.0 million in regulatory milestones and $30.0 million in sales milestones for each product incorporating the antibodies selected. In addition, the Company is eligible to receive royalties in the low-single digit percentage range on net sales of approved products.

In the second quarter of 2020, Gilead exercised options on three additional antibody compounds, and in April 2020, we received a total of $7.5 million in payment of the three options.

The total transaction price is $13.5 million which includes the upfront payment of $6.0 million and the option fee payment of $7.5 million which was contractually due with the exercise of the three options by Gilead. The milestone payments are variable consideration to which the Company applied the "most likely amount" method and concluded at inception of the Gilead Agreement it is unlikely that the Company will collect such payments. The milestone payments were not included in the transaction price, and the Company will review this conclusion and update at each reporting period.

No revenue was recognized for the year ended December 31, 2021. The Company recognized $13.5 million of revenue related to the Gilead Agreement for the year ended December 31, 2020. There is no deferred revenue as of December 31, 2021 related to this agreement.

INmune Bio, Inc.

In October 2017, the Company entered into a License Agreement (the INmune Agreement) with INmune. Under the terms of the INmune Agreement, the Company provided INmune with an exclusive license to certain rights to a proprietary protein, XPro1595. In connection with the agreement the Company received 1,585,000 shares of INmune common stock and an option to acquire additional shares of INmune. The Company also received an option to acquire 108,000 shares of INmune common stock with a designee appointed by us serving on the board of directors of INmune.

The option had a six-year term from the date of the INmune Agreement and provided the Company the option to purchase up to 10% of the fully diluted outstanding shares of INmune common stock for $10.0 million. The Company initially recorded its equity interest in INmune, including its option to acquire additional INmune shares, at cost pursuant to ASC 323.

In June 2021, the Company entered into the First Amendment to License Agreement (the Amended INmune Agreement) and an Option Cancellation Agreement (the Option Agreement) with INmune. The Amended INmune Agreement modified certain diligence provisions in the INmune Agreement with no change in total consideration or performance obligations. The Option Agreement provided for the sale of the option to INmune for the total consideration of $18.3 million which includes $15.0 million in cash and $3.3 million in additional shares of INmune common stock, which represented an additional 192,533 shares of INmune common stock. The Company recorded a realized gain of $18.3 million according to ASC 860, *Transfer and Servicing*, and recorded the additional investment of 192,533 shares of INmune common stock according to ASC 321, *Investments – Equity Securities*.

During the three months ended June 30, 2021, the Company determined that it should no longer record its investment in INmune under the equity method and recorded its investment in INmune pursuant to ASC 321. The Company adjusted the carrying value of this investment by recognizing an unrealized gain of $27.8 million as other income for the three months ended June 30, 2021.

In September 2021, the Company exercised its option to purchase 108,000 shares of INmune common stock for $0.8 million. The Company recognized an unrealized gain of $2.0 million, which consists of $1.1 million of fair value of the option and $0.9 million gain on the purchase, as other income for the three months ended September 30, 2021.

For the year ended December 31, 2021, the Company recorded $15.1 million of unrealized gain and $18.3 million of realized gain related to its investment in INmune. No revenue was recognized for the year ended December 31, 2021, 2020, or 2019.

At the inception of the INmune Agreement in 2017, INmune was a related party as a result of the Company's significant influence with respect to its investment in INmune, as determined under ASC 323. The Company did not have any amounts due to or from INmune at December 31, 2021 or 2020. At June 30, 2021, the Company determined that it no longer has a significant influence in INmune and that INmune is no longer a related party.

Janssen Biotech, Inc.

Janssen Agreement

In November 2020, the Company entered into a Collaboration and License Agreement (the Janssen Agreement) with Janssen Biotech, Inc. (Janssen) pursuant to which Xencor and Janssen will conduct research and development activities to discover novel CD28 bispecific antibodies for the treatment of prostate cancer. Janssen and Xencor will conduct joint research activities for up to a three-year period to discover XmAb bispecific antibodies against CD28 and against an undisclosed prostate tumor-target with Janssen maintaining exclusive worldwide rights to develop and commercialize Licensed Products identified from the research activities.

Under the Janssen Agreement, the Company will conduct research activities and apply its bispecific Fc technology to antibodies targeting prostate cancer provided by Janssen. Upon completion of the research activities Janssen will have a candidate selection option to advance an identified candidate for development and commercialization. The activities will be conducted under a research plan agreed to by both parties. Janssen will assume full responsibility for development and commercialization of the CD28 bispecific antibody candidate. Pursuant to the Janssen Agreement, the Company received an upfront payment of $50.0 million and is eligible to receive up to $662.5 million in milestones which include $161.9 million in development milestones, $240.6 million in regulatory milestones and $260.0 million in sales milestones. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

Pursuant to the Janssen Agreement, upon development of a bispecific candidate by Janssen through proof of concept, we have the right to opt-in to fund 20% of development costs and to perform 30% of detailing efforts in the U.S. If we exercise this right, we will be eligible to receive tiered royalties in the low-double digit to mid-teen percentage range.

We evaluated the Janssen Agreement under ASC 606 and identified the performance obligation under the Agreement to be delivery of CD28 bispecific antibodies to Janssen from the research activities outlined in the research plan. The Company determined that the license to the bispecific antibodies is not a separate performance obligation because it is not capable of being distinct, the license to the antibodies cannot be separated from the underlying antibodies.

Janssen will benefit from delivery of the bispecific antibodies upon completion of the research activities.

The Company determined that the transaction price of the Janssen Agreement at inception was $50.0 million consisting of the upfront payment. The potential milestones are not included in the transaction price as these are contingent on future events and the Company would not recognize these in revenue until it is not probable that these would not result in significant reversal of revenue amounts in future periods. The candidate selection option payment is substantive and is a separate performance obligation. The Company will re-assess the transaction price at each reporting period and when event outcomes are resolved or changes in circumstances occur.

The Company allocated the transaction price to the single performance obligation, delivery of CD28 bispecific antibodies to Janssen.

The Company will recognize the $50.0 million transaction price as it satisfies its performance obligation to deliver CD28 bispecific antibodies to Janssen. The Company will recognize revenue related to the performance obligation over the expected period of time to complete and deliver the CD28 bispecific antibodies to Janssen using the expected input method which considers an estimate of the Company’s efforts to complete the research activities outlined in the Janssen Agreement.

In November 2021, the Company completed its performance obligations under the research activities and delivered CD28 bispecific antibodies to Janssen. In December 2021, Janssen selected a bispecific CD28 candidate for further development, and we received a milestone of $5.0 million. For the year ended December 31, 2021 the Company recognized as revenue the $50.0 million transaction price in connection with the completion of the research activities and the $5.0 million milestone for selection of an antibody candidate by Janssen.

Second Janssen Agreement

On October 1, 2021, the Company entered into a second Collaboration and License Agreement (the Second Janssen Agreement) with Janssen pursuant to which the Company granted Janssen an exclusive worldwide license to develop, manufacture, and commercialize plamotamab, the Company’s CD20 x CD3 development candidate, and pursuant to which Xencor and Janssen will conduct research and development activities to discover novel CD28 bispecific antibodies. The parties will conduct joint research activities for up to a two-year period to discover XmAb bispecific antibodies against CD28 and undisclosed B cell tumor-targets with Janssen receiving exclusive worldwide rights, subject to certain Xencor opt-in rights, to develop, manufacture and commercialize pharmaceutical products that

contain one or more of such discovered antibodies (CD28 Licensed Antibodies). The Agreement became effective on November 5, 2021.

Pursuant to the Second Janssen Agreement, the Company received an upfront payment of $100.0 million and is eligible to receive up to $1,187.5 million in milestones which include $289.4 million in development milestones, $378.1 million in regulatory milestones and $520.0 million in sales milestones. Under the terms of the Stock Purchase Agreement, Johnson & Johnson Innovation, JJDC, Inc. (JJDC), agreed to purchase $25.0 million of newly issued unregistered shares of the Company's common stock, priced at a 30-day volume-weighted average price of $33.4197 per share as of October 1, 2021. The Company issued JJDC 748,062 shares of its common stock which had a fair market value of $28.9 million when the shares were transferred.

The Company will collaborate with Janssen on further clinical development of plamotamab with Janssen and share development costs with Janssen paying 80% and the Company paying 20% of certain development costs.

The Company is generally responsible for conducting research activities under the Second Janssen Agreement, and Janssen is generally responsible for all development, manufacturing, and commercialization activities for CD28 Licensed Antibodies that are advanced.

Under the Second Janssen Agreement, the Company granted Janssen an exclusive worldwide right to its plamotamab program and the Company will conduct research activities and apply its CD28 bispecific Fc technology to antibodies targeting B-cells. Upon completion of the research activities Janssen will have options to advance up to four identified candidates for development and commercialization. The activities will be conducted under a research plan agreed to by both parties. Janssen will assume full responsibility for development and commercialization of the CD28 bispecific antibody candidate. If commercialized, the Company is eligible to receive royalties on net sales that range from the high-single to low-double digit percentages.

The Company evaluated the Second Janssen Agreement under the provisions of ASC 606. We have determined that Janssen is a customer for purposes of the delivery of specific performance obligations under the Second Janssen Agreement and applied the provisions of ASC 606 to the transaction.

The Company identified the following performance obligations under the Second Janssen Agreement:

(i) the license to the plamotamab program, and

(ii) research services during a two-year period to create up to four CD28 bispecific candidates targeting B-cell antigens.

The Company determined that the license and the research services are separate performance obligations because they are capable of being distinct and are distinct in the context of the Second Janssen Agreement. The license to plamotamab has standalone functionality as Janssen has exclusive worldwide rights to the program, including the right to sublicense to third parties. Janssen has significant experience and capabilities in developing and commercializing drug candidates similar to plamotamab, and Janssen is capable of performing these activities without the Company's involvement. Upon the transfer of the license of plamotamab and the related data and materials, Janssen could develop and commercialize plamotamab without further assistance from the Company. The Company determined that the research services for potential CD28 candidates was a separate standalone performance obligation. The Second Janssen Agreement provides an outline of an integrated research plan for the programs to be conducted by the two companies, and the research activities are separate and distinct from the license to plamotamab.

The Company determined the standalone selling price of the license to be $58.5 million using the adjusted market assessment approach considering similar collaboration and license agreements and transactions. The standalone selling price for the research services to be performed during the research term was determined to be $37.6 million using the market approach which was derived from the Company's experience and information from providing similar research services.

The Company determined that the transaction price of the Second Janssen Agreement at inception was $96.1 million consisting of the $100.0 million upfront payment reduced by the $3.9 million discount on the proceeds received from the sale of Company common stock to Janssen. The potential milestones are not included in the transaction price as these are contingent on future events and the Company would not recognize these in revenue until it is not probable that these would not result in significant reversal of revenue amounts in future periods. The Company will re-assess the transaction price at each reporting period and when event outcomes are resolved or changes in circumstances occur.

The Company allocated the transaction price to each of the separate performance obligations using the relative standalone selling price with $58.5 million allocated to the license to the plamotamab program and $37.6 allocated to the research services.

The Company recognized the $58.5 million allocated to the license when it satisfied its performance obligation and transferred the license to Janssen in November 2021. The license was transferred upon the effective date of the Second Janssen Agreement and when the Company subsequently transferred certain data related to the program to Janssen. The $37.6 million allocated to the research services is being recognized over a period of time through the end of the research term that services are rendered as we determine that the input method is the appropriate approach to recognize income for such services. A total of $0.3 million of revenue related to the research services was recognized in the year ended December 31, 2021.

The Company recognized $113.8 million of revenue related to the two Janssen agreements for the year ended December 31, 2021. No revenue was recognized under this arrangement for the year ended December 31, 2020. There is $37.3 million in deferred revenue as of December 31, 2021 related to our obligation to complete research activities and deliver CD28 bispecific antibodies under the Second Janssen Agreement.

MorphoSys AG

In June 2010, the Company entered into a Collaboration and License Agreement with MorphoSys AG (MorphoSys), which was subsequently amended in March 2012 and in 2020. The agreement provides MorphoSys with an exclusive worldwide license to the Company's patents and know-how to research, develop, and commercialize the Company's XmAb5574 product candidate (subsequently renamed MOR208 and tafasitamab) with the right to sublicense under certain conditions. If certain developmental, regulatory, and sales milestones are achieved, the Company is eligible to receive future milestone payments and royalties.

The Company recognized a total of $12.5 million of milestone revenue related to clinical studies and $5.9 million of royalty revenue on net sales of Monjuvi for the year ended December 31, 2021. The Company recognized a total of $37.5 million of milestone revenue related to regulatory submission and approval of Monjuvi in the U.S, and royalties of $1.5 million on net sales of Monjuvi for the year ended December 31, 2020. There was no revenue recognized under this arrangement for the year ended December 31, 2019. As of December 31, 2021, the Company has no deferred revenue related to this agreement and has recorded a receivable of $1.9 million for royalties due.

Novartis Institute for Biomedical Research, Inc.

In June 2016, the Company entered into a Collaboration and License Agreement (Novartis Agreement) with Novartis Institutes for BioMedical Research, Inc. (Novartis), to develop and commercialize bispecific and other Fc engineered antibody drug candidates using the Company's proprietary XmAb technologies and drug candidates. Pursuant to the Novartis Agreement:

- The Company granted Novartis certain exclusive rights to research, develop and commercialize XmAb14045 (vibecotamab) and XmAb13676 (plamotamab), two development stage products that incorporate the Company's bispecific Fc technology;
- The Company will apply its bispecific technology in up to four target pair antibodies identified by Novartis (each a Global Discovery Program); and

- The Company will provide Novartis with a non-exclusive license to certain of its Fc technologies to apply against up to ten targets identified by Novartis.

In December 2018, Novartis notified the Company it was terminating its rights with respect to the plamotamab program, which became effective June 2019. Under the Novartis Agreement, Novartis is responsible to fund its share of plamotamab development costs through June 2020. In November 2019, the Company and Novartis amended the Agreement, and Novartis paid the Company $1.4 million in settlement of its projected remaining cost-sharing due for the plamotamab program.

In August 2021, Novartis notified the Company it was terminating its rights with respect to the vibecotamab program, which will be effective in February 2022. Under the Novartis Agreement, Novartis is responsible for its share of vibecotamab development costs through August 2022.

We completed delivery of two Global Discovery Programs under the Agreement. In December 2019, Novartis dosed a patient in a Phase 1 study with an undisclosed bispecific antibody that is a Global Discovery Program, and we received a $10.0 million milestone payment. Novartis will assume full responsibility for development and commercialization of this Global Discovery Program.

Under ASC 606, revenue is recognized at the time that the Company's performance obligation for each Global Discovery is completed upon delivery of each discovery program to Novartis. The Company delivered two discovery programs to Novartis and recognized $40.1 million of revenue in the period that each program was delivered. In the third quarter of 2019, we received a $10.0 million milestone related to development activity for a Global Discovery Program, and we recognized $10.0 million of revenue. The Company's obligations to provide research services under the Agreement for additional Global Discovery Programs expired in 2021, and we recognized $40.1 million of research revenue from deferred revenue.

In June 2021, Novartis selected an Fc candidate and received a non-exclusive license to the Company's Fc technology. Novartis will assume full responsibility for development and commercialization of the licensed Fc product candidate. The Company is eligible to receive development, clinical, and sales milestones and royalties on net sales of approved products for the licensed Fc candidate. During the year-ended December 31, 2021, Novartis advanced the Fc candidate into development and initiated clinical studies and the Company recognized $3.0 million of revenue related to the milestones.

During the year ended December 31, 2021 and 2019, the Company recognized $43.1 million and $10.0 million of revenue, respectively. No revenue was recognized during the year ended December 31, 2020. There is a receivable of $0.6 million as of December 31, 2021 related to the arrangement, and there is no deferred revenue as of December 31, 2021 related to the arrangement.

Omeros Corporation

In August 2020, the Company entered into a Technology License Agreement (the Omeros Agreement) with Omeros Corporation (Omeros), in which the Company provided Omeros a non-exclusive license to its Xtend Fc technology, an exclusive license to apply its Xtend technology to an initial identified antibody and options to apply its Xtend technology to three additional antibodies. Omeros is responsible for all development and commercialization activities for all target candidates. The Company received an upfront payment of $5.0 million and is eligible to receive up to $65.0 million in milestones, which include $15.0 million in development milestones, $25.0 million in regulatory milestones and $25.0 million in sales milestones for each product incorporating the antibodies selected. In addition, the Company is eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

The Company recognized $5.0 million of revenue related to the Omeros Agreement for the year ended December 31, 2020. There was no revenue recognized for the year ended December 31, 2021. There is no deferred revenue as of December 31, 2021 related to this agreement.

Vir Biotechnology, Inc.

In 2019, the Company entered into a Patent License Agreement (the Vir Agreement) with Vir Biotechnology (Vir) pursuant to which the Company provided a non-exclusive license to its Xtend technology for up to two targets. Under the terms of the Vir Agreement, the Company received a total of $1.5 million in upfront and milestone payments and is eligible to receive additional milestones of $154.5 million which include $4.5 million of development milestones, $30.0 million of regulatory milestones and $120.0 million of sales milestones. In addition, the Company is eligible to receive royalties on the net sales of approved products in the low-single digits.

Vir initiated a Phase 1 study with a licensed antibody in 2019, and in the second quarter of 2020, it initiated a Phase 1 study with a second licensed antibody.

In March 2020, the Company entered into a second Patent License Agreement (the Second Vir Agreement) with Vir pursuant to which the Company provided a non-exclusive license to its Xtend technology to extend the half-life of novel antibodies Vir is investigating as potential treatments for patients with COVID-19. Under the terms of the Second Vir Agreement, Vir is responsible for all research, development, regulatory and commercial activities for the antibody, and the Company is eligible to receive royalties on the net sales of approved products in the mid-single digit percentage range. In May 2021, the FDA granted emergency use authorization (EUA) to Vir's COVID-19 antibody, sotrovimab (VIR-7831), for the treatment of mild-to-moderate COVID-19 in high-risk adult and pediatric patients. In December 2021, the European Union, and several other countries authorized sotrovimab for the treatment of mild-to-moderate COVID-19 in high-risk adult and pediatric patients. Vir and its marketing partner, GSK, began recording sales for sotrovimab beginning in June 2021. In 2021, we recognized royalty revenue of $52.2 million related to this agreement.

In February 2021, the Company entered into the Vir Amendment No. 1 to the Vir Agreement and the Vir Amendment No. 1 to the Second Vir Agreement (collectively, the Vir Amendments), in each case, pursuant to which the Company provided a non-exclusive license to additional Fc technology for the targets previously identified in the Vir Agreement and the Second Vir Agreement, respectively. If Vir incorporates additional Fc technologies in the identified targets, the Company is eligible to receive additional royalties on net sales of approved products from low to mid-single digit range.

The Company determined that the Second Vir Agreement and the Vir Amendments were modifications of the original Vir Agreement, and that the transfer of the license occurred at inception of the Vir Agreement. The total consideration under the arrangement did not change with the Second Vir Agreement or the Amendments as the Company will potentially receive additional royalty revenue which is variable consideration and is not included in the transaction price.

In June 2021, Vir announced its plan to initiate a Phase 2 study for VIR-3434 and subsequently completed dosing of the first patient in such study in July 2021. The Company recorded a $0.5 million contract asset in connection with this milestone event, and the payment was received in August 2021.

The Company recognized $52.7 million, $0.3 million, and $0.8 million of revenues related to the agreement for the years ended December 31, 2021, 2020, and 2019, respectively. There is no deferred revenue as of December 31, 2021 related to this agreement. As of December 31, 2021, the Company has recorded a receivable of $45.0 million for royalties due related to this agreement.

Viridian Therapeutics, Inc.

In December 2020, we entered into a Technology License Agreement (Viridian Agreement) with Viridian Therapeutics, Inc. (Viridian), in which we provided Viridian a non-exclusive license to our Xtend Fc technology and an exclusive license to apply our Xtend Fc technology to antibodies targeting IGF-1R. Viridian is responsible for all development and commercialization activities. We received an upfront payment of 322,407 shares of Viridian common stock valued at $6.0 million and are eligible to receive up to $55.0 million in milestones, which include $10.0 million in development milestones, $20.0 million in regulatory milestones and $25.0 million in sales milestones. We are also

eligible to receive royalties in the mid-single digit percentage range on net sales of approved products.

The Company evaluated the Viridian Agreement under the revenue recognition standard ASC 606 and identified the following performance obligation that it deemed to be distinct at the inception of the contract:

- non-exclusive license to its Xtend Fc technologies

The Company considered the license as functional intellectual property as Viridian has the right to use the technology at the time that the Company transfers such rights.

The total transaction price is $6.0 million, which includes the upfront payment of 322,407 Viridian shares at their fair value at the date of the Agreement. The milestone payments are variable consideration to which the Company applied the “most likely amount” method and concluded at inception of the Viridian Agreement it is unlikely that the Company will collect such payments. The milestone payments were not included in the transaction price, and the Company will review this conclusion and update at each reporting period.

The Company allocated $6.0 million of the transaction price to the licenses to the Xtend Fc technology and recognized income for the licenses at inception of the arrangement when Viridian began benefiting access to it.

In December 2021, we entered into a second Technology License Agreement (Second Viridian Agreement) with Viridian for a non-exclusive license to certain antibody libraries developed by us. Under the Second Viridian Agreement, Viridian received a one-year research license to review the antibodies and the right to select up to three antibodies for further development. Viridian is responsible for all further development of the selected antibodies. We received an upfront payment of 394,737 shares of Viridian common stock valued at $7.5 million and are eligible to receive up to $24.75 million in milestones, which include $1.75 million in development milestones, $3.0 million in regulatory milestones and $20.0 million in sales milestones in addition to royalties on net sales of approved products under the Second Viridian Agreement.

The Company evaluated the Second Viridian Agreement under the revenue recognition standard ASC 606 and identified the following performance obligation that it deemed to be distinct at the inception of the contract:

- non-exclusive license to certain antibody libraries created by the Company

The Company considered the license as functional intellectual property as Viridian has the right to use the materials and license at the time that the Company transfers such rights.

The total transaction price is $7.5 million, which includes the upfront payment of 394,737 Viridian shares at their fair value at the date of the Agreement. The milestone payments are variable consideration to which the Company applied the “most likely amount” method and concluded at inception of the Viridian Agreement it is unlikely that the Company will collect such payments. The milestone payments were not included in the transaction price, and the Company will review this conclusion and update at each reporting period.

The Company allocated $7.5 million of the transaction price to the licenses to the antibody libraries and recognized income for the licenses at inception of the arrangement when Viridian received the materials and began accessing them.

The Company recognized $7.5 million and $6.0 million of revenue related to the Viridian Agreement for the year ended December 31, 2021 and 2020, respectively. There is no deferred revenue as of December 31, 2021 related to this agreement.

Zenas BioPharma Limited

In November 2020, the Company entered into a License Agreement (Zenas Agreement) with Zenas BioPharma Limited (Zenas) pursuant to which the Company granted Zenas exclusive worldwide rights to develop and

commercialize to three preclinical-stage Fc-engineered drug candidates: XmAb6755, Xpro9523, and XmAb10171. Under the Zenas Agreement, Zenas will be responsible for all further development and commercialization activities for XmAb6755, Xpro9523, and XmAb10171. The Company received a 15% equity interest in Zenas with a fair value of $16.1 million, and the Company is eligible to receive royalties on net sales of approved products in the mid-single digit to mid-teen percentage range.

Under the Zenas Agreement, Zenas received exclusive worldwide rights to manufacture, develop and commercialize XmAb6755, Xpro9523, and XmAb10171. Zenas also received the rights to all data, information, and research materials related to the three preclinical stage programs.

The Company evaluated the Zenas Agreement under the revenue recognition standard ASC 606 and identified the following performance obligations that it deemed to be distinct at the inception of the contract:

- exclusive license to the XmAb6755, Xpro9523, and XmAb10171 drug candidates; and
- rights to material, data, and information that the Company had accumulated in connection with conducting preclinical activities for each of the three programs and intellectual property filings and information.

The Company considered the licenses as functional intellectual property as Zenas has the right to use each of XmAb6755, Xpro9523 and XmAb10171 at the time that the Company transfers such rights. The rights to the preclinical programs' data are not considered to be separate from the license to programs as Zenas cannot benefit from the license without the supporting data and documentation.

The total transaction price is $16.1 million, which includes the upfront payment of 15% of the equity of Zenas at its fair value at the date of the Zenas Agreement. The Zenas Agreement includes variable consideration for potential future royalties that were contingent on future success factors for the licensed programs. The Company used the "most likely amount" method to determine the variable consideration. None of the royalties were included in the transaction price. The Company will re-evaluate the transaction price in each reporting period as uncertain events are resolved or other changes in circumstances occur.

The Company determined the transaction price at inception of the Zenas Agreement and allocated it to the performance obligation, delivery of the XmAb6755, Xpro9523, and XmAb10171 licenses.

The Company completed delivery of its performance obligations in December 2020. The licenses to XmAb6755, Xpro9523, and XmAb10171 were transferred to Zenas at inception of the Zenas Agreement, and the related research data and documentation was transferred to Zenas in December 2020.

In November 2021, the Company entered into a second License Agreement (Second Zenas Agreement) with Zenas, in which we licensed the exclusive worldwide rights to develop and commercialize the Company's obexelimab (XmAb5871) drug candidate. Under the Second Zenas Agreement, Zenas will be responsible for all further development and commercialization activities for obexelimab. The Company received a warrant to acquire additional equity in Zenas with a fair value of $14.9 million, and the Company is eligible to receive royalties on net sales of approved products in the mid-single digit to mid-teen percentage range. We are also eligible to receive up to $470.0 million based on the achievement of certain clinical development, regulatory and commercialization milestones and are eligible to receive tiered, mid-single digit to mid-teen percent royalties upon commercialization of obexelimab, dependent on geography. Zenas will have sole responsibility for advancing the research, development, regulatory and commercial activities of obexelimab worldwide.

The Company evaluated the Second Zenas Agreement under the revenue recognition standard ASC 606 and identified the following performance obligations that it deemed to be distinct at the inception of the contract:

- exclusive license to the obexelimab drug candidate; and
- rights to material, data, and information that the Company had accumulated in connection with conducting clinical activities for the program and intellectual property filings and information.

The Company considered the license as functional intellectual property as Zenas has the right to use obexelimab at the time that the Company transfers such rights. The rights to the obexelimab program data are not considered to be separate from the license to program as Zenas cannot benefit from the license without the supporting data and documentation.

The total transaction price is $14.9 million, which includes the upfront payment of a warrant to acquire up to 15% of the equity of Zenas in connection with a future financing at its fair value at the date of the Second Zenas Agreement. The Second Zenas Agreement includes variable consideration for potential future royalties that were contingent on future success factors for the licensed programs. The Company used the “most likely amount” method to determine the variable consideration. None of the royalties were included in the transaction price. The Company will re-evaluate the transaction price in each reporting period as uncertain events are resolved or other changes in circumstances occur.

The Company determined the transaction price at inception of the Second Zenas Agreement and allocated it to the performance obligation, delivery of the obexelimab license.

The Company completed delivery of its performance obligations in December 2021. The licenses to obexelimab were transferred to Zenas at inception of the Second Zenas Agreement, and the related research data and documentation was transferred to Zenas in December 2021.

The Company recognized $14.9 million and $16.1 million of revenue related to the two Zenas Agreements for the years ended December 31, 2021 and 2020, respectively. There is no deferred revenue as of December 31, 2021 related to this agreement.

Revenue Earned

The $275.1 million, $122.7 million, and $156.7 million of revenue recorded for the years ended December 31, 2021, 2020, and 2019, respectively, were earned principally from the following licensees (in millions):

	Year Ended December 31,		
	2021	**2020**	**2019**
Aimmune	$ —	$ 9.6	$ —
Alexion	22.2	26.2	13.0
Amgen	—	—	5.0
Astellas	—	3.5	14.0
Genentech	2.5	3.5	113.9
Gilead	—	13.5	—
Janssen	113.8	—	—
MorphoSys	18.4	39.0	—
Novartis	43.1	—	10.0
Omeros	—	5.0	—
Vir	52.7	0.3	0.8
Viridian	7.5	6.0	—
Zenas	14.9	16.1	—
Total	$ 275.1	$ 122.7	$ 156.7

The table below summarizes the disaggregation of revenue recorded for the years ended December 31, 2021, 2020, and 2019 (in millions):

	Year Ended December 31,		
	2021	2020	2019
Research collaboration	$ 93.0	$ 4.5	$ 16.3
Milestone	21.0	50.2	23.2
Licensing	80.8	50.2	112.2
Royalties	80.3	17.8	5.0
Total	$ 275.1	$ 122.7	$ 156.7

Remaining Performance Obligations and Deferred Revenue

The Company's remaining performance obligation as of December 31, 2021 is conducting research activities pursuant to research plans under the Second Janssen Agreement. As of December 31, 2021 and 2020, we have deferred revenue of $37.3 million and $92.6 million, respectively. The Company completed its performance obligations for research activities pursuant to the Astellas Agreement in the second quarter of 2020. The Company's obligation to perform research services for Genentech and to deliver additional Global Discovery Programs under the Novartis Agreement ended upon expiration of the respective research terms for each agreement in the second quarter of 2021. All of the deferred revenue was classified as short term as of December 31, 2021 and 2020, respectively, as the Company's obligations to perform research services are due on demand when requested by Novartis, Genentech, and Janssen under the respective Agreements.

11. 401(k) Plan

We have a 401(k) plan covering all full-time employees. Employees may make pre-tax contributions up to the maximum allowable by the Internal Revenue Code. Effective January 1, 2018, the Company contributes 100% of the first 1% of participating employees' contribution and 50% of the next 5% of participating employees' contribution, for a maximum of 3.5% employer contribution. Effective March 31, 2020, the Company contributes 100% of the first 1% of participating employees' contribution and 50% of the next 6% of participating employees' contribution, for a maximum of 4.0% of employer contribution. Participants are immediately vested in their employee contributions; employer contributions are vested over a three-year period with one-third for each year of a participating employee's service. Employer contributions made for the years ended December 31, 2021, 2020, and 2019 were $1.1 million, $0.8 million, and $0.6 million, respectively.

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2021. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Based on this evaluation our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021 at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our management, Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO) in Internal Control—Integrated Framework. Based on that assessment and using the COSO criteria, our management, Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2021, our internal control over financial reporting was effective.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting during the year ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all error and all fraud. 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. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Attestation in Internal Control over Financial Reporting

RSM US LLP, our independent registered public accounting firm, has audited our financial statements for the year ended December 31, 2021 and has issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, which is included in Item 8 of this Annual Report.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of ethics for directors, officers (including our principal executive officer, principal financial officer and principal accounting officer) and employees, known as the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is available on our website at *https://www.xencor.com* under the Corporate Governance section of our Investor Relations page. We will promptly disclose on our website (i) the nature of any amendment to the policy that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions and (ii) the nature of any waiver, including an implicit waiver, from a provision of the policy that is granted to one of these specified individuals that is required to be disclosed pursuant to SEC rules and regulations, the name of such person who is granted the waiver and the date of the waiver.

The other information required by this item and not set forth below will be set forth in our 2021 Annual Meeting of Stockholders (Proxy Statement) to be filed with the SEC within 120 days after the end of the fiscal year ended December 31, 2021 and is incorporated herein by reference.

Audit Committee

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

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

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 15. Exhibits, Financial Statement Schedules

1. *Financial Statements.* We have filed the following documents as part of this Annual Report:

2. *Financial Statement Schedules.* All schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in the Financial Statements or notes thereto included in Item 8 of this Annual Report on Form 10-K.

3. *Exhibits.*

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on December 11, 2013).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed with the SEC on December 11, 2013).
4.1	Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 25, 2013).
4.2*	Third Amended and Restated Investor Rights Agreement, dated June 26, 2013, among the Company and certain of its stockholders incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
4.3	Description of the Common Stock of the Company (incorporated by reference to Exhibit 4.3 to the Company's Form 10-K filed with the SEC on February 25, 2020).
10.1*	Form of Indemnity Agreement between the Company and its directors and officers (incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.2*	Xencor, Inc. 2010 Equity Incentive Plan, as amended, and Form of Stock Option Grant Notice, Option Agreement and Form of Notice of Exercise (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.3*	Xencor, Inc. 2013 Equity Incentive Plan and Form of Stock Option Agreement and Form of Stock Option Grant Notice thereunder (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.4*	Xencor, Inc. 2013 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.5*	Second Amended and Restated Executive Employment Agreement, dated January 1, 2007, by and between the Company and Dr. Bassil I. Dahiyat (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.6*	Amended and Restated Executive Employment Agreement, dated September 4, 2013, by and between the Company and Dr. Bassil I. Dahiyat (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).

10.7*	Amended and Restated Severance Agreement, dated September 5, 2013, by and between the Company and Dr. John R. Desjarlais (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.8*	Amended and Restated Change in Control Agreement, dated September 5, 2013, by and between the Company and John J. Kuch (incorporated by reference to Exhibit 10.15 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.9†	Collaboration and License Agreement, dated June 27, 2010, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.10†	First Amendment to the Collaboration and License Agreement, dated March 23, 2012, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.20 to the Company's Registration Statement on Form S-1, as amended (File No. 333-191689), originally filed with the SEC on October 11, 2013).
10.11	Lease dated January 1, 2015 by and between the Company and BF Monrovia, LLC (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed with the SEC on January 5, 2015).
10.12	Amendment to Lease dated January 27, 2015 by and between the Company and BF Monrovia, LLC. (incorporated by reference to Exhibit 10.27 to the Company's Form 10-K filed with the SEC on February 20, 2015).
10.13†	Research and License Agreement effective September 15, 2015 between the Company and Amgen Inc., (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on November 4, 2015).
10.14*	Severance Agreement, dated May 26, 2016 by and between the Company and Bassil Dahiyat (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.15*	Severance Agreement, dated May 26, 2016 by and between the Company and John Kuch (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.16*	Severance Agreement, dated May 26, 2016 by and between the Company and John Desjarlais (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.17†	Collaboration and License Agreement, dated June 26, 2016, by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q filed with the SEC on August 3, 2016).
10.18†	Amendment No. 1, dated September 21, 2016, to the Collaboration and License Agreement by and between the Company and Novartis Institutes for BioMedical Research, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 2, 2016).
10.19	Office Lease, dated June 21, 2017, by and among the Company and PRII High Bluffs LLC and Collins Corporate Center Partners, LLC (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed with the SEC on June 26, 2017).

10.20	Second Amendment to Lease, dated July 5, 2017, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 99.1 to the Company's Form 8-K filed with the SEC on July 10, 2017).
10.21†	Collaboration and License Agreement, dated February 4, 2019, by and between the Company and Genentech, Inc. and F. Hoffman-La Roche LTD (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on May 9, 2019).
10.22*	Xencor, Inc. Amended and Restated Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on November 5, 2019).
10.23*	Employment Agreement dated August 5, 2019 by and between the Company and Celia Eckert (incorporated by reference to Exhibit 10.33 to the Company's Form 10-K filed with the SEC on February 25, 2020).
10.24*	Employment Agreement dated November 13, 2019 by and between the Company and Dr. Allen Yang, M.D., Ph.D. (incorporated by reference to Exhibit 10.34 to the Company's Form 10-K filed with the SEC on February 25, 2020).
10.25	Third Amendment to Lease, dated April 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 5, 2020).
10.26*	Xencor, Inc. Amended and Restated Non-Employee Director Compensation Policy (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on November 6, 2020).
10.27	Fourth Amendment to Lease, dated September 30, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 6, 2020).
10.28	First Amendment to the Research and License Agreement, dated November 22, 2019, by and between the Company and Amgen Inc. (incorporated by reference to Exhibit 10.29 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.29	Second Amendment to the License Agreement, dated January 8, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.31 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.30	Third Amendment to the License Agreement, dated July 13, 2020, by and between the Company and MorphoSys AG (incorporated by reference to Exhibit 10.32 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.31	Fifth Amendment to Lease, dated October 31, 2020, by and between the Company and 111 Lemon Investors LLC (incorporated by reference to Exhibit 10.33 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.32	Collaboration and License Agreement, dated December 4, 2020, by and between the Company and Janssen Biotech, Inc. (incorporated by reference to Exhibit 10.34 to the Company's Form 10-K filed with the SEC on February 23, 2021).
10.33	First Amendment to the Collaboration and License Agreement, dated March 10, 2021, by and between the Company and Genentech, Inc. and F. Hoffmann-La Roche LTD (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on May 5, 2021).

10.34*	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on March 10, 2021).
10.35	Second Amendment to the Collaboration and License Agreement, dated June 30, 2021, by and between the Company and Genentech, Inc., and F. Hoffmann-La Roche LTD (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on August 4, 2021).
10.36	Agreement of Lease, dated April 30, 2021, by and between the Company and Angelo Gordon Real Estate, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on August 4, 2021).
10.37	First Amendment to Lease, dated July 13, 2021, by and between the Company and Angelo Gordon Real Estate, Inc. (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on August 4, 2021).
10.38*	Xencor, Inc. Amended and Restated Non-Employee Director Compensation Policy.
10.39†	Collaboration and License Agreement, dated October 1, 2021, by and between the Company and Janssen Biotech, Inc.
23.1	Consent of Independent Registered Public Accounting Firm (RSM US LLP).
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1**	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Schema Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† We have received confidential treatment for certain portions of this agreement, which have been omitted and filed separately with the SEC pursuant to Rule 406 under the Securities Act of 1933, as amended.

* Indicates management contract or compensatory plan.

** These certifications are being furnished solely to accompany this annual report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Xencor, Inc.

Date: February 24, 2022

By: /s/ BASSIL I. DAHIYAT, PH.D.
Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Bassil I. Dahiyat, Ph.D. and John J. Kuch, and each of them, his true and lawful attorneys-in-fact, each with full power of substitution, for him in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ BASSIL I. DAHIYAT, PH.D. Bassil I. Dahiyat, Ph.D.	Director, President & Chief Executive Officer (Principal Executive Officer)	February 24, 2022
/s/ JOHN J. KUCH John J. Kuch	Sr. Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)	February 24, 2022
/s/ A. BRUCE MONTGOMERY, M.D. A. Bruce Montgomery, M.D.	Director	February 24, 2022
/s/ KURT GUSTAFSON Kurt Gustafson	Director	February 24, 2022
/s/ YUJIRO S. HATA Yujiro S. Hata	Director	February 24, 2022
/s/ KEVIN C. GORMAN, PH.D. Kevin C. Gorman, Ph.D.	Director	February 24, 2022
/s/ RICHARD RANIERI Richard Ranieri	Director	February 24, 2022
/s/ ELLEN G. FEIGAL, M.D. Ellen G. Feigal, M.D.	Director	February 24, 2022
/s/ DAGMAR ROSA-BJORKESON Dagmar Rosa-Bjorkeson	Director	February 24, 2022

XENCOR, INC.
AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the ***"Board"***) who is a member as of July 1, 2021 (the "***Effective Date***") and who is not also serving as an employee of Xencor, Inc. (***"Xencor"***) or any of its subsidiaries (each such member, an ***"Eligible Director"***) will receive the compensation described in this Amended and Restated Non-Employee Director Compensation Policy for his or her Board service. This policy is effective as of the Effective Date and may be amended at any time in the sole discretion of the Board.

Annual Cash Compensation

Eligible Directors will be paid the following annual cash compensation amounts, payable in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. If an Eligible Director joins a committee of the Board or the Board at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year, with the pro-rated amount paid for the first fiscal quarter in which the Eligible Director provides the service, and regular full quarterly payments thereafter. All cash fees are vested upon payment.

1. Annual Board Service Retainer:
    a. Eligible Directors other than the Chair: $50,000
    b. Chair: $70,000

2. Annual Committee Chair Service Retainer:
    a. Chair of the Audit Committee: $20,000
    b. Chair of the Compensation Committee: $17,000
    c. Chair of the Nominating & Corporate Governance Committee: $13,000
    d. Chair of the Research & Development Committee: $15,000

3. Annual Committee Member (other than Committee Chair) Service Retainer:
    a. Member of the Audit Committee: $10,000
    b. Member of the Compensation Committee: $8,500
    c. Member of the Nominating & Corporate Governance Committee: $6,500
    d. Member of the Research & Development Committee: $7,500

Equity Compensation

The equity compensation set forth below will be granted under the Xencor, Inc. 2013 Equity Incentive Plan (the ***"Plan"***) as may be amended from time to time. All stock options granted under this policy will be nonstatutory stock options, with an exercise price per share equal to 100% of the Fair Market Value (as defined in the Plan) of the underlying Common Stock on the date of grant, and a term of ten years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan).

1. Initial Grant: On the date of the Eligible Director's initial election to the Board, for each Eligible Director who is first elected to the Board following the Effective Date (or, if such date is not a market trading day, the first market trading day thereafter), the Eligible Director will be automatically, and without further action by the Board or Compensation Committee of the Board, granted a stock option to purchase shares of Common Stock with an aggregate Black Scholes option value of $550,000. For the avoidance of doubt, Eligible Directors who are serving on the Board at the Effective Date will not be awarded an initial grant. One-third of the shares subject to each stock option will vest on the one year anniversary of the date of grant and the balance of the shares will vest in a series of 24 equal monthly installments thereafter, such that the option is fully vested on the third anniversary of the date of grant, subject to the Eligible Director's Continuous Service (as defined in the Plan) through each such vesting date and will vest in full upon a Change in Control (as defined in the Plan).

2. Annual Grant: On the date of each of Xencor's annual stockholder meeting held after the Effective Date, each Eligible Director who continues to serve as a non-employee member of the Board (or who is first elected to the Board at such annual stockholder meeting) will be automatically, and without further action by the Board or Compensation Committee of the Board, granted a stock option to purchase shares of Common Stock with an aggregate Black Scholes option value of $300,000. The shares subject to the stock option will vest in a series of 12 equal monthly installments, such that the option is fully vested on the one anniversary of the date of grant, subject to the Eligible Director's Continuous Service (as defined in the Plan) through each such vesting date and will vest in full upon a Change in Control (as defined in the Plan).

Exhibit 10.39

COLLABORATION AND LICENSE AGREEMENT

BY AND BETWEEN

XENCOR, INC.

AND

JANSSEN BIOTECH, INC.

Dated October 1, 2021

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Page

COLLABORATION AND LICENSE AGREEMENT

This Collaboration and License Agreement (the "**Agreement**") is made and effective as of October 1, 2021 (the "**Execution Date**") by and between Xencor, Inc., a Delaware corporation ("**Xencor**"), on the one hand, and Janssen Biotech, Inc., a Pennsylvania company ("**Janssen**"), on the other hand. Xencor and Janssen are referred to herein each individually as a "**Party**" and collectively as the "**Parties**."

INTRODUCTION

WHEREAS, Xencor is engaged in the research of pharmaceutical products and controls certain patents, know-how and other rights related to the Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products (as defined below);

WHEREAS, Janssen has considerable knowledge and experience in developing and commercializing products in the oncology field throughout the world;

WHEREAS, the Parties believe that a collaboration arrangement between the Parties regarding the research of the Licensed CD28 Antibodies would be desirable and Xencor desires to grant to Janssen, and Janssen desires to obtain from Xencor, an exclusive, worldwide license to develop, manufacture and commercialize Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products; and

WHEREAS, the Parties therefore desire to provide for such research collaboration and license on and subject to the terms and conditions set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 "**Acquirer**" means any Third Party that is a counterparty in any Change of Control transaction and any of such Third Party's Affiliates.

1.2 "**Action**" means any claim, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity, whether civil or criminal), controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, notice or proceeding of, to, from, by or before any Governmental Authority.

1.3 "**Affiliate**" means, with respect to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such first Person at any time for so long as such Person controls, is controlled by or is under common control with such first Person. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means (a) in the case of a Person that is a corporate entity, direct or indirect ownership of 50% or more of the stock or shares having the right to vote for the election of directors and (b) in the

case of a Person that is an entity, but is not a corporate entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities, or by contract, or otherwise.

1.4 "**Antibody**" means [***].

1.5 "**Binding Domain**" means the region of an Antibody that binds to the antigen targeted by such Antibody (or if such Antibody is multivalent, binds to one of the epitopes targeted by such Antibody) [***].

1.6 "**Bispecific**" in reference to an Antibody means [***].

1.7 "**Business Day**" means a day on which banking institutions in New York, New York are open for business.

1.8 "**Calendar Quarter**" means a quarter based on the Johnson & Johnson Universal Calendar for that quarter (a copy of which is attached hereto as Exhibit 1.8).

1.9 "**Calendar Year**" means a year based on the Johnson & Johnson Universal Calendar for that year (a copy of which is attached hereto as Exhibit 1.8).

1.10 "**CD3 Binding Domain**" means a Binding Domain that binds any epitope of CD3 epsilon subunit and is capable of activating cytotoxic T cells.

1.11 "**CD20 Binding Domain**" means a Binding Domain which binds any epitope of CD20.

1.12 "**CD28 Binding Domain**" means a Binding Domain which binds any epitope of CD28.

1.13 "**CD28/Plamotamab Combination**" means a CD28/Plamotamab Combination Product or a CD28/Plamotamab Combination Regimen.

1.14 "**CD28/Plamotamab Combination Product**" means (a) any product containing a Licensed CD28 Antibody and Plamotamab in a fixed-dose formulation, or (b) any combination of a Licensed CD28 Product and a Plamotamab Product sold together in a single package or container for a single price.

1.15 "**CD28/Plamotamab Combination Regimen**" means a Combination Regimen that (a) includes a Licensed CD28 Product and a Plamotamab Product and (b) is not a CD28/Plamotamab Combination Product.

1.16 "**Change of Control**" means, at any time on or after the date of this Agreement, with respect to Xencor (and any of its successors):

(a) the acquisition, directly or indirectly, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "**Specified**

Person"), of Beneficial Ownership of 50% or more of either (i) the then outstanding ordinary (or common) shares of such company (the "**Outstanding Common Stock**") or (ii) the combined voting power of the then outstanding voting securities of such company entitled to vote generally in the election of directors (the "**Outstanding Voting Securities**"); provided, however, that for purposes of this subclause (a), any acquisition of securities of such company by any Person pursuant to a transaction which complies with clauses (i) and (ii) of subclause (c) of this definition will not constitute a Change of Control of such company;

(b) individuals who, as of the date hereof, constitute the Board of Directors of such company (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board of Directors of such company; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by such company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board of Directors of such company;

(c) consummation of a merger, consolidation, or other similar extraordinary transaction, or sale or other disposition of all or substantially all of the assets (any of the foregoing, a "**Business Combination**") of such company, in each case, unless, immediately following such Business Combination, (i) the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation or other entity resulting from such Business Combination (including a corporation which as a result of such transaction owns the then outstanding securities of such company or all or substantially all of such company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be, and (ii) more than 50% of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors of such company, providing for such Business Combination;

(d) approval by the shareholders of such company of a complete liquidation or dissolution of such company; or

(e) the sale or disposition to a Third Party of assets or businesses that constitute 50% or more of the total revenue or assets of a Party (determined on a consolidated basis), including such Party's assets or business related to Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products.

For purposes of this definition, a Person will be deemed the "**Beneficial Owner**" of, and will be deemed to "**beneficially own,**" and will be deemed to have "**Beneficial Ownership**" of, any securities:

(i) which such Person or any of such Person's Affiliates is deemed to "beneficially own" within the meaning of Rule 13d-3 promulgated under the Exchange Act; or

(ii) which such Person or any of such Person's Affiliates has, directly or indirectly: (1) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (written or oral), or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person will not be deemed under this clause (1) to be the Beneficial Owner of, or to beneficially own, or to have Beneficial Ownership of, any securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates until such tendered securities are accepted for purchase or exchange thereunder or cease to be subject to withdrawal by the tendering security holder; or (2) the right to vote or dispose of, including pursuant to any agreement, arrangement or understanding (written or oral); provided, however, that a Person will not be deemed under this clause (2) to be the Beneficial Owner of, or to beneficially own, or to have Beneficial Ownership of, any security if (x) the agreement, arrangement or understanding (written or oral) to vote such security arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made generally to all holders of the Outstanding Common Stock or Outstanding Voting Securities of the issuer of such security in accordance with the applicable rules and regulations under the Exchange Act and (y) the beneficial ownership of such security is not also then reportable on Schedule 13D or 13G under the Exchange Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person (or any of such Person's Affiliates) has (1) any agreement, arrangement or understanding (written or oral) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to subclause (ii)(2) of this definition) or disposing of any ordinary (or common) shares or voting securities of the issuer of such security or (2) any agreement, arrangement or understanding (written or oral) to cooperate in obtaining, changing or influencing the control of the issuer of such security; or

(iv) which are the subject of, or the reference securities for, or that underlie, any Derivative Interest of such Person or any of such Person's Affiliates, with the number of ordinary (or common) shares or voting securities deemed beneficially owned being the notional or other number of ordinary (or common) shares or voting securities specified in (or determined pursuant to) the documentation evidencing the Derivative Interest as being subject to be acquired upon the exercise or settlement of the Derivative Interest or as the basis upon which the value or settlement amount of such Derivative Interest is to be calculated in whole or in part.

1.17 "**Clinical Study**" means any study in which human subjects are dosed or treated with a drug or biological product, whether approved or investigational.

1.18 "**Combination Product**" means (a) any product containing a Licensed CD28 Antibody or Plamotamab and one or more other active compounds or active ingredients in a fixed-dose formulation, or (b) any combination of a Licensed CD28 Product or a Plamotamab Product sold together with another drug or biological product in a single package or container for a single price (a "**Combination Copack**"**)**. For clarity: (i) a CD28/Plamotamab Combination Product is a Combination Product; and (ii) a CD28/Plamotamab Combination Product where a Licensed CD28 Product and a Plamotamab Product are sold together in a single package or container for a single price is a Combination Copack.

1.19 "**Combination Regimen**" means the administration of two or more drugs or biological products together for the treatment, diagnosis or prophylaxis of any Indication, where such drugs or biological products are packaged and sold separately or are otherwise not a Combination Product. For clarity, a CD28/Plamotamab Combination Regimen is a Combination Regimen.

1.20 "**Commercialization**" or "**Commercialize**" means marketing, promoting, detailing, distributing, importing, exporting, offering for sale or selling a drug or biological product, including medical affairs activities (other than Included Medical Affairs Studies), regulatory activities directed to obtaining pricing and reimbursement approvals, price calculations and related reporting to Governmental Authorities, and interacting with Regulatory Authorities with respect to the foregoing. Commercialization does not include any activities that are Development activities or Manufacturing activities.

1.21 "**Commercialization Approval**" means, with respect to a Product, as applicable, and any country or regulatory jurisdiction, receipt of [***].

1.22 "**Commercially Reasonable Efforts**" means [***].

1.23 "**Committee**" means the JRC, JDC or JFC.

1.24 "**Consent**" means, with respect to a certain matter, that Xencor has provided consent to such matter as evidenced in a writing executed by Xencor.

1.25 "**Controlled**" or "**Control**" means, when used in reference to Know-How, Patents, Confidential Information or intellectual property rights, the legal authority or right (either by ownership or license (other than a license granted pursuant to this Agreement)) of a Party (or any of its Affiliates) to grant a license or sublicense of such Know-How, Patents, Confidential Information or intellectual property rights to the other Party, or to otherwise disclose such Know-How, Patents, Confidential Information or intellectual property rights to the other Party, without violating or breaching the terms of any agreement with any Third Party, or misappropriating or otherwise violating such Know-How, Patents, Confidential Information or intellectual property rights of any Third Party, such Third Party agreement existing (a) as of the Execution Date or (b)

subsequent to the Execution Date if (in the case of this clause (b)) such Party first acquired rights to such Know-How, Patents, Confidential Information or intellectual property rights pursuant to such agreement. [***].

1.26 "**Cover,**" "**Covering**" and "**Covered**" means, with respect to a Patent and an invention, that, in the absence of ownership of or a license under such Patent, the practice of such invention (e.g., with respect to a Patent in the U.S., the manufacture, use, sale, offer for sale or importation of such invention) would infringe a claim of such Patent [***].

1.27 "**CPI**" means the Consumer Price Index-Urban Wage Earners and Clerical Workers, U.S. City Average, All Items, 1982-1984=100, published by the U.S. Department of Labor, Bureau of Labor Statistics (or its successor equivalent index) in the U.S.

1.28 "**Currency Hedge Rate**" means the Johnson & Johnson currency hedge rate, which is the result of the effectively performed currency hedging at Johnson & Johnson for the upcoming Calendar Year and will be set up once a Calendar Year and will remain constant throughout such Calendar Year. The Johnson & Johnson currency hedge rate is calculated as a weighted average hedge rate of the outstanding external foreign currency forward hedge contracts of Johnson & Johnson with Third Party banks.

1.29 "**Derivative**" [***] means [***].

1.30 "**Derivative Interest**" means any derivative security (as defined under Rule 16a-1 under the Exchange Act) that increases in value as the value of some other ordinary (or common) share or voting security increases, including, but not limited to, a long convertible security, a long call option and a short put option position, in each case regardless of whether (x) such derivative security conveys any voting rights in such other ordinary (or common) share or voting security, (y) such derivative security is required to be, or is capable of being, settled through delivery of such other ordinary (or common) share or voting security or (z) any transaction hedges the economic effect of such derivative security.

1.31 "**Development**" (or to "**Develop**") means:

(a) non-clinical and clinical research and drug development activities designed to generate data to support Commercialization Approval of a drug or biological product, including assay development, toxicology, pharmacology, data collection and management, statistical analysis, Clinical Studies (including Included Medical Affairs Studies) and development of companion diagnostics;

(b) test method development and stability testing, process development, process validation, process scale-up, formulation development, delivery system development, quality assurance and quality control development, technology transfer and other related activities directed to establishing Manufacturing of a drug or biological product (collectively, "**CMC Development Activities**");

(c) regulatory activities relating to Clinical Studies and CMC Development Activities, including the preparation and submission of IND/CTAs;

(d) regulatory activities in support of obtaining and maintaining Marketing Approval, including the preparation and submission of Drug Approval Applications, regulatory affairs, project management, drug safety surveillance and REMS programs as required by the FDA or other Regulatory Authorities;

(e) Early Access Programs; and

(f) pharmacovigilance activities with respect to a drug or biological product, including establishing, updating and maintaining of a global safety database.

Notwithstanding the foregoing, Development excludes any Research activities conducted under the Research Program and any Commercialization activities.

1.32 "**Development Budget**" means the CD28 Development Budget or Plamotamab Development Budget, as applicable.

1.33 "**Development Plan**" means the CD28 Development Plan or Plamotamab Development Plan, as applicable.

1.34 "**Diligent Efforts**" means [***].

1.35 "**DOJ**" means the United States Department of Justice.

1.36 "**Drug Approval Application**" means: (a) a Biologics License Application submitted to the FDA pursuant to Section 351(a) of the Public Health Service Act and the regulations promulgated thereunder ("**BLA**"); (b) an application for authorization to market and/or sell a biological product submitted to a Regulatory Authority in any country or jurisdiction other than the U.S., including, with respect to the European Union, a marketing authorization application filed with the EMA pursuant to the Centralized Approval Procedure or with the applicable Regulatory Authority of a country in the European Economic Area with respect to the decentralized procedure, mutual recognition or any national approval procedure ("**MAA**"); or (c) with respect to any biological product for which a BLA or MAA has been approved by the applicable Regulatory Authority, an application to supplement or amend such BLA or MAA to expand the approved label for such biological product to include use of such biological product for an additional Indication ("**Supplemental Application**").

1.37 "**Early Access Program**" or "**EAP**" means any program to provide patients in a country with a Licensed CD28 Product or Plamotamab Product, as applicable, before receipt of Marketing Approval and before First Commercial Sale in such country in which the use of the Product is not primarily intended to obtain information about the safety or effectiveness of such Product, including Treatment INDs / Protocols, Named Patient Programs and Compassionate Use programs. For clarity, an EAP with respect to a Product may continue to be performed

following receipt of Marketing Approval of such Product and costs may continue to be incurred in accordance with the performance of such EAP after Marketing Approval.

1.38 "**Effective Date**" means the first Business Day immediately following the date on which the Parties have actual knowledge that all applicable waiting periods under the HSR Act with respect to the transactions contemplated hereunder have expired or have been terminated. Upon the request of either Party, the Parties will memorialize the Effective Date, as defined in the immediately preceding sentence, in a written document for the Parties' records.

1.39 "**EMA**" means the European Medicines Agency or any successor agency thereto.

1.40 "**European Union**" or "**EU**" means: (a) the countries of the European Economic Area, as it is constituted on the Execution Date and as it may be modified from time to time after the Execution Date; and (b) the United Kingdom.

1.41 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

1.42 "**Existing Third Party Agreements**" means the agreements between Xencor and a Third Party set forth on Schedule 1.42.

1.43 "**Exploitation**" or "**Exploit**" means to make, have made, use, have used, offer to sell, sell, have sold, import, export and otherwise practice or exploit, including to Research, Develop, Manufacture and Commercialize.

1.44 "**FDA**" means the United States Food and Drug Administration or any successor agency thereto.

1.45 "**Field**" means all diagnostic, prophylactic and therapeutic uses.

1.46 "**First Commercial Sale**" means, with respect to a Product in a country, the first commercial sale of such Product in such country. Sales for Clinical Study purposes, Early Access Programs or similar uses will not constitute a First Commercial Sale. In addition, sales of a Product by and between a Party and its Affiliates, licensees and sublicensees, or between the Parties (or their respective Affiliates, licensees or sublicensees) will not constitute a First Commercial Sale. For the avoidance of doubt sales of a Product made on a named patient basis will not constitute a First Commercial Sale for the purposes of this definition.

1.47 "**First Phase 3 Commencement Date**" means [***].

1.48 "**FTC**" means the United States Federal Trade Commission.

1.49 "**GAAP**" means generally accepted accounting principles in the United States, consistently applied. Unless otherwise defined or stated, financial terms will be calculated by the accrual method under GAAP.

1.50 "**Good Clinical Practice**" or "**GCP**" means the current standards for clinical trials for pharmaceuticals, as set forth in the applicable regulations and ICH guidance, including ICH E6, as amended from time to time, and such standards of good clinical practice as are required by the European Union and other organizations and governmental agencies in countries in which a Licensed CD28 Product or Plamotamab Product, as applicable, is intended to be tested to the extent such standards are not less stringent than United States Good Clinical Practice.

1.51 "**Good Laboratory Practice**" or "**GLP**" means the current standards for laboratory activities for pharmaceuticals, as set forth in the FDA's Good Laboratory Practice regulations at 21 C.F.R. Part 58 or the Good Laboratory Practice principles of the Organization for Economic Co-Operation and Development, as amended from time to time, and such standards of good laboratory practice as are required by the European Union and other organizations and governmental agencies in countries in which a Licensed CD28 Product or Plamotamab Product, as applicable, is intended to be sold, to the extent such standards are not less stringent than United States Good Laboratory Practice.

1.52 "**Good Manufacturing Practice**" or "**GMP**" means the part of quality assurance which ensures that products are consistently produced and controlled in accordance with the quality standards appropriate to their intended use as defined in 21 C.F.R. Parts 210 and 211, European Directive 2003/94/EC, Eudralex 4, Annex 16, and applicable United States, European Union, Canadian and ICH Guidance and/or regulatory requirements for a product.

1.53 "**Governmental Authority**" means any national, federal, state or local government, or political subdivision thereof, or any multinational organization or authority or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, any court or tribunal (or any department, bureau or division thereof), or any governmental arbitrator or arbitral body.

1.54 "**Government Health Care Programs**" means the Medicare program (Title XVIII of the Social Security Act), the Medicaid program (Title XIX of the Social Security Act), TRICARE, the Federal Employee Health Benefits Program, and other foreign, federal, state and local governmental health care plans and programs.

1.55 "**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

1.56 "**IND/CTA**" means an Investigational New Drug Application filed with FDA or a similar application filed with an applicable Regulatory Authority outside of the United States, such as a clinical trial application or a clinical trial notification, or any other equivalent or related regulatory submission, license or authorization.

1.57 "**Indication**" means [***].

1.58 "**Janssen Binding Domain**" means (a) any Janssen proprietary Target B-Cell Antigen Binding Domain designated and provided by Janssen to Xencor for incorporation into Licensed CD28 Antibodies under the Research Program under Section 3.4.1, or (b) [***].

1.59 "**Janssen Research Intellectual Property**" means, collectively, the Janssen Research Know-How and Janssen Research Patents.

1.60 "**Janssen Research Know-How**" means all Know-How relating to a Janssen Binding Domain Controlled by Janssen or its Affiliates as of the Execution Date or at any time during the Research Program Term that is necessary for the Research of any of the Licensed CD28 Antibodies.

1.61 "**Janssen Research Patents**" means all Patents Controlled by Janssen or its Affiliates as of the Execution Date or at any time during the Research Program Term to the extent that such Patents claim the composition of matter of any Janssen Binding Domain.

1.62 "**Know-How**" means all technical, scientific and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulas, instructions, skills, techniques, procedures, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, including Manufacturing procedures, test procedures, and purification and isolation techniques in written, electronic or any other form, and all other discoveries, developments, inventions (whether or not patented or patentable), and tangible embodiments of any of the foregoing, in each case that is not generally known to the public. Know-How does not include any Patents.

1.63 "**Law**" means any federal, state, local, foreign or multinational law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any order by any court, regulatory agency or other Governmental Authority, or any license, franchise, permit or similar right granted under any of the foregoing, or any similar provision having the force or effect of law.

1.64 "**Licensed CD28 Antibody**" means: [***].

1.65 "**Licensed CD28 Product**" means any pharmaceutical product in any form containing one or more Licensed CD28 Antibodies as an active ingredient, in any dosage form, formulation or method of delivery.

1.66 "**Major European Countries**" means France, Germany, Italy, Spain and the United Kingdom.

1.67 "**Manufacturing**" or "**Manufacture**" means activities directed to producing, manufacturing, processing, filling, finishing, packaging, labeling, quality assurance testing and release, shipping and storage of a drug or biological product.

1.68 "**Marketing Approval**" means approval of a Drug Approval Application by the applicable Regulatory Authority.

1.69 [***].

1.70 [***].

1.71 "**MHLW**" means the Ministry of Health, Labour and Welfare in Japan.

1.72 [***]

1.73 "**Net Sales**" means the gross amounts invoiced on sales of a Product (including, for clarity, sales of a Product that is a Combination Product or sales of a Product for use in a Combination Regimen) by Janssen, or any of its Affiliates or sublicensees to a Third Party purchaser in an arms-length transaction, less the following customary and commercially reasonable deductions, determined in accordance with GAAP and internal policies and actually taken, paid, accrued, allocated, or allowed based on good faith estimates:

(a) trade, cash and/or quantity discounts, allowances, and credits, excluding commissions for commercialization;

(b) excise taxes, use taxes, tariffs, sales taxes and customs duties, and/or other government charges imposed on the sale of the Product (including VAT, but only to the extent that such VAT taxes are not reimbursable or refundable), specifically excluding, for clarity, any income taxes assessed against the income arising from such sale;

(c) compulsory or negotiated payments and cash rebates or other expenditures to governmental authorities (or designated beneficiaries thereof) in the context of any national or local health insurance programs or similar programs; including, but not limited to, pay-for-performance agreements, risk sharing agreements as well as government levied fees as a result of the PPACA;

(d) rebates, chargebacks, administrative fees, and discounts (or equivalent thereof) to managed health care organizations, group purchasing organizations, insurers, pharmacy benefit managers (or equivalent thereof), specialty pharmacy providers, governmental authorities, or their agencies or purchasers, reimbursers, or trade customers, as well as amounts owed to patients through co-pay assistance cards or similar forms of rebate to the extent the latter are directly related to the prescribing of the Product (including for use in a Combination Regimen);

(e) outbound freight, shipment and insurance costs to the extent included in the price and separately itemized on the invoice price;

(f) retroactive price reductions, credits or allowances actually granted upon claims, rejections or returns of the Product (including for use in a Combination Regimen), including for recalls or damaged or expired goods, billing errors and reserves for returns;

(g) any invoiced amounts which are not collected by the selling party or its Affiliates, including bad debts; and

(h) any deductions in the context of payments that are due or collected significantly after invoice issuance.

All aforementioned deductions will only be allowable to the extent they are commercially reasonable by Janssen and will be determined, on a country-by-country basis, as incurred in the ordinary course of business in type and amount verifiable based on Janssen's and Affiliates' reporting system. All such discounts, allowances, credits, rebates, and other deductions will be fairly and equitably allocated to the applicable Product and other products of Janssen and its Affiliates and sublicensees such that the applicable Product does not bear a disproportionate portion of such deductions.

Sales of a Product by and between Janssen and its Affiliates and sublicensees, in each case, unless the Affiliate, sublicensee, or Party is the end purchaser, are not sales to Third Parties and will be excluded from Net Sales calculations for all purposes; provided, however, that if such Product is subsequently resold to a Third-Party end user such resale shall be included in the determination of Net Sales.

Sales of a Product for the use in conducting Clinical Studies of the Product (including Included Medical Affairs Studies) in a country at or below cost, or in a 'cost-plus a percentage' scenario where the 'percentage' covers Janssen's tax considerations, and in order to obtain the regulatory approval of the Product (including for use in a Combination Regimen) in such country will be excluded from Net Sales calculations for all purposes.

Compassionate use and "named patient sales" will be excluded from Net Sales calculations for all purposes.

Any disposition of a Product as free samples, donations, or patient assistance will be excluded from Net Sales calculations for all purposes.

If the applicable product is a Combination Product that is not a Solely CD28/Plamotamab Combination Product, the Parties will negotiate in good faith, at the latest [***] before the expected launch of such Combination Product, an allocation of Net Sales of such Combination Product to the respective active pharmaceutical ingredient ("**API**") components, as the case may be, based on the fair market value of such components for the purposes of determining a product-specific or licensed-API-specific allocated Net Sales. Payments related to such Combination Product under this Agreement, including royalty payments, will be calculated, due and payable based only on such allocated Net Sales.

Without limiting the foregoing and following negotiation, the Parties anticipate that allocated Net Sales will be calculated according to one of the following paradigms, with the calculation approach in clause (i) being more preferable:

(i) Net Sales for the determination of royalties of Combination Products will be calculated by multiplying Net Sales of such Combination Product by the fraction A/(A+B) where A is the average net selling price of the applicable Product component contained in the Combination Product, if sold separately or subject to reasonable estimation, and B is the sum of the average net selling prices of any other API components included in the Combination Product, if sold separately or, if not sold separately, subject to reasonable estimation.

(ii) Net Sales for the determination of royalties of Combination Products will be calculated by multiplying Net Sales of such Combination Product by the fraction A/C where A is the average net selling price of the applicable Product component in the Combination Product, if sold separately or, if not sold separately, subject to reasonable estimation, and C is the average net selling price of the entire Combination Product.

If the Parties do not agree on an allocation of Net Sales of such Combination Product to the respective API components or Product components thereof before launch, then the calculation approach described in clause (i) above will be used. Where the foregoing refers to "subject to reasonable estimation" such estimation shall be made by the selling Party and promptly provided to the other Party. If the other Party disagrees with such estimation, it shall notify the other Party ("**Component Allocation Notice**") and the JFC shall convene to reasonably determine the proper allocation between the applicable components. If the JFC does not agree on such allocation within [***] of the Component Allocation Notice, then [***]. For clarity, the selling Party may launch such Combination Product and use its reasonable estimation of the average net selling price of each component while such matter is being discussed and until it is resolved in accordance with this Section or Section 2.5.1.5.

1.74 "**Non-Selected B-Cell Antigen**" means [***].

1.75 "**Non-Selected B-Cell Antigen Binding Domain**" means [***].

1.76 "**OUS Territory**" means the Territory excluding the U.S.

1.77 "**Patents**" means: (a) all original (priority establishing) patent applications claiming one or more inventions filed anywhere in the world, including provisionals and nonprovisionals; and (b) any patent or patent application that claims, or is entitled to claim, direct or indirect priority to the patent applications described in clause (a), including any continuations, continuations-in-part, divisions, or substitute applications, any patents issued or granted from any such patent applications, and any reissues, reexaminations, renewals or extensions (including by virtue of any supplementary protection certificates) of any such patents, and any confirmation patents or registration patents or patents of addition based on any such patents, and all foreign counterparts or equivalents of any of the foregoing.

1.78 "**Person**" means any individual, firm, corporation, partnership, limited liability company, trust, business trust, joint venture, governmental authority, association or other entity.

1.79 "**Phase 1 Study**" means a Clinical Study of a Product as a monotherapy or in combination with one or more other products, the principal purpose of which is a preliminary determination of safety in healthy individuals or patients, as more fully defined in 21 C.F.R. § 312.21(a), or its successor regulation, or the equivalent in any foreign country.

1.80 "**Phase 1/2 Study**" means a Clinical Study of a Product that combines both a Phase 1 Study and a Phase 2 Study of such Product into a single protocol, where the Phase 1 Study portion is performed first to (i) to establish initial safety, tolerability, pharmacokinetic and pharmacodynamic information for the product or (ii) determine the Maximum Tolerable Dose ("**MTD**") of such Product in subjects, and the Phase 2 Study portion is performed second with a selected dose. [***].

1.81 "**Phase 2 Study**" means a Clinical Study of a Product, as applicable, as a monotherapy or in combination with one or more other products: (a) with the primary endpoint of evaluating its effectiveness for a particular Indication or Indications, its short term tolerance and safety, but is not intended to be pivotal to support Marketing Approval for such Product; or (b) that meets the definition in 21 C.F.R. §312.21(b) or any of its foreign equivalents.

1.82 "**Phase 2/3 Study**" means either:

(a) a Clinical Study of a Product that combines both a Phase 2 Study and a Phase 3 Study of such Product into a single protocol; or

(b) a Phase 2 Study involving a sufficient number of subjects that, following commencement of the study, becomes a Phase 3 Study, as evidenced by (i) an agreement with or statement from the Regulatory Authority in such country or jurisdiction, or (ii) other guidance or minutes issued by the Regulatory Authority in such country or jurisdiction, for such study.

[***].

1.83 "**Phase 3 Study**" means a Clinical Study of a Product as a monotherapy or in combination with one or more other products: (a) on a sufficient number of patients, which trial (i) is designed to establish that such Product is safe and efficacious for its intended use and (ii) is pivotal to support Marketing Approval for such Product; or (b) that meets the definition in 21 C.F.R. §312.21(c) or any of its foreign equivalents.

1.84 "**Plamotamab**" means (a) Plamotamab (XmAb13676), which is a tumor-targeted antibody that contains both a CD20 Binding Domain and a CD3 Binding Domain having the sequence set forth on Schedule 1.84 **("Primary Plamotamab**"); (b) any other Antibodies claimed in US9,850,320; or (c) any Plamotamab Variant.

1.85 "**Plamotamab Product**" means any pharmaceutical product in any form containing Plamotamab as an active ingredient, in any dosage form, formulation or method of delivery.

1.86 "**Plamotamab Variant**" means [***].

1.87 "**PPACA**" means the U.S. Patient Protection and Affordable Care Act.

1.88 "**Pre-Approved Study**" means each of the studies described on Exhibit 1.88.

1.89 "**Product**" means a Licensed CD28 Product or a Plamotamab Product, as the context requires.

1.90 "**Regulatory Authority**" means any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the marketing and sale of pharmaceutical products in a country, including FDA in the U.S. and EMA in the EU. Regulatory Authority also includes any non-governmental group licensed by an entity described in the preceding sentence to perform inspections, audits and/or reviews.

1.91 "**Regulatory Exclusivity**" means any exclusive marketing rights or data protection or other exclusivity rights conferred by any Regulatory Authority with respect to a drug or biological product that prevent (a) such Regulatory Authority from granting any regulatory approval of a Third Party product that has an amino acid sequence that is the same as or substantially identical to the amino acid sequence of such biological product; or (b) a Third Party from making a cross reference to data held by such Regulatory Authority, including orphan drug exclusivity, pediatric exclusivity, rights conferred in the U.S. under Section 351 of the Public Health Service Act, 42 U.S.C. §262 (such Act, the "**PHSA**"), the Drug Price Competition and Patent Term Restoration Act (21 U.S.C. §355), as amended (the "**Hatch-Waxman Act**"), the PPACA or in the European Union under Directive 2001/83/EC, as amended, and Regulation (EC) No. 1901/2006, as amended, or rights similar thereto in other countries or regulatory jurisdictions. If a Regulatory Authority confers more than one type of exclusivity with respect to a biological product in a country or jurisdiction (e.g., the FDA grants both biologic drug reference product exclusivity and orphan drug exclusivity with respect to such biological product), Regulatory Exclusivity will be deemed to apply to such biological product in such country or jurisdiction so long as any exclusivity granted to such biological product prevents such Regulatory Authority from granting any regulatory approval of a Third Party product that has an amino acid sequence that is the same as or substantially identical to the amino acid sequence of such biological product or making any cross reference to data held by such Regulatory Authority.

1.92 [***].

1.93 "**Research**" means scientific investigation and non-clinical activities to discover, identify, characterize and optimize antibodies, but excluding any CMC Development Activities

for optimizing antibodies that have been discovered, identified and characterized and any activities specific to optimizing such antibodies in Manufacturing.

1.94 "**Research B-Cell Antigen**" means [***].

1.95 "**Research B-Cell Antigen Binding Domain**" means a Binding Domain which binds any epitope of a Research B-Cell Antigen.

1.96 "**Solely CD28/Plamotamab Combination Product**" means a CD28/Plamotamab Combination Product (including any Combination Copack) that contains a Licensed CD28 Antibody and Plamotamab as its only API components.

1.97 "**Specified Xencor Know-How**" means [***].

1.98 "**Target B-Cell Antigen Binding Domain**" means a Binding Domain which binds any epitope of a Target B-Cell Antigen.

1.99 "**Tax**" or "**Taxes**" means any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including any interest thereon).

1.100 "**Territory**" means worldwide.

1.101 "**Third Party**" means any Person other than a Party or any of its Affiliates.

1.102 "**U.S.**" means the United States of America.

1.103 "**Valid Claim**" means a claim of: (a) of any issued, unexpired patent that has not been revoked or held unenforceable or invalid by a decision of a court or governmental agency of competent jurisdiction from which no appeal can be taken, or with respect to which an appeal is not taken within the time allowed for appeal, and that has not been disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise; or (b) of any patent application that has not been cancelled, withdrawn or abandoned, without being re-filed in another application in the applicable jurisdiction or has not been pending or filed more than [***] from the earliest possible priority date for said application, provided that if such claim is later issued, it will from the issuance date forward, be deemed to be a Valid Claim, subject to clause (a) of this Section 1.103.

1.104 "**Variant**" means [***].

1.105 "**Variant Binding Domain**" means [***].

1.106 "**Xencor Binding Domain**" means (a) any Xencor proprietary CD28 Binding Domain or Target B-Cell Antigen Binding Domain used by Xencor for incorporation into Licensed CD28 Antibodies, or (b) [***].

1.107 "**Xencor Intellectual Property**" means, collectively, the Xencor Research Know-How and Xencor Patents.

1.108 "**Xencor Patents**" means all Patents Controlled by Xencor or its Affiliates as of the Effective Date or at any time during the Term that are necessary to Exploit [***] any Licensed CD28 Antibody or Licensed CD28 Product, but excluding [***].

1.109 "**Xencor Plamotamab Intellectual Property**" means, collectively, the Xencor Plamotamab Know-How and Xencor Plamotamab Patents.

1.110 "**Xencor Plamotamab Know-How**" means all Know-How Controlled by Xencor or its Affiliates as of the Effective Date or at any time during the Term that is reasonably necessary to Exploit [***] Plamotamab or a Plamotamab Product, but excluding [***] .

1.111 "**Xencor Plamotamab Patents**" means all Patents Controlled by Xencor or its Affiliates as of the Effective Date or at any time during the Term that are reasonably necessary to Exploit [***] Plamotamab or a Plamotamab Product, but excluding [***].

1.112 "**Xencor Platform Technology**" means: (a) Patents Controlled by Xencor or its Affiliates Covering or (b) Know-How Controlled by Xencor or its Affiliates that is disclosed by Xencor to Janssen and describes, in either case ((a) or (b)), [***].

1.113 "**Xencor Research Intellectual Property**" means, collectively, the Xencor Research Know-How and Xencor Research Patents.

1.114 "**Xencor Research Know-How**" means:

(a) Know-How, but not Specified Xencor Know-How, Controlled by Xencor or its Affiliates (or an invention that, at a previous time, was such Know-How and is Covered in a Patent Controlled by Xencor or its Affiliates at the time the invention was applied or incorporated) that is first incorporated by Xencor (or by Janssen with the Consent of Xencor) into a Licensed CD28 Antibody or Licensed CD28 Product prior to [***];

(b) Specified Xencor Know-How; and

(c) Know-How Controlled by Xencor or its Affiliates at any time prior to the end of the Term that is a composition of matter of a Xencor Binding Domain or Variant Binding Domain thereof,

in each case ((a), (b) and (c)), including those Inventions assigned to Xencor pursuant to Section 9.2.2.2(a) and Xencor's interest in Joint Inventions.

1.115 "**Xencor Research Patents**" means [***].

1.116 Additional Definitions. Each of the following definitions is set forth in the Section of this Agreement indicated below:

Defined Term	Section
[***] Notice Period	3.7.2
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Acquired Competing Product	8.4.6
Acquirer Competing Product	8.4.5.1
Acquirer Intellectual Property	9.9.1
Acquiring Party	8.4.6
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Antigen Selection Milestone Events	7.2.4.2
Antigen Selection Outside Date	3.7.2
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Beneficial Ownership	1.16(e)
Biosimilar Application	9.4.4
Bispecific Competing Product	8.4.1.1
BLA	1.36
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Business Combination	1.16(c)
Candidate Selection	3.7.3
Candidate Selection Date	3.7.3
Category A Net Sales	7.4.1.1(a)
Category A Sales Milestone Event	7.3.1
Category A Sales Milestone Payment	7.3.1
Category B Net Sales	7.4.1.1(b)
Category B Sales Milestone Event	7.3.2
Category B Sales Milestone Payment	7.3.2
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CD28 Co-Funding Option Exercise Date	6.2.2
CD28 Co-Funding Opt-Out	6.2.4
CD28 Co-Funding Opt-Out Effective Date	6.2.4
CD28 Co-Funding Opt-Out Notice	6.2.4
CD28 Co-Funding Wind-down Period	6.2.4(e)
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CD28 Milestone Payment	7.2.1
CD28 Royalty Term	7.4.2.1(a)
CD28 Royalty-Bearing Patent	7.4.2.1(b)(i)
CD28 Unit Price	7.4.2.5
CD28/Plamotamab Combination Royalty Term	7.4.2.2(a)
CD28/Plamotamab Combination Royalty-Bearing Patent	7.4.2.2(a)
CD28/Plamotamab Combination Sales	7.4.2.2(a)
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Claim Basis	12.3.2
Clinical Reverted Product	13.5.2.6
CMC Development Activities	1.31(b)
Co-Chair	2.4.2
Co-Detailing Agreement	6.3.3.5
Co-Detailing Data Package	6.3.1.2
Co-Detailing Data Package Delivery Date	6.3.1.3
Co-Detailing Option Exercise Date	6.3.2
Co-Detailing Plan	6.3.3.4
Combination Copack	1.18
Committee Matters	2.5.2
Competing Product	8.4.1.2
[***]	[***]
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Contemplated Transactions	14.2.1
Cost Report	6.2.3.4(d)(iii)

Defined Term	Section
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CPR Mediation Procedure	15.3.1
CPR Rules	15.4.1
Create Act	9.3.1.7
Cure Period	13.2.1
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Data Package Delivery Date	3.7.1
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Detail	6.3.3.6
Detailing	6.3.3.6
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Development FTE Costs	6.2.3.1(c)
Development FTE Rate	6.2.3.1(d)
Development Reconciliation Procedures	6.2.3.4(d)(ii)
Disclosing Party	10.1.1
Dispute	15.1
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Existing Xencor Intellectual Property	11.5.2
Expert	2.5.1.5(a)
Expert Panel	2.5.1.5(a)
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First CD28 Product Marketing Approval	6.4.2.2(a)
First Exclusivity Period	8.4.1.4
First Milestone Product	7.2.1
Force Majeure	16.14
Hatch-Waxman Act	1.91
Included Medical Affairs Studies	6.2.3.1(e)
Included Medical Affairs Studies Costs	6.2.3.1(f)
Incompletion Notice	3.7
Incumbent Board	1.16(b)
Indemnification Claim	12.3.1
Indemnitee	12.3.2
Indemnitor	12.3.2
Independent Plamotamab/Tafa Study	5.1.3.5

Defined Term	Section
Independent Plamotamab/Tafa Study Opt-In Payment	5.1.3.5(f)
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Infringement Claim	9.8
Initial Development Activities	5.1.1.2(a)
Insolvency Event	13.4.1
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Inventions	9.2.1
Janssen	the Introduction
Janssen Assigned Inventions	8.1.4
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Janssen B-Cell Antigen Variant Binding Domain	7.4.2.1(b)(iii)
Janssen Indemnitees	12.2
JDC	2.2.1
JFC	2.3
JMT	5.3.1
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[***]	[***]
Joint Inventions	9.2.2.3
Joint Patent Costs	9.3.3.3(a)
Joint Patents	9.2.2.3
Joint Plamotamab Patents	13.5.2.15
[***]	[***]
[***]	[***]
JRC	2.1.1
JRD	10.6
Losses	12.1
MAA	1.36
Manufacturing Cost of Clinical Supply	6.2.3.1(a)
Materials	3.8
Milestone Event	7.4.2.1
Milestone Payment	7.4.2.1
Minimal Development Activity	6.4.1.4(a)
MTD	1.80
No Plamotamab Development Election	5.1.2.1(b)(ii)
Non-breaching Party	13.2.1

Defined Term	Section
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Notice of 6.4.2 Application	6.4.1.4(a)
[***]	[***]
[***]	[***]
Notice of Development Election Without CD28	5.1.2.1(a)(iii)
Notice of Plamotamab POC Study After Successful Exploration	5.1.2.1(a)(iii)
Notice of Plamotamab POC Study After Unsuccessful Exploration	5.1.2.1(a)(iii)
Novartis	8.4.8
Number of CD28 Units	7.4.2.5
Number of Plamotamab Units	7.4.2.5
Other Costs Not Included in Standard	6.2.3.1(a)(iii)
Other Plamotamab Product Royalty Term	7.4.2.2(b)
Other Plamotamab Product Royalty-Bearing Patent	7.4.2.2(b)
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Outstanding Common Stock	1.16(a)
Outstanding Voting Securities	1.16(a)
Party	the Introduction
Patent Representative	9.1
PDE	6.3.3.5(b)
[***]	[***]
Phase 1 Exploration Study	5.1.1.2(a)(i)
PHSA	1.91
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Plamotamab Co-Detailing Option	5.2.3
Plamotamab Component	7.4.2.5
Plamotamab Cure Period	13.3.2.2(a)
Plamotamab Development Budget	5.1.1.2(c)
Plamotamab Development Election	5.1.2.1(b)(ii)
Plamotamab Development Notice	5.1.2.1(b)(ii)
Plamotamab Development Plan	5.1.1.1
Plamotamab Included Medical Affairs Studies Costs Limit	6.2.3.1(h)
Plamotamab Milestone Event	7.2.3
Plamotamab Milestone Payment	7.2.3
Plamotamab POC Study	5.1.1.2(a)(ii)
Plamotamab Safety Concerns	5.1.3.4

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POC Data Package Delivery Date	6.2.1.3
Post-POC Decision Notice	5.1.2.1(b)(ii)
Pre-POC Decision Development Activity	5.1.2.2
Primary Antibody	1.64
Primary Plamotamab	1.84
Primary Plamotamab Products	11.6.1
Product Infringement	9.4.1
Product Marks	9.10
Proof-of-Concept	6.2.1.1
Proof-of-Concept Date	6.2.1.1
Proposal Delivery Date	5.1.3.3
Proposal Review Period	5.1.3.4
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Prosecute	9.3.1.2
Prosecution	9.3.1.2
Protocol	15.4.6
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Regulatory Documentation and Filings	13.5.2.4
Remaining Net Sales Amount	7.4.2.5
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Research Competing Product	8.4.1.5
Research License	8.1.1.1
Research Plan	3.2.1
Research Program	3.1
Research Program Results	10.1.4
Research Program Term	3.1
Reversion Royalty Rate	13.5.2.3
Reverted CD28 Antibody	13.5.2.1(c)
Reverted CD28 Derivative	13.5.2.1(d)
Reverted CD28 Product	13.5.2.1(f)
Reverted CD28 Product Derivative	13.5.2.1(g)
Reverted CD28 Variant	13.5.2.1(e)
Reverted CD28/Plamotamab Combination Product	13.5.2.1(h)

Defined Term	Section
Reverted Plamotamab Product	13.5.2.1(i)
Reverted Product	13.5.2.1(j)
Royalty Term	7.4.2.3
Royalty-Bearing Patent	7.4.2.3
Royalty-Bearing Plamotamab Formulation Patent	7.4.2.2(a)
Sales Milestone Event	7.3.3.2
Sales Milestone Payment	7.3.3.1
Scale-Up	8.4.1.6
Second Exclusivity Period	8.4.1.7
[***]	[***]
Selected B-Cell Antigen	3.7.5
Selected B-Cell Antigen Binding Domain	3.7.5
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Shared Development Costs	6.2.3.1(h)
Specified Person	1.16(a)
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Target B-Cell Antigens	3.2.2
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Target Phase 1 Exploration Study Completion Date	5.1.2.1(a)
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Total CD28/Plamotamab Net Sales	7.4.2.5
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Xencor	the Introduction
Xencor B-Cell Antigen x CD28 Patents	9.3.1.2
Xencor CD28 Inventions	11.5.2
[***]	[***]
Xencor Indemnitees	12.1
[***]	[***]
[***]	[***]

ARTICLE 2
GOVERNANCE

2.1 Joint Research Committee.

2.1.1 JRC Formation; Composition. The Parties will establish a joint research committee (the "**JRC**") promptly after the Effective Date. The Parties will use reasonable efforts to establish the JRC and hold the first meeting of the JRC within [***] after the Effective Date. The JRC will be composed of at least [***] employee representatives of each Party. Each JRC member must have the appropriate capabilities and experience to carry out the responsibilities of the JRC and sufficient seniority within the applicable Party to make decisions arising within the scope of the JRC's responsibilities. Each Party may change its JRC representatives from time to time in its sole discretion, effective upon notice to the other Party of such change. The JRC will be disbanded after the completion of the Research Program.

2.1.2 JRC Responsibilities. The JRC will: (a) serve as a forum for and facilitate communications between the Parties with respect to the activities conducted under the Research Plan; (b) prepare, discuss, and approve amendments to the Research Plan in accordance with Section 3.2; and (c) perform the other functions that are expressly delegated to the JRC in this Agreement.

2.2 Joint Development Committee.

2.2.1 JDC Formation; Composition. The Parties will establish a joint development committee (the "**JDC**") promptly after the Effective Date. The JDC will be composed of at least [***] employee representatives of each Party. Each JDC member must have the appropriate capabilities and experience to carry out the responsibilities of the JDC and sufficient seniority within the applicable Party to make decisions arising within the scope of the JDC's responsibilities. Each Party may change its JDC representatives from time to time in its sole discretion, effective upon notice to the other Party of such change. If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, the JDC will be disbanded upon the later of: (a) completion of the CD28 Development Plan activities; and (b) termination of this Agreement with respect to Plamotamab pursuant to Section 13.3.2. If Xencor does not exercise the CD28 Co-Funding Option in accordance with Section 6.2, the JDC will be disbanded upon the later of: (a) termination of this Agreement with respect to Plamotamab pursuant to Section 13.3.2; and (b) such date when Xencor can no longer exercise the CD28 Co-Funding Option pursuant to Section 6.2.

2.2.2 JDC Responsibilities.

2.2.2.1 With respect to Licensed CD28 Products (other than any CD28/Plamotamab Combination):

(a) Prior to Xencor's exercise of the CD28 Co-Funding Option: (i) the JDC will serve as a forum for and facilitate communications between the Parties with respect to

the reports provided by Janssen under Section 4.4.2.1; and (ii) the JDC will have no decision-making authority with respect to Licensed CD28 Products.

(b) If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, the JDC will: (i) serve as a forum for and facilitate communications between the Parties with respect to the activities conducted under the CD28 Development Plan and CMC Development Activities for the Licensed CD28 Products; and (ii) discuss and approve amendments to the CD28 Development Plan in accordance with Section 6.2.3.

2.2.2.2 With respect to Plamotamab Products (including any CD28/Plamotamab Combination), the JDC will: (a) serve as a forum for and facilitate communications between the Parties with respect to the activities conducted under the Plamotamab Development Plan and CMC Development Activities for the Plamotamab Products; and (b) discuss and approve amendments to the Plamotamab Development Plan in accordance with Section 5.1.1.3.

2.2.2.3 The JDC will also perform the other functions that are expressly delegated to the JDC in this Agreement.

2.3 Joint Finance Committee. The Parties will establish a joint finance committee (the "**JFC**") promptly after the Effective Date. The JFC will: (i) coordinate and conduct the budgeting, accounting, reporting, reconciliation and other financial activities with respect to the Development Budgets and Shared Development Costs to the extent provided in Section 5.1.4 and Section 6.2.3.4; (ii) if requested by the JDC, develop and recommend to the JDC for approval a process for the development and approval of budgets contemplated by Section 5.1.4 and Section 6.2.3.4; and (iii) perform the other functions with respect to the Development Budgets and Shared Development Costs that are expressly delegated to the JFC in this Agreement. The JFC will be composed of employee representatives of each Party, each with reasonable expertise in the areas of accounting, cost allocation, budgeting and financial reporting and sufficient seniority within the applicable Party to make decisions arising with the scope of the JFC's responsibilities. If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2.3.4, the JFC will be disbanded upon the later of (a) completion of the CD28 Development Plan activities and reimbursement of all Shared Development Costs for the Licensed CD28 Products; and (b) completion of the Plamotamab Development Plan activities and reimbursement of all Shared Development Costs for the Plamotamab Products. If Xencor does not exercise the CD28 Co-Funding Option in accordance with Section 6.2.3.4, the JFC will be disbanded upon completion of the Plamotamab Development Plan activities and reimbursement of all Shared Development Costs for the Plamotamab Products.

2.4 Meetings and Minutes.

2.4.1 Frequency of Meetings. Each Committee will hold meetings in accordance with a schedule established by mutual written agreement of the Parties. Each Committee will meet at least once each Calendar Quarter, unless otherwise agreed by the Committee. A Committee may

meet in person or by means of teleconference, Internet conference, videoconference or other similar communications equipment, as agreed to by the Committee members. Each Party's Co-Chair may also call for special meetings to resolve particular matters requested by such Party upon [***] prior notice to the other Party's Committee members.

2.4.2 Co-Chairs. For each Committee, each Party will designate one of its representatives to co-chair the meetings of the Committee (each, a "**Co-Chair**"). The Co-Chairs will, with the assistance of the Alliance Managers, coordinate and prepare the agenda for, and ensure the orderly conduct of, the meetings of each Committee.

2.4.3 Preparation and Attendance. The Co-Chairs will, with the assistance of the Alliance Managers, solicit agenda items from Committee members and provide an agenda, along with appropriate information for such agenda, reasonably in advance of any meeting. The agenda will include all agenda items requested by either Co-Chair. Each Party will bear its own expenses related to its Committee representatives' participation in and attendance at such meetings.

2.4.4 Meeting Minutes. Each Party, through its Co-Chair and Alliance Manager, will alternate responsibility for preparing written minutes of the meetings of each Committee and will provide the draft minutes to the Committee members for review no later than [***] after the date of the meeting to which the minutes pertain. Draft minutes will become final and deemed to be approved if the Parties do not provide any comments to the minutes within [***] of receipt by the Committee members (or such additional period of time as mutually agreed by the Parties). If a Party provides comments to the minutes within such period (or such additional period of time as mutually agreed by the Parties), the Committee members of each Party will discuss such comments in good faith to resolve any discrepancies within [***] after receipt of such comments.

2.5 Decision-Making.

2.5.1 Committee Actions.

2.5.1.1 Each Committee will determine, approve or resolve Committee Matters within the authority of the Committee by unanimous vote, with each Party's representatives on the Committee collectively having one vote. If the Committee representatives of the Parties do not reach consensus as to a particular Committee Matter within [***] after such matter is first presented to the Committee (or [***]), then the following provisions of this Section 2.5.1 will apply.

2.5.1.2 With respect to the JRC: (i) if the Committee Matter is a proposal to amend the Research Plan to include any Target B-Cell Antigen in the Research Plan prior to the [***] anniversary of the Effective Date or to remove any Target B-Cell Antigen from the Research Plan at any time, Janssen will have the final decision making authority; and (ii) for all other Committee Matters of the JRC, neither Party will have final decision making authority and

any such Committee Matter will be deemed not to have been approved by the JRC, unless and until the JRC reaches consensus, or the Parties agree, on such matter.

2.5.1.3 With respect to the JDC, either Party may refer the Committee Matter to [***] and [***] for resolution. Such Executive Officers shall endeavor to meet promptly to discuss the matter. If the Executive Officers do not reach consensus on such Committee Matter within [***] after such matter is referred to them, then: (a) Xencor shall have the final decision making authority with respect to Development activities to the extent relating to the Tafa/len Safety Run-in; and (b) Janssen will have the final decision making authority with respect to all other Committee Matters. Notwithstanding the foregoing, the JDC (including through Janssen's final decision pursuant to this Section 2.5.1.3) cannot take any of the following actions without Xencor's written consent:

(a) establish the Development activities relating to the Phase 1 Exploration Study;

(b) amend the Plamotamab Development Plan (including any timetables therein) with respect to any of the Initial Development Activities or [***] to include any Development activities other than the Initial Development Activities;

(c) materially amend or cease the conduct of any Independent Plamotamab/Tafa Study (unless both: (i) it is added to the Plamotamab Development Plan in accordance with Section 5.1.3.5(f); and (ii) the amount of the Independent Plamotamab/Tafa Study Opt-in Payment paid by Janssen in connection with such Independent Plamotamab/Tafa Study is equal to or greater than [***]) other than for Plamotamab Safety Concerns; or

(d) amend the Plamotamab Development Plan to require Xencor to undertake any additional activities.

2.5.1.4 With respect to the JFC, either Party may refer a Committee Matter of the JFC (other than [***]) for resolution by an independent Third Party accounting firm. If either Party refers a matter for resolution by an independent Third Party accounting firm, the Parties will mutually select and engage an independent Third Party accounting firm that has no auditing or other financial relationship with either Party or any of its Affiliates to resolve the matter. If the Parties are unable to agree on the identity of the Third Party accounting firm within [***] of the date on which a Party refers such matter for resolution pursuant to this Section, the Third Party accounting firm will be one of the "big four" accounting firms that is not the external auditor of either Party. The accounting firm will, as soon as reasonably practicable after the firm is engaged and acting as expert and not an arbitrator, deliver a report to each Party with its analysis and determination of the Committee Matter. The accounting firm's determination will be final and binding on the Parties, and the amounts payable to the firm for these services will be shared equally by the Parties. If, however, the Committee Matter relates to an amount less than [***], then Janssen will have the final decision making authority with respect to such Committee Matter instead of an independent Third Party accounting firm.

2.5.1.5 With respect to the JFC, either Party may refer a Committee Matter that is a [***] for resolution by an Expert Panel according to the following procedures:

(a) Each Party will select one Third Party expert who is neutral, disinterested and impartial, and has experience relevant to the specific subject matter of the referred Committee Matter, within [***] after either Party requests resolution by an Expert Panel (each, an "**Expert**"). The Experts selected by the Parties shall jointly select a third Expert within [***] thereafter (the three Experts together, the "**Expert Panel**").

(b) Within [***] after the Expert Panel has been selected, each Party will provide to the Expert Panel and the other Party a written report setting forth its position on the referred Committee Matter. Each Party may update its own report within [***] after receiving the other Party's report. If requested by the Expert Panel, each Party will make oral submissions based on its written report and each Party will have the right to be present during any such oral submissions.

(c) Within [***] after receiving the last report or, if requested by the Expert Panel, the oral submissions, the Expert Panel will select one Party's position on the referred Committee Matter as its final decision. The Expert Panel will not have the authority to modify either Party's position or to render any substantive decision other than to select one Party's position on the referred Committee Matter as set forth in such Party's written report most recently submitted to the Expert Panel. The decision of the Expert Panel will be the Parties' sole, exclusive and binding resolution of the referred Committee Matter, and the Expert Panel's decision will become the decision of the JFC on the matter.

(d) The costs and fees of the Expert Panel will be shared equally by the Parties. Each Party will bear its own costs of participating in the proceeding.

(e) The Parties will use, and will direct the Expert Panel to use, Diligent Efforts to resolve the referred Committee Matter within [***] after either Party requests such resolution.

(f) Unless otherwise mutually agreed upon by the Parties, the in-person portion (if any) of such proceedings shall be conducted in [***].

2.5.2 Limitations of Committee Authority. Each Committee will only have authority to determine, approve or resolve matters that such Committee is expressly authorized to determine, approve or resolve under this Agreement ("**Committee Matters**"). No Committee has the authority to: (a) modify or amend the terms and conditions of this Agreement; (b) waive or determine either Party's compliance with the terms and conditions of this Agreement; (c) decide any issue in a manner that would conflict with the express terms and conditions of this Agreement; (d) decide any issue for which this Agreement expressly requires a Party's approval or consent; or (e) resolve any Dispute under this Agreement.

2.6 Subcommittees. From time to time, each Committee may establish subcommittees to perform particular tasks and oversee particular projects or activities within the Committee's authority. Each subcommittee will be constituted and will operate as the forming Committee determines, provided that no subcommittee will have any decision-making authority, but will instead make recommendations to the forming Committee with respect to matters within its authority.

2.7 Alliance Managers. Promptly after the Effective Date, each Party will appoint an individual to act as the alliance manager for such Party with respect to this Agreement (each, an "**Alliance Manager**"). The Alliance Managers will not be members of any Committee, but will be permitted to attend meetings of any Committee as nonvoting observers. The Alliance Managers will be the primary point of contact for the Parties regarding this Agreement and will facilitate communication regarding all activities under this Agreement. Each Party may change its designated Alliance Manager from time to time upon notice to the other Party.

ARTICLE 3
RESEARCH PROGRAM FOR LICENSED CD28 ANTIBODIES AND LICENSED CD28 PRODUCTS

3.1 Overview. The Parties will collaborate to conduct a program of research and development of Licensed CD28 Antibodies in accordance with the Research Plan, including antibody discovery and biology efforts through Candidate Selection (the "**Research Program**"), as further described in this ARTICLE 3. The Research Program will include any Research B-Cell Antigens that are set forth in the initial Research Plan or added by amending the Research Plan after the Effective Date in accordance with Section 3.2 (subject to Janssen's final decision-making authority under Section 2.5.1.3). The objective of the Research Program is to Research one or more Licensed CD28 Antibodies that meet the target criteria set forth in the Research Plan. The time period beginning on the Effective Date and ending on the earlier of (a) the [***] anniversary of the Effective Date and (b) the date of the [***] Antigen Selection in accordance with Section 3.7 is referred to as the "**Research Program Term**." If the date of the [***] Antigen Selection does not occur before the [***] anniversary of the Effective Date and, as of the [***] anniversary of the Effective Date, either (x) a Data Package for a Target B-Cell Antigen has been delivered, but the Antigen Selection Date or Antigen Selection Outside Date has not yet occurred, or (y) a Data Package for a Target B-Cell Antigen has not been delivered, then the Research Program Term will be extended until the Antigen Selection Date or Antigen Selection Outside Date occurs for the last of all such Target B-Cell Antigens.

3.2 Research Plan.

3.2.1 Initial Plan. The Parties have agreed upon a draft of a written research plan describing the Research Program (the "**Research Plan**"). The draft of the initial Research Plan is attached to this Agreement as Exhibit 3.2. The Parties will use Diligent Efforts to finalize the initial Research Plan as soon as possible after the Execution Date. The finalized initial Research Plan will be approved by the JRC in accordance with Section 3.2.3.

3.2.2 Contents. The initial Research Plan includes, and any amended Research Plan will include, the following elements: (a) the Research B-Cell Antigens that will be the subject of the Research, as determined by the JRC (subject to Janssen's final decision-making authority under Section 2.5.1.3) (the "**Target B-Cell Antigens**"); (b) descriptions of the key activities to Research Licensed CD28 Antibodies; (c) a target timeline for completing the activities; (d) Janssen's target criteria for Licensed CD28 Antibodies (the "**Target Criteria**"); and (e) certain Materials that will be provided by Xencor and Janssen.

3.2.3 Amendments. Either Party may propose amendments to the Research Plan at any time during the Research Program Term. All amendments require approval of the JRC. If the JRC approves an amendment, the amendment becomes effective upon the date of JRC approval. A written copy of the amended Research Plan will be prepared by one of the Parties, as decided by the JRC, and provided to both Parties.

3.3 Conduct of Research Program Activities. Each Party will be responsible for conducting the activities assigned to it in the Research Plan. Each Party will carry out the activities assigned to it in the Research Plan in accordance with the timeline set forth in the Research Plan. Each Party will keep the other Party reasonably informed as to the progress of the conduct of such activities through meetings of the JRC. Each Party will conduct its Research Program activities in good scientific manner and in compliance with all applicable Laws, including GLP.

3.4 Binding Domains.

3.4.1 Janssen Binding Domains. For each Target B-Cell Antigen, Janssen will designate and provide [***] Target B-Cell Antigen Binding Domain to Xencor for the purpose of Researching Licensed CD28 Antibodies incorporating such binding domain in the Research Program. Janssen may provide such binding domains to Xencor either by providing tangible materials containing the binding domain or by disclosing the amino acid sequence of the binding domain.

3.4.2 Xencor Binding Domains. For each Target B-Cell Antigen, Xencor will designate and use in the Research Program its proprietary CD28 Binding Domains (including the Binding Domains set forth on Schedule 11.5.2) and, to the extent possessed and Controlled by Xencor at the time such antigen becomes a Target B-Cell Antigen, [***] Target B-Cell Antigen Binding Domains for the purpose of Researching Licensed CD28 Antibodies incorporating such binding domains.

3.4.3 Restrictions on Use of Binding Domains.

3.4.3.1 During and after the Term, neither Janssen nor any of its Affiliates will use, nor have any right to use, any Xencor Binding Domain except to the extent Janssen is granted a license to Exploit the Licensed CD28 Antibodies and Licensed CD28 Products under this Agreement. For clarity, Xencor retains the right to use any Xencor Binding Domain in any

product that is not a Licensed CD28 Antibody or Licensed CD28 Product during or after the Term.

3.4.3.2 During and after the Term, neither Xencor nor any of its Affiliates will use, nor have any right to use, any Janssen Binding Domain except to the extent Xencor is granted a license to Research the Licensed CD28 Antibodies and Exploit the Reverted Products and Reverted Product Derivatives under this Agreement. For clarity, Janssen retains the right to use any Janssen Binding Domain in any product that is not a Licensed CD28 Antibody or Licensed CD28 Product during or after the Term.

3.5 Research Program Costs. Each Party will bear all costs incurred by such Party and its Affiliates in conducting the Research Program activities allocated to it under the Research Plan.

3.6 Records; Reports.

3.6.1 Records. Each Party will maintain, consistent with its then-current internal policies and practices, and cause its employees and subcontractors to maintain, records and laboratory notebooks of its Research activities under the Research Plan in sufficient detail and in a good scientific manner appropriate for regulatory and intellectual property protection purposes. If requested by the other Party, each Party will provide the other Party with a copy of any such records to the extent specific to any Primary Antibody.

3.6.2 Reports and Data Packages. Each Party will provide periodic updates and reports regarding the Research Program activities and results to the other Party through the JRC, including summaries of the data and information generated and, if reasonably requested by the other Party, any raw data relating to such activities to the extent specific to any Primary Antibody. During the Research Program Term, upon request of Janssen, Xencor will provide Janssen with information about the Xencor Platform Technology used by Xencor to Research any Licensed CD28 Antibody.

3.7 Candidate Selection; Antigen Selection.

3.7.1 Promptly after completing all Research Program activities with respect to a Target B-Cell Antigen, Xencor will prepare and deliver to Janssen in writing a complete package of all reasonably relevant data and results of the Research Program activities for all Primary Antibodies binding to such Target B-Cell Antigen (the "**Data Package**"). If, however, Xencor does not reasonably expect the Research Program activities with respect to a Target B-Cell Antigen to be completed prior to the second anniversary of the Effective Date, then Xencor will prepare and deliver a data package for such Target B-Cell Antigen on or before the second anniversary of the Effective Date that includes all available data and results for the applicable Research Program activities for such Target B-Cell Antigen (also a "**Data Package**"). If Janssen notifies Xencor within [***] following receipt that the Data Package is not sufficient to determine whether to further Develop the applicable Primary Antibodies ("**Incompletion Notice**"), Xencor will provide the missing data and results as soon as possible. The date on

which Janssen is in receipt of a complete Data Package is deemed to be the "**Data Package Delivery Date**" for such Target B-Cell Antigen. The Data Package Delivery Date for a Target B-Cell Antigen shall be deemed the date on which Xencor first provided the Data Package unless Janssen provides Incompletion Notice within [***] after receipt of a Data Package.

3.7.2 Within [***] after a Data Package Delivery Date, Janssen will decide whether any of the Primary Antibodies that are the subject of the Data Package should be further Developed. Janssen will notify Xencor of its decision within the [***] period. If Janssen fails to provide notice of its decision within such [***] period with respect to a Data Package, Xencor may notify Janssen of its failure and Janssen will have [***] after such notice from Xencor to notify Xencor of its decision (the "**[***] Notice Period**"). Janssen's failure to respond within such [***] period shall be deemed notice not to further Develop the Primary Antibodies to which such Data Package relates. The "**Antigen Selection Outside Date**" for a Target B-Cell Antigen shall mean the earlier of: (a) the day after the last day of the [***] Notice Period applicable to such Target B-Cell Antigen; and (b) the [***] after the [***] anniversary of the Effective Date. For clarity, if no Data Package is delivered for a Target B-Cell Antigen on or before the [***] anniversary of the Effective Date, the Antigen Selection Outside Date will be the [***] after the [***] anniversary of the Effective Date.

3.7.3 If Janssen decides that at least one of such Primary Antibodies that is the subject of a Data Package for a Target B-Cell Antigen should be further Developed, the notice will identify which Primary Antibody or Primary Antibodies binding to such Target B-Cell Antigen will be further Developed in accordance with the terms of this Agreement. Janssen may also notify Xencor at any time during the Research Program Term that it will further develop a Primary Antibody, even if a Data Package for such Primary Antibody has not yet been delivered. Any of the foregoing decisions in this Section 3.7.3 to further Develop a Primary Antibody is referred to as "**Candidate Selection**," and the date on which Janssen gives such notice is referred to as the "**Candidate Selection Date**" for such Primary Antibody. "**Antigen Selection**" for a Target B-Cell Antigen means the Candidate Selection for the first Primary Antibody that binds to such Target B-Cell Antigen. "**Antigen Selection Date**" for a Target B-Cell Antigen means the date of Antigen Selection for such Target B-Cell Antigen. For clarity, Candidate Selection for a Primary Antibody that binds to multiple Target B-Cell Antigens for which Antigen Selection has not already occurred shall constitute a distinct Antigen Selection for each of such Target B-Cell Antigens. For example, if the first Primary Antibody for which Candidate Selection occurs includes a CD28 Binding Domain, a CD20 Binding Domain and a Binding Domain which binds an epitope of CD79B, then Antigen Selection will occur for both CD20 and CD79B. Notwithstanding anything to the contrary in this Agreement, in accordance with Section 3.7.5, Janssen cannot make a Candidate Selection that would cause more than four (4) total Antigen Selections to occur and any attempt to do so shall not be deemed a Candidate Selection or Antigen Selection for any purpose of this Agreement (*i.e.*, there can be no more than four (4) Selected B-Cell Antigens).

3.7.4 If (a) the Data Package Delivery Date has occurred for each Target B-Cell Antigen that is the subject of Research activities in the Research Plan and (b) for each Data

Package that has been delivered, Janssen has notified Xencor under Section 3.7.2 that none of the Primary Antibodies that are the subject of the Data Package should be further Developed, Janssen's notice under Section 3.7.2 for the last of such Data Packages will be deemed to be a notice to terminate this Agreement without cause in accordance with Section 13.3.3. If (i) the Antigen Selection Outside Date for each Target B-Cell Antigen that is the subject of Research activities in the Research Plan has occurred and (ii) Janssen has not notified Xencor of Candidate Selection for any Primary Antibody, then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen after the Antigen Selection Outside Date that occurs last.

3.7.5 Upon Candidate Selection for a Primary Antibody: (a) such antibody will be deemed a "**Selected CD28 Antibody**;" (b) any Target B-Cell Antigen to which such antibody binds will be deemed a "**Selected B-Cell Antigen**;" and (c) a Binding Domain which binds any epitope of a Selected B-Cell Antigen will be deemed a "**Selected B-Cell Antigen Binding Domain**." The number of Selected B-Cell Antigens shall not exceed [***]. There will be no limit on the number of Selected CD28 Antibodies for each Selected B-Cell Antigen.

3.8 Materials. In connection with the performance of activities under the Research Program, either Party may provide to the other Party for use as research tools certain proprietary biological materials or chemical compounds, such as control molecules ("**Materials**" of the supplying Party). For clarity, Materials do not include precursors for manufacture of Antibodies or excipients to be used in formulations of Antibodies. All Materials shall be used by the receiving Party solely to perform its activities under the Research Program, shall not be used or delivered by the receiving Party to or for the benefit of any Third Party without the prior written consent of the supplying Party, and shall not be used by the receiving Party in research or testing involving human subjects. Any Materials supplied under this Section 3.8 are supplied "as is" and must be used with prudence and appropriate caution in any experimental work, since not all of their characteristics may be known.

ARTICLE 4
DEVELOPMENT, MANUFACTURE AND COMMERCIALIZATION OF LICENSED CD28 ANTIBODIES AND LICENSED CD28 PRODUCTS

4.1 General – Licensed CD28 Products. Janssen will have the sole and exclusive right to Research, Develop (including conducting all regulatory matters with respect to), Manufacture, Commercialize and otherwise Exploit Licensed CD28 Antibodies and Licensed CD28 Products in the Territory at its sole cost and expense, except that (i) Xencor will Research Licensed CD28 Antibodies during the Research Program Term in accordance with ARTICLE 3 and (ii) the Development, Manufacture, Commercialization and other Exploitation of any CD28/Plamotamab Combination will be subject to the terms set forth in ARTICLE 5. Without limiting the foregoing:

(a) Development conducted by Janssen with respect to Licensed CD28 Antibodies generated by Xencor during the Research Program Term will include all activities

following Candidate Selection, including IND-enabling activities. Janssen's authority over Development of the Licensed CD28 Antibodies includes the right to conduct Development of Combination Regimens that include the Licensed CD28 Products and other Janssen products or Third Party products (including CD20 products) in Janssen's sole discretion, even if Janssen is Developing the CD28/Plamotamab Combination under this Agreement.

(b) Janssen will have the sole and exclusive right to hold all regulatory filings for the Licensed CD28 Products, including INDs/CTAs and Drug Approval Applications.

(c) Janssen will have sole decision-making authority over global Commercialization matters for the Licensed CD28 Products, including pricing and reimbursement.

4.2 Xencor Assistance for Licensed CD28 Products. After Candidate Selection and until the [***] anniversary of the last day of the Research Program Term, Xencor will reasonably cooperate with Janssen to provide reasonable technical assistance, and to transfer to Janssen any Xencor Research Know-How licensed to Janssen under Section 8.1.1, as requested by Janssen to facilitate Janssen's Research and Development efforts related to Licensed CD28 Antibodies and Licensed CD28 Products. Such cooperation will include providing Janssen with reasonable access by teleconference or in-person at Xencor's facilities to any Xencor personnel involved in the performance of the Research Program. [***].

4.3 [Reserved].

4.4 Conduct of Licensed CD28 Product Activities.

4.4.1 Standards of Conduct for Licensed CD28 Product Activities; Records. Janssen will conduct all Development of Licensed CD28 Antibodies and Licensed CD28 Products in good scientific manner and in compliance with all applicable Law, including GMP, GLP and GCP, as applicable. Janssen will maintain, consistent with its then-current internal policies and practices, and cause its employees and subcontractors to maintain, records and laboratory notebooks of its Development activities under this Agreement in sufficient detail and in a good scientific manner appropriate for regulatory and intellectual property protection purposes. Janssen will conduct all Commercialization activities for Licensed CD28 Products under this Agreement in compliance with all applicable Laws.

4.4.2 Reports for Licensed CD28 Product Activities.

4.4.2.1 Janssen will provide Xencor with periodic reports on its Development activities with respect to the Licensed CD28 Antibodies and Licensed CD28 Products for so long as Janssen is conducting Development activities. Such reports will be provided on a [***] basis within [***] after [***]. If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen will continue to provide [***] reports in accordance with Section 6.2.3.3(c). Otherwise, Janssen will provide such reports on [***] basis

within [***] after [***]. Each such report will include results of Development since the previous report and Janssen's anticipated Development activities for the subsequent four Calendar Quarters.

4.4.2.2 On an [***] basis within [***] after the completion of each Calendar Year after the First Commercial Sale of any Licensed CD28 Product, Janssen will provide Xencor a high-level summary of its Commercialization launch status and performance for Licensed CD28 Products since the previous summary and a high-level summary of Janssen's projected Commercialization activities for the subsequent Calendar Year.

ARTICLE 5
DEVELOPMENT, MANUFACTURE AND COMMERCIALIZATION OF PLAMOTAMAB AND PLAMOTAMAB PRODUCTS

5.1 Development of Plamotamab Products.

5.1.1 Plamotamab Development Plan and Budget.

5.1.1.1 *General – Plamotamab Development Plan*. Following the Effective Date, the Parties will conduct Development of Plamotamab and Plamotamab Products (including any CD28/Plamotamab Combinations) in accordance with the Plamotamab Development Plan. "**Plamotamab Development Plan**" means the written plan for the Parties' Development of Plamotamab Products (including any CD28/Plamotamab Combinations) in the Territory containing the information set forth in Section 5.1.1.2 below, as it may be amended from time to time in accordance with the terms of Section 5.1.1.3. The Plamotamab Development Plan will include the Plamotamab Development Budget, as described in Section 5.1.1.2(c) below.

5.1.1.2 *Plamotamab Development Plan Contents*.

(a) Initial Plamotamab Development Plan. The initial Plamotamab Development Plan will be prepared by the JDC following the Effective Date upon the request of either Party and shall solely consist of the following Development activities unless the plan is amended by the JDC in accordance with Section 5.1.1.3 (or by the Executive Officers or by mutual agreement of the Parties in accordance with Section 2.5.1.3(b)) to include additional Development activities before a [***] (the "**Initial Development Activities**"):

(i) Phase 1 exploration and identification of better tolerated and efficacious dose/schedule, including finalizing subcutaneous formulation and introduction in clinic (the "**Phase 1 Exploration Study**");

(ii) a proof-of-concept study that identifies a safe and efficacious dose for combination of Plamotamab and a Licensed CD28 Product (the "**Plamotamab POC Study**");

(iii) the ongoing tafasitamab/lenalidomide study safety run-in portion of a Phase 2 Randomized, Open-Label, Multicenter Study to Evaluate the Efficacy and Safety of XmAb®13676 (Plamotamab) Combined with Tafasitamab Plus Lenalidomide Versus Tafasitamab Plus Lenalidomide in Subjects with Relapsed or Refractory Diffuse Large B-Cell Lymphoma (the "**Tafa/len Safety Run-in**"); and

(iv) the CMC Development Activities for an Alternative Plamotamab Formulation, to the extent approved by the JDC under Section 5.3.3.

An initial Plamotamab Development Budget with non-binding cost estimates for the Initial Development Activities is attached as Exhibit 5.1.1.2.

(b) Plamotamab Development Plan after Post-POC Decision. If Janssen elects to proceed with Development of a Plamotamab Product in accordance with Section 5.1.2.1 below, then, following such election:

(i) Section 6.4.1.1 or 6.4.2.1, as applicable, will apply to the Plamotamab Development Plan; and

(ii) The Plamotamab Development Plan will also describe Included Medical Affairs Studies for the Plamotamab Products. Each Plamotamab Development Budget will include an amount for Included Medical Affairs Studies for each Calendar Year covered by such budget.

(c) Plamotamab Development Budget. The Plamotamab Development Plan will include a [***] budget for Shared Development Costs to be incurred by the Parties in conducting the Development activities described in the Plamotamab Development Plan that are scheduled to be commenced or conducted during the then-current Calendar Year and the succeeding Calendar Year (with respect to such Calendar Years, the "**Plamotamab Development Budget**"). The [***] of each Plamotamab Development Budget will be binding on the Parties to the extent provided in Section 6.2.3.4(e), and the [***] of such Plamotamab Development Budget will serve as non-binding guidance for the Parties. For clarity, the Plamotamab Development Budget will include Shared Development Costs for any CD28/Plamotamab Combination, if applicable.

5.1.1.3 *Updates and Amendments to the Plamotamab Development Plan*.

(a) The Plamotamab Development Plan (including the Plamotamab Development Budget) may be updated and amended from time to time only with the approval of the JDC (or in accordance with Section 2.5.1.3), as described below in this Section 5.1.1.3.

(b) The JDC will review the Plamotamab Development Plan annually. Janssen will prepare, and submit to the JDC for review, an updated Plamotamab Development Plan (excluding the Plamotamab Development Budget) on or before [***] of the then-current Calendar Year. When Janssen is preparing the updated Plamotamab Development Plan, Janssen

will reasonably consider Xencor's input into the Clinical Study design and key Development activities in the Plamotamab Development Plan. Janssen will prepare, and submit to the JDC for review, an updated Plamotamab Development Budget covering each of the next [***] Calendar Years on or before [***] of the then-current Calendar Year.

(c) The JDC will use reasonable efforts to grant preliminary approval of such updates no later than [***] of each Calendar Year.

(d) Promptly after the JDC's preliminary approval, such updates will be submitted to each Party for its internal budgeting process.

(e) After each Party performs its internal budgeting process, the JDC will use reasonable efforts to grant final approval of such updates no later than [***] of each Calendar Year, at which time any approved updates will be set forth in writing in an amended version of the Plamotamab Development Plan.

(f) Either Party may submit a proposed update or amendment to the Plamotamab Development Plan to the JDC from time to time. The JDC will discuss such proposal at its next meeting and decide whether to approve such update or amendment.

(g) If the JDC approves an update or amendment to the Plamotamab Development Plan (including any corresponding update or amendment to the Plamotamab Development Budget), the Plamotamab Development Plan (including the Plamotamab Development Budget) will be deemed to be amended accordingly on the date of such approval. No update or amendment to the Plamotamab Development Plan will become effective unless and until the JDC (or the Executive Officers, a Party or the Parties, as applicable, in accordance with Section 2.5.1.3) approves a corresponding update or amendment to the Plamotamab Development Budget.

5.1.2 Conduct of Plamotamab Development Activities.

5.1.2.1 *Conduct of Initial Plamotamab Development Plan; Post-POC Decision*. Following the Effective Date, the Parties will conduct the Initial Development Activities in accordance with this Section 5.1.2.1 and, if applicable, Section 5.3.

(a) Phase 1 Exploration Study.

(i) *Conduct of Phase 1 Exploration Study*. Xencor will use Diligent Efforts to conduct the Phase 1 Exploration Study and to complete the Phase 1 Exploration Study by the date that is [***] after the [***] anniversary of the Effective Date (the "**Target Phase 1 Exploration Study Completion Date**"). If the Phase 1 Exploration Study is not completed by the Target Phase 1 Exploration Study Completion Date, Janssen will have the right to terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products in accordance with Section 13.3.2.1.

(ii) *Decision after Completion of Phase 1 Exploration Study*. After completion of the Phase 1 Exploration Study, Janssen will determine, in its reasonable discretion, whether the Phase 1 Exploration Study was successful. For purposes of this Section and other relevant provisions of the Agreement, early termination by Xencor of the Phase 1 Exploration Study before completion (e.g., for safety reasons) will be treated as "completion."

(1) If Successful. If Janssen determines that the Phase 1 Exploration Study was successful, Janssen will then proceed to conduct the Plamotamab POC Study according to the terms of Section 5.1.2.1(b).

(2) Decision If Not Successful. If Janssen determines that the Phase 1 Exploration Study was not successful, Janssen will then decide whether to either (x) terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products, (y) proceed to conduct the Plamotamab POC Study, or (z) proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination. Janssen shall decide between the options in clauses (x), (y) and (z) in its sole discretion but it must choose one. Following such determination:

i. If Janssen decides to terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products, notice of this decision will be deemed to be notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products under Section 13.3.2.1.

ii. If Janssen decides to proceed to conduct the Plamotamab POC Study, then Section 5.1.2.1(b) will apply.

iii. If Janssen decides to proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination, then (A) Section 6.4.2 will apply and (B) Janssen will thereafter have a right to terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products in accordance with Section 13.3.2.1.

(iii) *Notice after Completion of Phase 1 Exploration Study*. Janssen will make its determination under Section 5.1.2.1(a)(ii) and, if applicable, its decision under Section 5.1.2.1(a)(ii)(2) within [***] after completion of the Phase 1 Exploration Study. Janssen shall provide notice to Xencor of such determination and decision within such [***]. If Janssen does not notify Xencor of such determination within such [***], Xencor may notify Janssen of its failure and Janssen will have [***] after such notice from Xencor to provide notice of its determination. If Janssen does not notify Xencor of such determination and decision within such [***], Janssen shall be deemed to have given notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products in accordance with Section 13.3.2.1. A "**Notice of Plamotamab POC Study After Successful Exploration**" refers to a notice under this Section 5.1.2.1(a)(iii) that the Phase 1 Exploration Study was successful. A "**Notice of Plamotamab POC Study After Unsuccessful Exploration**" refers to a notice under this Section 5.1.2.1(a)(iii) that (x) the Phase 1 Exploration Study was not successful and (y)

Janssen has decided to proceed to conduct the Plamotamab POC Study. A "**Notice of Development Election Without CD28**" refers to a notice: (A) under this Section 5.1.2.1(a)(iii) that (1) the Phase 1 Exploration Study was not successful and (2) Janssen has decided to proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination; or (B) that Janssen has decided to proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination in accordance with Section 5.1.2.1(a)(iv).

(iv) *If Agreement no longer applies to Licensed CD28 Antibodies and Products after Completion of Phase 1 Exploration Study.* If this Agreement has been terminated solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products in accordance with Section 3.7.4 before the Phase 1 Exploration Study is completed, then Section 5.1.2.1(a)(ii) and Section 5.1.2.1(a)(iii) will not apply. Instead, Janssen will decide in its sole discretion within [***] after completion of the Phase 1 Exploration Study either to (x) terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products or (y) proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination (which shall also be deemed a "Notice of Development Election Without CD28" for all purposes of this Agreement). If Janssen does not notify Xencor of such decision within such [***], Xencor may notify Janssen of its failure and Janssen will have [***] after such notice from Xencor to provide notice of its decision. If Janssen does not notify Xencor of such decision within such [***] period then Janssen shall be deemed to have given notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products in accordance with Section 13.3.2.1.

(1) If Janssen decides to terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products, notice of this decision will be deemed to be notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products under Section 13.3.2.1.

(2) If Janssen decides to proceed to Develop a Plamotamab Product that is not a CD28/Plamotamab Combination, then Section 6.4.2 will apply.

(b) Plamotamab POC Study; Post-POC Decision. This Section 5.1.2.1(b) applies only if Janssen provides a Notice of Plamotamab POC Study After Successful Exploration or Janssen provides a Notice of Plamotamab POC Study After Unsuccessful Exploration.

(i) *Conduct of Plamotamab POC Study.* Janssen will use Diligent Efforts to conduct the Plamotamab POC Study in accordance with the timetables in the Plamotamab Development Plan. For purposes of this Section and other relevant provisions of the Agreement, early termination by Janssen of the Plamotamab POC Study before completion (e.g., for safety reasons) will be treated as "completion."

(ii) *Decision After Completion of Plamotamab POC Study.* After completion of the Plamotamab POC Study, Janssen will notify Xencor of its decision ("**Post-POC Decision Notice**") to either: (A) proceed with Development of a CD28/Plamotamab

Combination or any other Plamotamab Product, and, if so, whether Janssen intends to proceed with Development of a CD28/Plamotamab Combination (a "**Plamotamab Development Election**"); or (B) not proceed with Development of any Plamotamab Product (a "**No Plamotamab Development Election**"). Janssen shall decide between Plamotamab Development Election and No Plamotamab Development Election in its sole discretion but it must choose one of such two options.

(1) Decision to Proceed with Plamotamab Development (CD28/Plamotamab Combination). If Janssen provides a Post-POC Decision Notice of Plamotamab Development Election stating that Janssen intends to proceed with Development of a CD28/Plamotamab Combination, then (A) Development of Plamotamab and Plamotamab Products will continue in accordance with this Section 5.1 and (B) Section 6.4.1 will apply. The JDC will update or amend the Plamotamab Development Plan in accordance with Section 5.1.1.3 to include the contents described in Section 6.4.1.1.

(2) Decision to Proceed with Plamotamab Development (Not a CD28/Plamotamab Combination). If Janssen provides a Post-POC Decision Notice of Plamotamab Development Election that does not state that Janssen intends to proceed with Development of a CD28/Plamotamab Combination, then (A) Development of Plamotamab and Plamotamab Products will continue in accordance with this Section 5.1 and (B) Section 6.4.2 will apply. The JDC will update or amend the Plamotamab Development Plan in accordance with Section 5.1.1.3 to include the contents described in Section 6.4.2.1.

(3) Decision not to Proceed with Plamotamab Development. If Janssen makes a No Plamotamab Development Election, then notice of this election will be deemed to be notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products under Section 13.3.2.1.

(iii) *Notice After Completion of Plamotamab POC Study*.

(1) Janssen will provide Xencor with Post-POC Decision Notice within [***] after completion of the Plamotamab POC Study.

(2) If Janssen does not provide Post-POC Decision Notice to Xencor within [***] after completion of the Plamotamab POC Study, Xencor may notify Janssen of its failure and Janssen will have [***] after such notice from Xencor to provide Post-POC Decision Notice. If Janssen fails to respond within such [***] period, Janssen will be deemed to have given notice of termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products in accordance with Section 13.3.2.1.

(c) Tafa/len Safety Run-in. Xencor will have the option to proceed with the Tafa/len Safety Run-in. If Xencor elects to proceed with such study, Xencor will notify the JDC and the JDC will discuss such study prior to Xencor commencing such study. If Xencor elects to proceed with such study, Xencor will use Diligent Efforts to conduct the Tafa/len Safety

Run-in in accordance with the timetables in the Plamotamab Development Plan. After completion of the Tafa/len Safety Run-in, Xencor will not conduct any other Development of Plamotamab except pursuant to the Plamotamab Development Plan or as permitted under Section 5.1.3.

(d) Know-How and IND/CTA Transfer for Plamotamab.

(i) Upon Janssen's request from time to time following the Effective Date, Xencor will reasonably cooperate with Janssen to provide reasonable technical assistance, and to transfer to Janssen any Know-How that is Xencor Plamotamab Intellectual Property licensed to Janssen under Section 8.1.1, as requested by Janssen to facilitate Janssen's Development efforts related to Plamotamab and Plamotamab Products. Such cooperation will include providing Janssen with reasonable access by teleconference or in-person at Xencor's facilities to any Xencor personnel involved in the Development of Plamotamab or Plamotamab Products. [***].

(ii) Prior to completion of the Plamotamab POC Study, Xencor will be responsible for preparing, submitting and maintaining any IND/CTAs relating to Plamotamab that are necessary to conduct the Initial Development Activities, and for all communications with any Regulatory Authorities in connection with such INDs/CTAs. Within [***] after the earlier of Notice of Development Election Without CD28 or a Post-POC Decision Notice of Plamotamab Development Election, Xencor will deliver to Janssen electronic copies (unless otherwise required by applicable Law) of all INDs/CTAs and related submissions and correspondence with Regulatory Authorities relating to Plamotamab. Upon the completion of such transfer, Xencor will, and hereby does, assign to Janssen all such INDs/CTAs (and related submissions and correspondence) and will promptly (and in any case within [***]) take all steps reasonably necessary to effectuate the assignment of all such INDs/CTAs, including submitting to any applicable Regulatory Authority a letter or other necessary documentation (with copy to Janssen) notifying the Regulatory Authority of the assignment. In the event that any such IND/CTA cannot be transferred within such [***] period, Xencor will take all actions reasonably requested by Janssen with respect to the maintenance or transfer of such IND/CTA.

(iii) The Party that is holding the IND/CTA with respect to Plamotamab will have the right to submit INDs/CTAs and communicate with Regulatory Authorities with respect to Plamotamab subject to the following:

(1) Janssen will have the right to review and approve any material documents or correspondence relating to Plamotamab that Xencor plans to submit to any Regulatory Authority in advance of their submission. Xencor will provide drafts of such documents or correspondence to Janssen at least [***] in advance of submission, unless circumstances necessitate a shorter time for review. Material documents and correspondence received by Xencor from a Regulatory Authority will be provided to Janssen as soon as practicable and, in any event, within [***] after receipt. The Party that holds the IND/CTA will

submit such documents and correspondence to the applicable Regulatory Authority following approval by Janssen.

(2) Xencor will have the right to review any material documents or correspondence relating to Plamotamab that Janssen plans to submit to any Regulatory Authority in advance of their submission. Janssen will provide drafts of such documents or correspondence to Xencor at least [***] in advance of submission, unless circumstances necessitate a shorter time for review. Material documents and correspondence received by Janssen from a Regulatory Authority will be provided to Xencor as soon as practicable and, in any event, within [***] after receipt.

(3) Subject to applicable Law, if Xencor holds the IND/CTA, Janssen will have the right to have [***] representative participate in all material meetings (including by telephone), conferences and discussions by Xencor with Regulatory Authorities relating to Plamotamab. Subject to applicable Law, if Janssen holds the IND/CTA, Xencor will have the right to have [***] representative participate in all material meetings (including by telephone), conferences and discussions by Janssen with Regulatory Authorities relating to Plamotamab. The Party that holds the IND/CTA will provide the other Party with reasonable advance notice of all such meetings, conferences and discussions and advance copies of all related documents and other relevant information relating to such meetings, conferences and discussions.

5.1.2.2 *General – Plamotamab Development*. Neither Party will conduct Development of Plamotamab or any Plamotamab Product except for the Development activities set forth in the Plamotamab Development Plan or as permitted under Section 5.1.3. If, at any time before Janssen has provided Post-POC Decision Notice, Janssen conducts or authorizes a Third Party to conduct any Development activities for a Plamotamab Product that are not set forth in the Plamotamab Development Plan or that are not reasonably necessary to perform activities under the Plamotamab Development Plan (any such activity, a "**Pre-POC Decision Development Activity**"), then: (x) Xencor may notify Janssen that Janssen must either cease the relevant Development activity or make Plamotamab Development Election; (y) Janssen will have [***] after such notice from Xencor to either cease the relevant Development activity or provide notice of Plamotamab Development Election; and (z) if Janssen fails to respond within such [***] period, Janssen will be deemed to have provided notice of Plamotamab Development Election on the last day of such [***] period (and shall pay the Development Decision Milestone Payment in accordance with Section 7.2.2). For clarity, any notice of Plamotamab Development Election provided in accordance with this Section 5.1.2.2 shall be deemed Post-POC Decision Notice of Plamotamab Development Election regardless of when given. Notwithstanding the foregoing, if Janssen disputes in good faith whether it has conducted (or authorized a Third Party to conduct) an alleged Pre-POC Decision Development Activity and provides Xencor notice of such dispute within [***] after Xencor notifies Janssen of the alleged Pre-POC Decision Development Activity, then Janssen will not have to make an election under clause (y) or (z) with respect to such alleged Pre-POC Decision Development Activity unless and until the

dispute resolution process in ARTICLE 15 has finally determined that such activity is a Pre-POC Decision Development Activity.

5.1.2.3 *Responsibility for Plamotamab Development Activities*. Except as set forth in Section 5.1.2.1 or permitted under Section 5.1.3 or unless the JDC determines otherwise, Janssen will be solely responsible for conducting all Clinical Studies and all other Development activities in the Plamotamab Development Plan and CMC Development Activities for the Plamotamab Products.

5.1.2.4 *Standards of Conduct for Plamotamab Development Activities; Records*. Each Party will conduct all Development of Plamotamab and Plamotamab Products in good scientific manner and in compliance with all applicable Law, including GMP, GLP and GCP, as applicable. Each Party will maintain, consistent with its then-current internal policies and practices, and cause its employees and subcontractors to maintain, records and laboratory notebooks of its Development activities under this Agreement in sufficient detail and in a good scientific manner appropriate for regulatory and intellectual property protection purposes.

5.1.2.5 *Safety Concerns for Plamotamab Development Activities*.

(a) Notwithstanding anything to the contrary in this Agreement or the Plamotamab Development Plan, a Party will not be obligated to commence or continue a Clinical Study of a Plamotamab Product if such Party reasonably determines that such Clinical Study would pose an unacceptable safety or tolerability risk for the study subjects. The conducting Party will so notify the other Party of its determination and the Parties will discuss the concerns in good faith to determine whether to terminate, suspend, modify or continue such Clinical Study.

(b) If the Party that is not responsible for conducting a Clinical Study believes in good faith that termination or suspension of a Clinical Study of the Plamotamab Products is warranted because of safety or tolerability risks to the study subjects, then such Party will so notify the other Party and the Parties will discuss the non-conducting Party's concerns in good faith to determine whether to terminate, suspend, modify or continue such Clinical Study.

5.1.2.6 *Reports for Plamotamab Development Activities*. In advance of each meeting of the JDC, each Party will provide to the JDC a high-level summary report summarizing (a) its Development activities with respect to the Plamotamab Products that such Party and its Affiliates has performed or caused to be performed since the last meeting of the JDC, including an evaluation of the work performed, and the results thereof, in relation to the goals of the Plamotamab Development Plan, and (b) its anticipated Development activities with respect to the Plamotamab Products for the subsequent Calendar Quarter.

5.1.2.7 *Day-to-Day Responsibility for Plamotamab Development Activities*. Each Party will be responsible for day-to-day implementation of the Development activities with respect to the Plamotamab Products for which such Party is assigned

responsibility in this Agreement or the Plamotamab Development Plan. The conducting Party will have the right to make operational and administrative decisions with respect to how to implement such Development activities (e.g., with respect to a Clinical Study, the conducting Party will have the right to select and engage clinical trial sites), as long as such decisions do not conflict with the Plamotamab Development Plan or any decision of the JDC with respect to such Development activity.

5.1.2.8 *Plamotamab Development Activities Conducted by Xencor*.

(a) Xencor will be the sponsor of, conduct and control any Development activities that are allocated to Xencor under the Plamotamab Development Plan.

(b) Unless otherwise approved in writing by Janssen, Xencor will obtain and maintain rights in all data and results of any Development activities with respect to Plamotamab Products that are conducted by Xencor that are consistent with the rights granted to Janssen, and Xencor's obligations to Janssen, under this Agreement with respect to such data and results. Xencor will provide to Janssen, on a rolling basis, all such data and results promptly after they become available to Xencor. Unless otherwise approved in writing by Janssen, Janssen will have the right to access such data and results, and such data and results are deemed to be Xencor Plamotamab Know-How for purposes of this Agreement. For clarity, this Section 5.1.2.8 does not apply to any Development activities relating to any Independent Plamotamab/Tafa Study, which will be subject to the terms of Section 5.1.3.

(c) As soon as possible following database lock for any Clinical Study of Plamotamab conducted by Xencor, but no later than [***] after such date, Xencor will provide to Janssen a data package for the study that contains: (i) a high-level summary of the available results from the study; and (ii) to the extent actually available to Xencor at such time, all translational research data and safety and efficacy analyses conducted with respect to the data generated from the study. Xencor will provide to Janssen the final clinical study report and a complete data set promptly following completion of the report. Such data package will be deemed Confidential Information of Xencor. This paragraph does not apply to any Independent Plamotamab/Tafa Study, which will be subject to the terms of Section 5.1.3.

(d) If any Clinical Study of Plamotamab conducted by Xencor includes a Third Party product and the study is conducted or such Third Party product is supplied pursuant to an agreement between such Third Party and Xencor (or any of its Affiliates), then such agreement will be in writing and will be consistent with the terms and conditions set forth in this Agreement. Xencor shall not grant any rights with respect to Plamotamab or Plamotamab Products to such Third Party that conflict with Janssen's rights or Xencor's obligations under this Agreement with respect to Plamotamab and Plamotamab Products. Xencor will provide Janssen a copy of such agreement prior to commencing such study, provided that Xencor will be permitted to redact commercially sensitive terms to the extent such terms are not necessary for Janssen to confirm compliance with this Agreement.

5.1.3 Development of Plamotamab/Tafa Combination; Independent Plamotamab/Tafa Studies.

5.1.3.1 *Proposed Plamotamab/Tafa Studies*. Following completion of the Tafa/len Safety Run-in, Xencor may propose an update or amendment to the Plamotamab Development Plan to add a Clinical Study of a Plamotamab/Tafa Combination Regimen (a "**Proposed Plamotamab/Tafa Study**") in accordance with Section 5.1.1.3. "**Plamotamab/Tafa Combination Regimen**" means a Combination Regimen that includes a Plamotamab Product and tafasitamab and may include Third Party products for which Marketing Approval has been granted by the relevant Governmental Authority [***].

5.1.3.2 *Addition of Plamotamab/Tafa Study to Plamotamab Development Plan*. If the JDC approves such update or amendment in accordance with Section 5.1.1.3, the Plamotamab Development Plan will be amended to include the Proposed Plamotamab/Tafa Study in accordance with Section 5.1.1.3.

5.1.3.3 *Plamotamab/Tafa Study Proposal*. If the JDC does not approve such update or amendment in accordance with Section 5.1.1.3 and Xencor desires to conduct the Proposed Plamotamab/Tafa Study at its own expense, Xencor may submit a detailed proposal for such study to Janssen (with a copy to the other Party's Alliance Manager). The proposal will include a draft study protocol that includes at least the following information: hypothesis; medical/scientific rationale for conducting the proposed study; dose and schedule to be studied; details about the treatment regimen, including route of administration; eligibility criteria of patients; number of patients; duration of treatment; duration of enrollment; the regions where the study will be open; study objectives and endpoints; and timelines. The proposal will also include all available safety and other clinical data regarding any non-Plamotamab Products included in the Plamotamab/Tafa Combination Regimen and a description of any agreement or arrangement between the proposing Party and a Third Party with respect to the any non-Plamotamab Products included in the Plamotamab/Tafa Combination Regimen relating to rights to intellectual property, data or development or commercialization of such Product. If Janssen notifies Xencor within [***] following receipt that the proposal is not complete, Xencor will provide the missing information as soon as possible. The date on which Janssen is in receipt of a complete proposal is deemed to be the "**Proposal Delivery Date**."

5.1.3.4 *Review of Proposal*. Janssen will consider the proposal in good faith and will notify Xencor in accordance with Section 16.7 within [***] after the Proposal Delivery Date (the "**Proposal Review Period**") whether it objects to the Proposed Plamotamab/Tafa Study. Janssen may object only for reasonable safety concerns based on data for the relevant Plamotamab Product proposed for the study or publicly available product safety data for products having the same mechanism of action, or reasonable safety concerns based on data for any Third Party product included in the regimen for such Proposed Plamotamab/Tafa Study ("**Plamotamab Safety Concerns**"). If Janssen objects to the proposed study, Xencor may not conduct the proposed study.

5.1.3.5 *Conduct of Independent Plamotamab/Tafa Study*. If Janssen does not object to the Proposed Plamotamab/Tafa Study within the Proposal Review Period, or does not respond to a proposal within the Proposal Review Period: (i) Xencor may conduct the study (a "**Independent Plamotamab/Tafa Study**") in accordance with the terms and conditions set forth in this Section 5.1.3.5; and (ii) Janssen shall not conduct such Proposed Plamotamab/Tafa Study unless and until it makes the Independent Plamotamab/Tafa Study Opt-in Payment for such study in accordance with Section 5.1.3.5(f).

(a) Xencor will be the sponsor of, conduct and control the Independent Plamotamab/Tafa Study and will have the sole right to make operational and administrative decisions regarding the study (*e.g.*, the right to select and engage clinical trial sites). The study will be conducted in accordance with the proposal submitted by Xencor to Janssen and in accordance with Section 5.1.2.4 and Section 5.1.2.5.

(b) Xencor will provide Janssen with quarterly reports on the progress and results of the study.

(c) Xencor will be solely responsible for all costs and expenses of conducting the study, including drug supply costs. If responsibility for Manufacturing of Plamotamab has been transferred to Janssen under Section 5.3, Janssen shall supply Xencor with Plamotamab and Plamotamab Products for such study at Janssen's pass-through cost (with no markup) upon Xencor's reasonable request (subject to Section 5.1.3.5(d) below). If responsibility for Manufacturing of Plamotamab has not yet been transferred to Janssen under Section 5.3, Xencor shall be responsible for Manufacturing or obtaining supply of Plamotamab and Plamotamab Products for the study (subject to Section 5.1.3.5(d) below).

(d) If there are limited supplies of Plamotamab at the time Xencor proposes to commence an Independent Plamotamab/Tafa Study, the Party that is responsible for Manufacturing of Plamotamab will prioritize any Clinical Studies in the then-current Plamotamab Development Plan over the Independent Plamotamab/Tafa Study when allocating such supplies. If Janssen is responsible for Manufacturing of Plamotamab, then: (i) Janssen will be permitted to reject Xencor's orders for Plamotamab Product only to the extent of such limitations of supply after prioritizing the Clinical Studies in such Plamotamab Development Plan; and (ii) Janssen shall use Commercially Reasonable Efforts to supply the quantity of Plamotamab Product requested by Xencor in the rejected portion of Xencor's orders. If Xencor is responsible for Manufacturing of Plamotamab, then Xencor will first allocate supplies of Plamotamab to the Clinical Studies in the then-current Plamotamab Development Plan before allocating any supplies of Plamotamab to the Independent Plamotamab/Tafa Study.

(e) Neither the Development Decision Milestone Event nor any Plamotamab Milestone Event will be deemed to be achieved based on the conduct or the results of the study, and Janssen shall not be required to pay any milestone payments based on the conduct or the results of the study.

(f) Janssen will have the right to add the Independent Plamotamab/Tafa Study to the Plamotamab Development Plan at any time by making a payment to Xencor in an amount equal to [***] of the costs incurred by Xencor or its Affiliates (but not any Third Parties, except to the extent Xencor or its Affiliates are obligated to reimburse such Third Parties for actual out-of-pocket costs incurred by such Third Parties) in the conduct of such study, to the extent such costs would satisfy the definition of Shared Development Costs had the study been conducted under the Plamotamab Development Plan (the "**Independent Plamotamab/Tafa Study Opt-in Payment**" for such Independent Plamotamab/Tafa Study). Upon Xencor's receipt of such payment, (i) the Plamotamab Development Plan will be deemed to be amended to add the Independent Plamotamab/Tafa Study (and, if the Parties agree that Janssen will assume responsibility for conducting such study, then Janssen shall use Diligent Efforts to complete such Independent Plamotamab/Tafa Study), (ii) the remaining costs for such study will be borne 80% by Janssen and 20% by Xencor, (iii) this Section 5.1.3.5 shall no longer apply to such study, except that Section 5.1.3.5(i) and Section 5.1.3.5(j) will continue to apply, and (iv) the other provisions of this Section 5.1 (except Section 5.1.2.8(b)) will apply to such study.

(g) Xencor and its Affiliates (and, if the Plamotamab/Tafa Combination Regimen involves a Third Party product, such Third Party) will have no right to seek (or require Janssen to seek) Marketing Approval or a label extension for any Plamotamab/Tafa Combination Regimen. Xencor shall not grant any Third Party the right to do so. Janssen will retain the sole and exclusive right to commercialize Plamotamab and Plamotamab Products in accordance with Section 5.2. Without limiting its obligations under Section 6.4 (to the extent applicable), Janssen will have no obligation to seek Marketing Approval for nor to Commercialize any Plamotamab/Tafa Combination Regimen.

(h) The Party that is holding the IND/CTA with respect to Plamotamab will have the right to submit INDs/CTAs and communicate with Regulatory Authorities with respect to the study subject to the following:

(i) Janssen will have the right to review and approve any documents or correspondence relating to the study that Xencor plans to submit to any Regulatory Authority in advance of their submission. Xencor will provide drafts of such documents or correspondence to Janssen at least [***] in advance of submission, unless circumstances necessitate a shorter time for review. Material documents and correspondence received by Xencor from a Regulatory Authority will be provided to Janssen as soon as practicable and, in any event, within [***] after receipt. The Party that holds the IND/CTA will submit such documents and correspondence to the applicable Regulatory Authority following approval by Janssen.

(ii) Subject to applicable Law, if Xencor holds the IND/CTA, Janssen will have the right to have one representative participate in all material meetings (including by telephone), conferences and discussions by Xencor with Regulatory Authorities relating to the study. Subject to applicable Law, if Janssen holds the IND/CTA, Xencor will

have the right to have one representative participate in all material meetings (including by telephone), conferences and discussions by Janssen with Regulatory Authorities relating to the study. The Party that holds the IND/CTA will provide the other Party with reasonable advance notice of all such meetings, conferences and discussions and advance copies of all related documents and other relevant information relating to such meetings, conferences and discussions.

(i) Xencor will obtain rights in all data and results of the study that are consistent with the rights granted to Janssen, and Xencor's obligations to Janssen, with respect to the disclosure and use of such data and results under this Agreement. Xencor will provide to Janssen, on a rolling basis, all such data and results promptly after they become available to Xencor. Without limiting the foregoing, Janssen will have the right to access, and Xencor hereby grants to Janssen a license to use and a right of reference to, all safety data generated from the study ("**Independent Plamotamab/Tafa Study Safety Data**") to the extent necessary for Janssen to prepare and submit any regulatory filings with respect to Plamotamab or any Plamotamab Product (including any CD28/Plamotamab Combination). After (and only after) payment of the Independent Plamotamab/Tafa Study Opt-in Payment for such study, Janssen will have the right to access all data and results from the study, and such data and results will become Xencor Plamotamab Know-How for purposes of this Agreement. Notwithstanding anything to the contrary in this Agreement: (i) with respect to any activities conducted in connection with **[***]**, this paragraph only applies to the extent of Xencor's rights and is subject to Xencor's obligations under **[***]**; (ii) Xencor shall have no obligation to provide Janssen with any right of reference to any data resulting from an Independent Plamotamab/Tafa Study (other than to Independent Plamotamab/Tafa Study Safety Data) unless Janssen has paid the Independent Plamotamab/Tafa Study Opt-in Payment for such study or has paid Xencor the Development Decision Milestone Payment; and (iii) unless and until Janssen has paid the Independent Plamotamab/Tafa Study Opt-in Payment for such study or has paid Xencor the Development Decision Milestone Payment, all data and results of such study (other than to Independent Plamotamab/Tafa Study Safety Data) shall be deemed the Confidential Information of Xencor (and not Xencor Plamotamab Know-How) that Janssen shall use only for the purposes of evaluating whether to make Plamotamab Development Election or to add such Independent Plamotamab/Tafa Study to the Plamotamab Development Plan pursuant to Section 5.1.3.5(f).

(j) As soon as possible following database lock for the study, but no later than [***] after such date, Xencor will provide to Janssen a data package for the study that contains: (i) a high-level summary of the available results from the study; and (ii) to the extent actually available to Xencor at such time, all translational research data and safety and efficacy analyses conducted with respect to the data generated from the study. Xencor will provide to Janssen the final clinical study report and a complete data set promptly following completion of the report. Such data package will be deemed Confidential Information of Xencor.

(k) Subject to Section 9.2.2.2, with respect to any rights to any inventions that relate to the Plamotamab/Tafa Combination Regimen that are conceived in the course of performing the study relating solely to Plamotamab will be solely owned by Xencor.

(l) Proposed publications and disclosures of data generated from the study would be subject to the review procedures set forth in Section 10.8.

(m) If the Plamotamab/Tafa Combination Regimen that is the subject of the study includes a Third Party product and the study is conducted or such Third Party product is supplied pursuant to an agreement between such Third Party and Xencor (or any of its Affiliates), then such agreement must be (1) in writing, (2) consistent with the terms and conditions set forth in this Section 5.1.3.5, including Janssen's rights with respect to the disclosure and use of data and results under Section 5.1.3.5(i), and (3) not conflict with any of Janssen's rights or Xencor's obligations with respect to Plamotamab and Plamotamab Products under this Agreement. Xencor will provide Janssen a copy of such agreement as part of the proposal for the study submitted in accordance with Section 5.1.3.3, provided that Xencor will be permitted to redact commercially sensitive terms to the extent such terms are not necessary for Janssen to confirm compliance with this Agreement.

5.1.3.6 *Pre-Approved Independent Plamotamab/Tafa Studies*. Janssen hereby acknowledges and agrees that, as of the Execution Date, it has not identified any Plamotamab Safety Concerns with respect to the Pre-Approved Studies. If Xencor desires to conduct any Pre-Approved Study, it will be subject to the foregoing terms of this Section 5.1.3; provided, however, that for purposes of Section 5.1.3.4, only Plamotamab Safety Concerns identified by Janssen based on data from the Tafa/len Safety Run-in may be the basis of an objection to Pre-Approved Study and any objection not based on such data shall not be deemed (for purposes of Section 5.1.3.4) to be an objection to such Pre-Approved Study.

5.1.4 Shared Development Costs for Plamotamab Development Activities. Shared Development Costs for the Plamotamab Products incurred on or after the Effective Date by the Parties and their Affiliates will be shared in accordance with Section 6.2.3.4. For all purposes of this Agreement, Xencor's Manufacturing Cost of Clinical Supply (as if Manufactured by Xencor under this Agreement) incurred prior to the Effective Date for Plamotamab Products used in performance of the Plamotamab Development Plan shall be deemed Shared Development Costs for the Plamotamab Products incurred on or after the Effective Date (even if Xencor incurred such Out-of-Pocket Expenses prior to the Effective Date).

5.2 Commercialization of Plamotamab Products.

5.2.1 General – Commercialization of Plamotamab Products. Subject to the Plamotamab Co-Detailing Option, Janssen will have the sole and exclusive right to Commercialize Plamotamab and Plamotamab Products (including CD28/Plamotamab Combinations) in the Territory at its sole cost and expense. Janssen will have sole decision-making authority over global Commercialization matters for Plamotamab Products, including pricing and reimbursement.

5.2.2 Standards of Conduct for Commercialization of Plamotamab Products. Janssen will conduct all Commercialization activities for Plamotamab Products under this Agreement in compliance with all applicable Laws.

5.2.3 Plamotamab Co-Detailing Option. Janssen hereby grants to Xencor the right to elect to co-Detail Plamotamab Products (including CD28/Plamotamab Combinations) in the U.S. on the same terms as set forth in Section 6.3 for the Licensed CD28 Products (the "**Plamotamab Co-Detailing Option**"). Xencor may exercise the Plamotamab Co-Detailing Option on the terms set forth in Section 6.3, in which case the terms of Section 6.3 will apply except that all references to "Licensed CD28 Product" or "Licensed CD28 Products" will be deemed to refer to "Plamotamab Product" or "Plamotamab Products," as applicable.

5.2.4 Commercialization Reports for Plamotamab Products. On an annual basis within [***] after the completion of each Calendar Year after the First Commercial Sale of any Plamotamab Product, Janssen will provide Xencor a high-level summary of its Commercialization launch status and performance for Plamotamab Products since the previous summary and a high-level summary of Janssen's projected Commercialization activities for the subsequent Calendar Year.

5.3 Manufacturing of Plamotamab Products.

5.3.1 Joint Manufacturing Team. Promptly after the Effective Date, the Parties will establish a joint manufacturing team (the "**JMT**") to oversee and serve as a forum to discuss CMC Development Activities and Manufacturing for Plamotamab and Plamotamab Products. The JMT will be composed of an equal number of representatives of each Party. The JMT will report to the JDC and will make recommendations to the JDC with respect to CMC Development Activities and Manufacturing for Plamotamab and Plamotamab Products. The JMT will have no decision-making authority.

5.3.2 Initial Development Activities. [***], Xencor will be responsible for CMC Development Activities and Manufacturing for Plamotamab and Plamotamab Products, except as set forth in Section 5.3.3. Xencor will supply (or obtain from its Third Party CMO) all clinical supplies of Plamotamab and Plamotamab Products necessary to conduct the Initial Development Activities.

5.3.3 Alternative Formulation Development. The Parties will conduct CMC Development Activities for an alternative formulation of Plamotamab to support a higher dose and higher concentration of Plamotamab than the formulation that is the subject of the Phase 1 Exploration Study as of the Effective Date (such alternative formulation, the "**Alternative Plamotamab Formulation**"). Within [***] after the Effective Date, the JMT will develop, and submit to the JDC for approval, a plan to identify new and optimal formulation concentrations of Plamotamab and Plamotamab Products, and a plan for rapid introduction into clinical Development of such Plamotamab Products. Such plan will include a budget for the applicable CMC Development Activities and may involve the use of Third Party CMOs to produce the

clinical material for the Alternative Plamotamab Formulation. Upon JDC approval of such plan, the activities in such plan will be deemed to be added to the Plamotamab Development Plan, and the Plamotamab Development Budget will be deemed to be updated to incorporate the budget for such activities.

5.3.4 After Plamotamab Development Election. [***], Janssen will have the sole and exclusive right to Manufacture Plamotamab and Plamotamab Products (including CD28/Plamotamab Combinations) in the Territory at its sole cost and expense. [***], Xencor will conduct a technology transfer to Janssen (or its designated CMO) for Plamotamab and Plamotamab Products. The technology transfer will be conducted in accordance with a technology transfer plan developed by the JMT and approved by the JDC. Xencor will maintain its agreements with Patheon and any other Third Party CMOs that are in effect on the Execution Date until the technology transfer to Janssen (or its designated CMO) is complete or unless such Third Party CMO materially failures to perform under such agreement.

5.3.5 Use of Inventory. To the extent reasonably possible in performing the activities under the Plamotamab Development Plan and in compliance with GCP and Law, the Parties will use Xencor's existing inventory of Plamotamab and Plamotamab Products prior to using Plamotamab and Plamotamab Products Manufactured after the Effective Date.

ARTICLE 6
XENCOR OPTION RIGHTS FOR LICENSED CD28 PRODUCTS; DILIGENCE; SHARED DEVELOPMENT COSTS

6.1 General – CD28 Options. Janssen hereby grants to Xencor the right to elect to co-fund worldwide Development of Licensed CD28 Products (other than CD28/Plamotamab Combinations) in the Territory on the terms set forth in Section 6.2 (the "**CD28 Co-Funding Option**"). If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen hereby grants to Xencor the right to elect to co-Detail Licensed CD28 Products (other than CD28/Plamotamab Combinations) in the U.S. on the terms set forth in Section 6.3 (the "**CD28 Co-Detailing Option**").

6.2 CD28 Co-Funding Option.

6.2.1 POC Data Package.

6.2.1.1 Janssen will notify Xencor promptly following the Proof-of-Concept Date for the first Licensed CD28 Product (other than a CD28/Plamotamab Combination) to achieve Proof-of-Concept. "**Proof-of-Concept"** means [***]. "**Proof-of-Concept Date**" means, with respect to a Licensed CD28 Product, the date on which Proof-of-Concept first occurs for such Licensed CD28 Product.

6.2.1.2 Within [***] after the date of such notice, Xencor will notify Janssen of whether it requests Janssen to prepare and deliver a data package with respect to the Licensed CD28 Products (a "**POC Data Package**"). The POC Data Package will include [***].

6.2.1.3 If Xencor requests the POC Data Package, Janssen will provide the POC Data Package to Xencor within [***] after the request. If Xencor notifies Janssen within [***] after receipt of the POC Data Package that it is not complete, Janssen will provide any missing information, data or results as soon as practicable. The date on which Xencor is in receipt of a complete POC Data Package is referred to as the "**POC Data Package Delivery Date**."

6.2.2 Exercise of CD28 Co-Funding Option. Xencor may exercise the CD28 Co-Funding Option by providing notice to Janssen within [***] after the POC Data Package Delivery Date (the "**CD28 Co-Funding Option Exercise Date**").

6.2.3 Effect of CD28 Co-Funding Option Exercise. On and after the CD28 Co-Funding Option Exercise Date, the terms and conditions set forth in this Section 6.2.3 will apply with respect to the Development of Licensed CD28 Products worldwide:

6.2.3.1 *Definitions.*

(a) "**Manufacturing Cost of Clinical Supply**" means, with respect to a Licensed CD28 Product or Plamotamab Product, a Party's reasonable internal and Third Party costs incurred in manufacturing or acquisition of (and to the extent directly attributable to) such Product determined in accordance with such Party's standard cost accounting policies that are in accordance with GAAP and consistently applied across all of such Party's manufacturing network to other products that the Party manufactures. Manufacturing Cost of Clinical Supply does not include any costs of CMC Development Activities. "**Manufacturing Cost of Clinical Supply**" is comprised of Standard Cost of Goods Manufactured, Cost Variances, and Other Costs Not Included in Standard, where:

(i) "**Standard Cost of Goods Manufactured**" are budgeted unit costs established to facilitate inventory evaluation, planning and budgetary control, including direct materials, direct labor, product testing, transportation, depreciation and overhead (including Third Party costs for manufacturing or acquisition of product or materials used in such manufacture), in each case, to the extent directly attributable to Licensed CD28 Products or Plamotamab Products, as applicable, Manufactured by a Party under this Agreement or under a supply agreement between the Parties;

(ii) "**Cost Variances**" are actual costs of manufacturing versus Standard Cost of Goods Manufactured and include direct materials variances (including material usage variances and purchase price variances), direct labor variances and overhead variances (including but not limited to volume variances, variable overhead spending variances and fixed overhead spending variances) in each case to the extent directly attributable to Licensed CD28 Products or Plamotamab Products, as applicable, Manufactured by a Party under this Agreement or under a supply agreement between the Parties; and

(iii) "**Other Costs Not Included in Standard**" are actual costs of manufacturing which are incurred in the normal course of business but are not included in the Standard Cost of Goods Manufactured, including, but not limited to: cash discounts on raw material purchases, transportation expenses, manufacturing trial runs, manufacturing development expenses, start-up costs, appropriation expenses, abnormal capacity or idle facility costs (to the extent such capacity or portion of a facility is reserved for Manufacturing Licensed CD28 Antibodies or Licensed CD28 Products, or Plamotamab or Plamotamab Products, as applicable, under this Agreement or a supply agreement between the Parties), shut-down costs, material scrapped in the normal course of business (including failed commercial batches), rework, obsolete facility and machinery, impairment expenses, full absorption adjustments, inventory revaluation adjustments, lower of cost or market inventory adjustments, inventory write-downs and write-offs, physical inventory adjustments, depreciation of equipment or instruments placed at customer or other Third Party sites, new product introduction costs, technical operations, internal inventory supply management, returned goods, royalty expense, and product liability insurance, in each case to the extent directly attributable to Licensed CD28 Products or Plamotamab Products, as applicable, Manufactured by a Party under this Agreement or under a supply agreement between the Parties. [***].

(b) "**Development FTE**" means [***] of work in direct support of the Development of the Licensed CD28 Products or Plamotamab Products, as applicable, that is carried out by one or more qualified employees or contractors or consultants of a Party or its Affiliates, provided that one individual conducting more than [***] of work in any Calendar Year will not be considered more than one Development FTE and, in the case of work by an individual that is less than [***], will be pro-rated based on the actual number of hours expended by such individual. Development FTE includes scientific, medical, technical and other personnel directly engaged in performing Development activities with respect to the Licensed CD28 Products or Plamotamab Products, as applicable, (including the project management teams that support the Licensed CD28 Products or Plamotamab Products, as applicable). Development FTE will not include work performed by personnel performing administrative and corporate functions (including human resources, finance, legal and investor relations).

(c) "**Development FTE Costs**" means, with respect to any period, the amount calculated by multiplying the Development FTE Rate by the number of Development FTEs expended by a Party during such period.

(d) "**Development FTE Rate**" means a rate of [***] per full-time Development FTE per Calendar Year; provided, however, that such rate will be increased or decreased annually beginning on January 1, 2022 by the percentage increase or decrease in the CPI between the last day of the most recently completed Calendar Year and December 31, 2020, or an alternative methodology that is mutually agreed to by both Parties. The Development FTE Rate is "fully burdened" and will cover employee salaries (excluding stock-based compensation), benefits, utilities, facilities, and travel expenses.

(e) "**Included Medical Affairs Studies**" means post-marketing commitments and other post-approval Clinical Studies conducted in support of obtaining Marketing Approval of a Licensed CD28 Product or Plamotamab Product, as applicable (e.g., IISs, cooperative group studies, or studies conducted by Janssen for an additional Indication or label expansion).

(f) "**Included Medical Affairs Studies Costs**" means, with respect to a particular Licensed CD28 Product or Plamotamab Product, all Development FTE Costs and Out-of-Pocket Expenses incurred by the Parties and their Affiliates for Included Medical Affairs Studies specified in the CD28 Development Plan with respect to such Licensed CD28 Product or in the Plamotamab Development Plan with respect to such Plamotamab Product.

(g) "**Out-of-Pocket Expenses**" means amounts paid by or on account of a Party to Third Party vendors or contractors for supplies and materials for use, or for services provided by them, directly in the performance of Development activities relating to the Licensed CD28 Antibodies and Licensed CD28 Products, or Plamotamab and Plamotamab Products, as applicable, under this Agreement (or other activities for which sharing of Out-of-Pocket Expenses is otherwise specified in this Agreement). For clarity, Out-of-Pocket Expenses do not include: (a) payments for the Parties' or their Affiliates' salaries or benefits, benefits, utilities, travel expenses, general office supplies, insurance, information technology, capital expenditures (or related depreciation), or the like; or (b) amounts paid relating to activities that were not performed under this Agreement.

(h) "**Shared Development Costs**" means Development FTE Costs and Out-of-Pocket Expenses incurred by the Parties and their Affiliates in conducting Development activities with respect to Licensed CD28 Products under the CD28 Development Plan or with respect to Plamotamab Products under the Plamotamab Development Plan, including:

(i) all Development FTE Costs and Out-of-Pocket Expenses incurred for activities specified in the applicable Development Plan (including for Included Medical Affairs Studies up to the CD28 Included Medical Affairs Studies Costs Limit or Plamotamab Included Medical Affairs Studies Costs Limit, as applicable), and all Development FTE Costs and Out-of-Pocket Expenses incurred for CMC Development Activities, even if not specified in the applicable Development Plan;

(ii) with respect to non-clinical and clinical research and drug development activities (including Clinical Studies) for the Licensed CD28 Products or Plamotamab Products, as applicable, the Manufacturing Cost of Clinical Supply for such products and for other drugs, biological products or devices used in such Clinical Studies (including Development FTE Costs and Out-of-Pocket Expenses to purchase or package Third Party drugs, biological products and devices) and Development FTE Costs and Out-of-Pocket Expenses for disposal of clinical samples;

(iii) with respect to regulatory activities for the Licensed CD28 Products or Plamotamab Products, as applicable, Development FTE Costs and Out-of-Pocket Expenses for fees incurred in connection with regulatory filings (including INDs/CTAs and Drug Approval Applications) and regulatory approvals and for meetings with Regulatory Authorities; and

(iv) any other Development FTE Costs and Out-of-Pocket Expenses incurred that are expressly included in the applicable Development Budget.

For clarity, Shared Development Costs for CD28/Plamotamab Combinations will be included in the Plamotamab Development Budget and will be treated as Shared Development Costs for the Plamotamab Products.

Notwithstanding anything to the contrary in this Agreement, Shared Development Costs do not include [***] (the "**CD28 Included Medical Affairs Studies Costs Limit**"). Shared Development Costs for the Plamotamab Products do not include [***] (the "**Plamotamab Included Medical Affairs Studies Costs Limit**").

6.2.3.2 *CD28 Development Plan and Budget.*

(a) General. Janssen will conduct Development of Licensed CD28 Products (other than CD28/Plamotamab Combinations) in accordance with the CD28 Development Plan. "**CD28 Development Plan**" means the written plan for Janssen's Development of Licensed CD28 Products (other than CD28/Plamotamab Combinations) in the Territory containing the information set forth in Section 6.2.3.2(b) below, as it may be amended from time to time in accordance with the terms of Section 6.2.3.2(c). The CD28 Development Plan will include the CD28 Development Budget, as described in Section 6.2.3.2(b)(ii) below.

(b) CD28 Development Plan Contents.

(i) The CD28 Development Plan will include all Development activities that are reasonably necessary to seek, obtain and maintain Commercialization Approval, and to support and sustain Commercialization, of the Licensed CD28 Products in the Territory. For clarity, the CD28 Development Plan will not include any Development activities for any CD28/Plamotamab Combination.

(ii) The CD28 Development Plan will include a [***] budget for Shared Development Costs to be incurred by Janssen in conducting the Development activities described in the CD28 Development Plan that are scheduled to be commenced or conducted during the then-current Calendar Year and the succeeding Calendar Year (with respect to such Calendar Years, the "**CD28 Development Budget**"). The [***] of each CD28 Development Budget will be binding on the Parties to the extent provided in Section 6.2.3.4(e), and [***] of such CD28 Development Budget will serve as non-binding guidance for the Parties.

For clarity, the CD28 Development Budget will not include any Shared Development Costs for any CD28/Plamotamab Combination.

(iii) The CD28 Development Plan will also describe Included Medical Affairs Studies for the Licensed CD28 Products.

(c) Initial CD28 Development Plan; Updates and Amendments to the CD28 Development Plan.

(i) The clinical development plan and budget included in the POC Data Package delivered by Janssen to Xencor under Section 6.2.1 will be the initial CD28 Development Plan and CD28 Development Budget for the Licensed CD28 Products. The CD28 Development Plan (including the CD28 Development Budget) may be updated and amended from time to time only with the approval of the JDC (or Janssen, under Section 2.5), as described below in this Section 6.2.3.2(c).

(ii) The JDC will review the CD28 Development Plan annually. Janssen will prepare, and submit to the JDC for review, an updated CD28 Development Plan (excluding the CD28 Development Budget) on or before [***] of the then-current Calendar Year. When Janssen is preparing the updated CD28 Development Plan, Janssen will reasonably consider Xencor's input into the Clinical Study design and key Development activities in the CD28 Development Plan. Janssen will prepare, and submit to the JDC for review, an updated CD28 Development Budget covering each of [***] Calendar Years on or before [***] of the then-current Calendar Year.

(iii) The JDC will use reasonable efforts to grant preliminary approval of such updates no later than [***] of each Calendar Year.

(iv) Promptly after the JDC's preliminary approval, such updates will be submitted to each Party for its internal budgeting process.

(v) After each Party performs its internal budgeting process, the JDC will use reasonable efforts to grant final approval of such updates no later than [***] of each Calendar Year, at which time any approved updates will be set forth in writing in an amended version of the CD28 Development Plan.

(vi) Either Party may submit a proposed update or amendment to the CD28 Development Plan to the JDC from time to time. The JDC will discuss such proposal at its next meeting and decide whether to approve such update or amendment.

(vii) If the JDC approves an update or amendment to the CD28 Development Plan (including any corresponding update or amendment to the CD28 Development Budget), the CD28 Development Plan (including the CD28 Development Budget) will be deemed to be amended accordingly on the date of such approval. No update or amendment to the CD28 Development Plan will become effective unless and until the JDC (or

Janssen, under Section 2.5) approves a corresponding update or amendment to the CD28 Development Budget.

6.2.3.3 *Conduct of Licensed CD28 Product Development Activities.*

(a) Responsibility for Licensed CD28 Product Development Activities. Janssen will be solely responsible for conducting all Clinical Studies and all other Development activities in the CD28 Development Plan and CMC Development Activities for the Licensed CD28 Products.

(b) Safety Concerns for Licensed CD28 Product Development Activities.

(i) Notwithstanding anything to the contrary in this Agreement or the CD28 Development Plan, Janssen will not be obligated to commence or continue a Clinical Study of a Licensed CD28 Product if Janssen reasonably determines that such Clinical Study would pose an unacceptable safety or tolerability risk for the study subjects. Janssen will so notify Xencor of its determination and the Parties will discuss the concerns in good faith to determine whether to terminate, suspend, modify or continue such Clinical Study.

(ii) If Xencor believes in good faith that termination or suspension of a Clinical Study of the Licensed CD28 Products is warranted because of safety or tolerability risks to the study subjects, then Xencor will so notify Janssen and the Parties will discuss Xencor's concerns in good faith to determine whether to terminate, suspend, modify or continue such Clinical Study.

(c) Reports for Licensed CD28 Product Development Activities. Section 4.4.2.1 will cease to apply to the Licensed CD28 Products after Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2 but shall continue to apply after the CD28 Co-Funding Opt-Out Effective Date if Xencor provides CD28 Co-Funding Opt-Out Notice. In advance of each meeting of the JDC, Janssen will provide to the JDC a high-level summary report summarizing (a) its Development activities with respect to the Licensed CD28 Products that Janssen and its Affiliates has performed or caused to be performed since the last meeting of the JDC, including an evaluation of the work performed, and the results thereof, in relation to the goals of the CD28 Development Plan, and (b) its anticipated Development activities with respect to the Licensed CD28 Products for the subsequent Calendar Quarter.

(d) Day-to-Day Responsibility for Licensed CD28 Product Development Activities. Janssen will be responsible for day-to-day implementation of the Development activities with respect to the Licensed CD28 Products and will have the right to make all operational and administrative decisions with respect to how to implement such Development activities (e.g., with respect to a Clinical Study, Janssen will have the right to select and engage clinical trial sites), as long as such decisions do not conflict with the CD28 Development Plan or any decision of the JDC with respect to such Development activity.

6.2.3.4 *Shared Development Costs.* Shared Development Costs (which are defined in Section 6.2.3.1) for the Licensed CD28 Products incurred on or after the CD28 Co-Funding Option Exercise Date by the Parties and their Affiliates will be shared in accordance with this Section 6.2.3.4. In addition, Shared Development Costs for CD28/Plamotamab Combinations and the Plamotamab Products incurred by the Parties and their Affiliates will be shared in accordance with this Section 6.2.3.4.

(a) Cost Sharing.

(i) Unless and until Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen will bear [***] of the costs of Developing the Licensed CD28 Products (other than any CD28/Plamotamab Combination) incurred by Janssen and its Affiliates on and after the Effective Date, except for costs of conducting Research Program activities in accordance with the Research Plan (which are subject to Section 3.5).

(ii) If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Shared Development Costs for the Licensed CD28 Products (other than any CD28/Plamotamab Combination) incurred on or after the CD28 Co-Funding Option Exercise Date by the Parties and their Affiliates will be borne 85% by Janssen and 15% by Xencor, subject to Section 6.2.3.4(b).

(iii) Shared Development Costs for any CD28/Plamotamab Combination incurred on and after the Effective Date by a Party and its Affiliates will be borne 85% by Janssen and 15% by Xencor, subject to Section 6.2.3.4(b).

(iv) Shared Development Costs for Plamotamab Products (other than any CD28/Plamotamab Combination) incurred on and after the Effective Date by a Party and its Affiliates will be borne 80% by Janssen and 20% by Xencor, subject to Section 6.2.3.4(b), except that Xencor will bear 100% of the costs for the Tafa/len Safety Run-in and any Independent Plamotamab/Tafa Study.

(b) Medical Affairs Study Costs.

(i) Included Medical Affairs Studies Costs for Licensed CD28 Products (other than any CD28/Plamotamab Combinations) will be included in Shared Development Costs for the Licensed CD28 Products up to the CD28 Included Medical Affairs Studies Costs Limit.

(ii) Included Medical Affairs Studies Costs for Plamotamab Products (including any CD28/Plamotamab Combinations) will be included in Shared Development Costs up to the Plamotamab Included Medical Affairs Studies Costs Limit.

(iii) Development FTE Costs and Out-of-Pocket Expenses costs incurred to conduct studies to support reimbursement and other types of medical affairs studies that are not Included Medical Affairs Studies will not be included in Shared Development Costs

or shared by Janssen and Xencor and will be borne entirely by Janssen. Janssen shall bear all Included Medical Affairs Studies Costs in excess of the CD28 Included Medical Affairs Studies Costs Limit or the Plamotamab Included Medical Affairs Studies Costs Limit, as applicable.

(c) Reporting and Reconciliation. Shared Development Costs for the Plamotamab Products (including any CD28/Plamotamab Combinations) will be reported and reconciled together in accordance with the following provisions of Section 6.2.3.4, subject to Section 5.1.1.2(c). If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Shared Development Costs for the Licensed CD28 Products will be reported and reconciled separately in accordance with this Section 6.2.3.4 from the Shared Development Costs for the Plamotamab Products and CD28/Plamotamab Combinations, subject to Section 6.2.3.2(b).

(d) Cost Reports.

(i) Shared Development Costs will initially be borne by the Party incurring the cost or expense, subject to reimbursement as provided in Section 6.2.3.4(e). Each Party will calculate and maintain records of Shared Development Costs incurred by it and its Affiliates in accordance with procedures to be established by the JFC in coordination with the JDC.

(ii) The procedures for quarterly reporting of actual results, quarterly review and discussion of potential discrepancies, quarterly reconciliation, reasonable cost forecasting, and other finance and accounting matters related to Shared Development Costs will be prepared by Janssen and approved by the JFC (the "**Development Reconciliation Procedures**"). When Janssen is preparing the Development Reconciliation Procedures, Janssen will reasonably consider Xencor's input.

(iii) The Development Reconciliation Procedures will provide that, within [***] after the end of each Calendar Quarter, each Party will submit to the JFC a report, in a format established by the JFC, of all Shared Development Costs incurred by such Party and its Affiliates during such Calendar Quarter (each, a "**Cost Report**"). Within [***] following the receipt of each Cost Report, each Party will have the right to request reasonable additional information (as determined by the JFC) related to the other Party's and its Affiliates' Shared Development Costs during such Calendar Quarter in order to confirm that such other Party's spending is in conformance with the approved Development Budget.

(iv) Janssen will prepare and the JFC will approve reasonable procedures for the Parties to share estimated Shared Development Costs for each Calendar Quarter before the end of such Calendar Quarter, to enable each Party to appropriately accrue its share of Shared Development Costs for financial reporting purposes. Janssen's representatives on the JFC will have the primary responsibility for performing the reconciliation in accordance with the Development Reconciliation Procedures.

(e) Reimbursement of Shared Development Costs.

(i) The Party (with its Affiliates) that incurs more than its share of the total actual Shared Development Costs with respect to a Calendar Quarter will be paid by the other Party an amount of cash sufficient to reconcile to its agreed percentage of actual Shared Development Costs in such Calendar Quarter under Section 6.2.3.4(a). Notwithstanding the foregoing, on a Calendar Year-to-date basis, the Parties will not share any Shared Development Costs in excess of the amounts allocated for such Calendar Year-to-date period in the applicable Development Budget, except as follows:

(1) Shared Development Costs in excess of the applicable Development Budget will be included in the calculation of Shared Development Costs to be shared by the Parties to the extent such excess Shared Development Costs do not exceed [***] of the total Shared Development Costs allocated to be incurred by such Party and its Affiliates in the applicable Calendar Year-to-date period in accordance with the applicable Development Budget for such Calendar Year; and

(2) the Parties will share any and all Shared Development Costs in excess of the applicable Development Budget to the extent attributable to: (A) a change in applicable Law; (B) Force Majeure; (C) a variation in actual patient enrollment from projected patient enrollment; (D) a change to a clinical trial protocol required or requested by any Governmental Authority; (E) increases in the costs of comparator drugs; or (F) increases to Manufacturing Cost of Clinical Supply of a Licensed CD28 Product or Plamotamab Product, as applicable.

(ii) If any excess Shared Development Costs are excluded from sharing by the Parties for a particular Calendar Year-to-date period pursuant to Section 6.2.3.4(e)(i)(1), such excess Shared Development Costs will be carried forward to the subsequent Calendar Quarters (provided that such Calendar Quarters fall within the same Calendar Year) and, to the extent the total Shared Development Costs incurred by such Party and its Affiliates for the Calendar Year-to-date as of the end of such subsequent Calendar Quarter are less than [***] of the aggregate Shared Development Costs allocated to such Party under the applicable Development Budget for such Calendar Year-to-date period, such carried forward amounts will be included in Shared Development Costs to be shared by the Parties for such Calendar Year-to-date-period (i.e., so that the total Shared Development Costs incurred by such Party and its Affiliates that are shared pursuant to this Section during any Calendar Year do not exceed [***] of the Shared Development Costs allocated to such Party under the applicable Development Budget for such Calendar Year, unless otherwise approved by the JDC). For clarity, at the end of the Calendar Year, any amounts in excess of [***] of the aggregate Shared Development Costs allocated to such Party under the applicable Development Budget for such Calendar Year will be borne solely by such Party and will not be shared by the other Party.

(iii) The Development Reconciliation Procedures will require the JFC to develop a written report setting out the calculation of any net amount owed by Xencor to Janssen or by Janssen to Xencor, as the case may be, as necessary to accomplish the sharing of Shared Development Costs set forth in this Section, and to prepare such report promptly

following delivery of the Cost Reports and in a reasonable time (to be defined in the Development Reconciliation Procedures) in advance of payment.

(iv) The net amount payable to accomplish the sharing of Shared Development Costs as provided under this Section will be paid by Janssen or Xencor, as the case may be, [***] after the end of the applicable Calendar Quarter.

6.2.4 CD28 Co-Funding Opt-Out. Xencor may elect to terminate its rights and obligations set forth in this ARTICLE 6 ("**CD28 Co-Funding Opt-Out**"), including its obligation to co-fund worldwide Development of Licensed CD28 Products in the Territory under Section 6.2.3.4, by giving notice to Janssen (the "**CD28 Co-Funding Opt-Out Notice**") at any time after the CD28 Co-Funding Option Exercise Date. Such CD28 Co-Funding Opt-Out shall become effective on the last day of the [***] full Calendar Quarter after Xencor gives the CD28 Co-Funding Opt-Out Notice (the "**CD28 Co-Funding Opt-Out Effective Date**"). For example, if Xencor gives the CD28 Co-Funding Opt-Out Notice in the first Calendar Quarter of a Calendar Year, then the CD28 Co-Funding Opt-Out would be effective as of the last day of the [***] Calendar Quarter of such Calendar Year. After the CD28 Co-Funding Opt-Out Effective Date, the following will apply:

(a) Xencor will have no further rights or obligations under Section 6.2.3, including no obligation under Section 6.2.3.4 to pay any portion of Shared Development Costs incurred or attributable to Development activities for the Licensed CD28 Products after the CD28 Co-Funding Opt-Out Effective Date, except for reporting and reimbursement of Shared Development Costs incurred on or prior to the CD28 Co-Funding Opt-Out Effective Date.

(b) Janssen will have no further rights or obligations under Section 6.2.3 except for reporting and reimbursement of Shared Development Costs incurred on or prior to the CD28 Co-Funding Opt-Out Effective Date.

(c) For all purposes of Section 2.2.2, Section 4.4.2.1, Section 6.4 and Section 11.9, Xencor will be deemed to have never exercised the CD28 Co-Funding Option.

(d) For purposes of Section 7.4, after the CD28 Co-Funding Opt-Out Effective Date royalties will be calculated and payable on the terms set forth in Section 7.4.1.2. If the CD28 Co-Funding Opt-Out Effective Date is not the last day of a Calendar Year, the royalty calculations will continue to be based on cumulative Net Sales in the Calendar Year in which the CD28 Co-Funding Opt-Out Effective Date occurred, but the royalty calculations will be made using the royalty rates in Section 7.4.1.2 beginning in the Calendar Quarter immediately following the CD28 Co-Funding Opt-Out Effective Date.

(e) The Shared Development Costs incurred [***] (the "**CD28 Co-Funding Wind-down Period**") shall continue to be shared by the Parties on the terms set forth in Section 6.2.3.4, provided, however, that if Janssen amends the CD28 Development Plan to increase the aggregate amount of the CD28 Development Budget for such Calendar Quarters,

then the incremental amount of the increase approved by Janssen shall be excluded from Shared Development Costs for purposes of Section 6.2.3 during the CD28 Co-Funding Wind-down Period.

(f) If Xencor exercised the CD28 Co-Detailing Option before giving the CD28 Co-Funding Opt-Out Notice, then Xencor will be obligated to continue conducting Detailing activities for the Licensed CD28 Products in accordance with Section 6.3.3 until [***].

(g) The first two sentences of Section 4.4.2.1 will apply.

For clarity, (x) Xencor's exercise of the CD28 Co-Funding Opt-Out is irrevocable as of the date of the CD28 Co-Funding Opt-Out Notice and (y) Xencor's exercise of the CD28 Co-Funding Opt-Out will have no effect on Xencor's rights and obligations under ARTICLE 5 and Section 6.2.3.4 with respect to CD28/Plamotamab Combinations. Except as provided in this Section 6.2.4, this ARTICLE 6 and Section 7.4.1.3 will be of no further force and effect after the CD28 Co-Funding Opt-Out Effective Date.

6.3 CD28 Co-Detailing Option. If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Xencor may exercise the CD28 Co-Detailing Option on the terms set forth in this Section 6.3.

6.3.1 Co-Detailing Data Package.

6.3.1.1 Janssen will notify Xencor of the expected date of the first Marketing Approval of the first Licensed CD28 Product in the U.S. (as reasonably determined by Janssen) at least [***].

6.3.1.2 Within [***] of such notice, Xencor will notify Janssen of whether it requests Janssen to prepare and deliver a data package with respect to such Licensed CD28 Product (a "**Co-Detailing Data Package**"). The Co-Detailing Data Package will include the following information relating to the Detailing in the U.S. of such Licensed CD28 Product, to the extent it is in Janssen's possession: [***].

6.3.1.3 If Xencor requests the Co-Detailing Data Package, Janssen will provide the Co-Detailing Data Package to Xencor within [***]. If Xencor notifies Janssen within [***] after receipt of the Co-Detailing Data Package that it is not complete, Janssen will provide any missing information as soon as practicable. The date on which Xencor is in receipt of a complete Co-Detailing Data Package is referred to as the "**Co-Detailing Data Package Delivery Date**."

6.3.2 Exercise of CD28 Co-Detailing Option. Xencor may exercise the CD28 Co-Detailing Option by providing notice to Janssen on or before the date that is [***] before the expected date of the first Marketing Approval of the first Licensed CD28 Product in the U.S. (as reasonably determined by Janssen and communicated to Xencor) or, if later, [***] after the Co-Detailing Data Package Delivery Date. The date of such notice is referred to as the "**Co-**

Detailing Option Exercise Date." If Xencor does not exercise the CD28 Co-Detailing Option before such date, the CD28 Co-Detailing Option will not apply to any Licensed CD28 Products and the CD28 Co-Detailing Option will terminate.

6.3.3 Effect of Exercise of CD28 Co-Detailing Option. On and after the Co-Detailing Option Exercise Date, the terms and conditions set forth in this Section 6.3.3 will apply with respect to the Detailing of Licensed CD28 Products in the U.S.:

6.3.3.1 Xencor will have the right to perform up to thirty percent (30%) of the Detailing efforts for each Licensed CD28 Product in the U.S. for all approved Indications. Janssen will be responsible for performing the remainder of the Detailing efforts. Janssen will otherwise continue to have sole responsibility for and authority over all Commercialization activities in the U.S., including pricing and reimbursement matters.

6.3.3.2 Xencor will select its Detailing effort percentage and specify it in its CD28 Co-Detailing Option notice provided to Janssen under Section 6.3.1. Xencor will be required to demonstrate to Janssen its capabilities to provide the selected level of Detailing efforts, including employing an appropriate number of individuals with the appropriate qualifications (meeting the same criteria and standards that apply to Janssen's own personnel). Xencor's capabilities will be evaluated and reasonably determined by Janssen. Janssen will notify Xencor if, after its evaluation, Janssen determines that Xencor is not capable of providing the selected level of Detailing efforts and shall explain Xencor's deficiencies in reasonable detail. Xencor shall have [***] to remedy such deficiencies. Xencor will be responsible for performing its elected percentage of Detailing efforts.

6.3.3.3 Janssen may terminate the CD28 Co-Detailing Option and Xencor's rights under this Section 6.3.3 and under the Co-Detailing Agreement in the event of the occurrence of a Change of Control of Xencor or an assignment of this Agreement in its entirety by Xencor (other than an assignment to an Affiliate of Xencor) by giving Xencor [***] notice at any time after the occurrence of such event.

6.3.3.4 After the Co-Detailing Option Exercise Date, and on an annual basis after such date, Janssen will prepare and provide to Xencor for its review and comment Janssen's written plan for the Detailing of and allocation of calls for Licensed CD28 Products in the U.S. (the "**Co-Detailing Plan**"). The Parties will discuss, and Janssen will consider in good faith Xencor's comments on, the Co-Detailing Plan before Janssen finalizes the plan. Janssen will use the Co-Detailing Plan to allocate the Parties' responsibilities for Details.

6.3.3.5 Promptly after the Co-Detailing Option Exercise Date, the Parties will negotiate in good faith to enter into a separate co-detailing agreement with respect to the co-Detailing of Licensed CD28 Products in the U.S. on commercially reasonable terms (the "**Co-Detailing Agreement**"). In addition to such usual and customary terms that are typically found within co-detailing agreements, the Co-Detailing Agreement will include the terms set forth below in this Section 6.3.3.5: [***].

6.3.3.6 "**Detail**" means an interactive face-to-face visit by a sales representative with a medical professional having prescribing authority or who is able to influence prescribing decisions, within the target audience during which approved uses, safety, effectiveness, contraindications, side effects, warnings or other relevant characteristics of a pharmaceutical product are discussed in an effort to increase prescribing preferences of a pharmaceutical product for its approved uses. Activities conducted by medical support staff (such as medical science liaisons), key account managers, thought leader liaisons and managed markets/reimbursement team will not constitute Details. E-details, activities conducted at conventions or similar gatherings and activities performed by market development specialists, managed care account directors and other personnel not performing face-to-face sales calls or not specifically trained with respect to a pharmaceutical product will not constitute Details. "**Detailing**" means the act of performing Details and "to Detail" mean to perform Details.

6.4 Diligence Obligations. On and after the applicable dates set forth in Section 5.1.2.1 (or, if this Agreement is terminated with respect to Plamotamab and Plamotamab Products in accordance with Section 13.3.2, after the effective date of termination), one of Section 6.4.1, Section 6.4.2 or Section 6.4.3 will apply as provided below.

6.4.1 Diligence if CD28/Plamotamab Combination is Developed. If (a) Janssen provides a [***] or (b) Janssen provides a Notice of 6.4.1 Application, then (in each of case (a) or (b)) the following provisions of this Section 6.4.1 will apply on and after the date of such notice, and Section 6.4.2 and Section 6.4.3 will not apply.

6.4.1.1 *CD28/Plamotamab Combination*.

(a) Development.

(i) *Performance of Plamotamab Development Plan.* Each Party will use Diligent Efforts to execute and to perform, or cause to be performed, the Development activities in the Plamotamab Development Plan for which such Party is assigned responsibility in this Agreement or the Plamotamab Development Plan, in accordance with the timetables in the Plamotamab Development Plan.

(ii) *Contents of Plamotamab Development Plan*. The JDC (or, if Janssen exercises its final decision-making authority under Section 2.5.1.3, Janssen) shall cause the Plamotamab Development Plan to at all times reflect Commercially Reasonable Efforts to Develop and seek Marketing Approval for one CD28/Plamotamab Combination for one Indication in the U.S., each of the Major European Countries and Japan.

(b) Commercialization. Following receipt of Commercialization Approval of a CD28/Plamotamab Combination in the U.S., a Major European Country or Japan, Janssen will use Commercially Reasonable Efforts to Commercialize a CD28/Plamotamab Combination in such country. Subject to the preceding sentence, Janssen will have the sole right and authority to make decisions regarding whether and when to launch a CD28/Plamotamab

Combination in a particular country or region and the level of efforts to be expended in any particular country or region. Janssen's obligation under this Section 6.4.1.1(b) will terminate when a biosimilar of both components of the applicable CD28/Plamotamab Combination launches in the applicable country.

6.4.1.2 *Other Plamotamab Products*. For so long as this Section 6.4.1 applies, Janssen will have no obligation to Develop, seek Marketing Approval for or Commercialize Plamotamab or any Plamotamab Product as a single agent or in combination with any product other than a Licensed CD28 Product.

6.4.1.3 *Other Licensed CD28 Products*. For so long as this Section 6.4.1 applies, Janssen will have no obligation to Develop, seek Marketing Approval for or Commercialize any Licensed CD28 Antibody or any Licensed CD28 Product as a single agent or in combination with any product other than a Plamotamab Product.

6.4.1.4 *Janssen Election*.

(a) Janssen Right to Elect; Deemed Election. Janssen may at any time, upon notice to Xencor, elect to have Section 6.4.2 apply in lieu of this Section 6.4.1, in which case Section 6.4.2 will apply on and after the date of such notice ("**Notice of 6.4.2 Application**"). [***]. If, on the date that is [***] after [***] and prior to First CD28/Plamotamab Marketing Approval [***], then Janssen shall be deemed to provide Notice of 6.4.2 Application as of such date (and, thereafter, Section 6.4.2 shall apply in lieu of this Section 6.4.1). [***].

(b) Xencor Concerns Regarding Performance of Plan. If, at any time, Xencor believes that Janssen is not complying with its obligations under Section 6.4.1.1(a)(i) (*Performance of Plamotamab Development Plan*), Xencor may (but is not required to) request a meeting with Janssen to discuss Xencor's concerns. The Parties will meet within [***] after Xencor's request and discuss Xencor's concerns. At such meeting, Xencor may also (but is not required to) request Janssen to elect (in accordance with Section 6.4.1.4(a)) to have Section 6.4.2 apply in lieu of this Section 6.4.1. For clarity, (x) Xencor's exercise of its rights under this Section 6.4.1.4(b) is in addition to its rights under Section 13.3.2.2 (*Breach of Plamotamab Diligence Obligations*) and will be without prejudice to other remedies Xencor may have at law or equity, (y) Janssen is not required to agree to Xencor's request pursuant to this Section 6.4.1.4(b) to elect to have Section 6.4.2 apply in lieu of this Section 6.4.1, and (z) this Section 6.4.1.4(b) does not limit Section 6.4.1.4(a) in any way.

(c) Xencor Concerns Regarding Contents of Plan. If, at any time, Xencor believes that the Plamotamab Development Plan does not comply with the requirements of Section 6.4.1.1(a)(ii) (*Contents of Plamotamab Development Plan*), Xencor may (but is not required to) request a special meeting of the JDC and submit a proposed amendment to the Plamotamab Development Plan to the JDC, in accordance with Section 5.1.1.3(f). The JDC will meet within [***] after such request (or, if later, [***] after Janssen receives Xencor's proposed

amendment). The JDC will discuss such proposal at the special meeting and decide whether to approve such amendment. For clarity, (x) Xencor's exercise of its rights under this Section 6.4.1.4(c) is in addition to its rights under Section 13.3.2.2 *(Breach of Plamotamab Diligence Obligations)* and will be without prejudice to other remedies Xencor may have at law or equity, (y) Janssen's JDC representatives are not required to vote to approve such amendment, and, if the matter is referred to the Executive Officers in accordance with Section 2.5.1.3, the Executive Officer of Janssen is not required to agree to such amendment, and (z) this Section 6.4.1.4(c) does not limit Section 6.4.1.4(a) in any way.

6.4.2 Diligence if no CD28/Plamotamab Combination is Developed. If (a) Janssen provides a [***] and such notice does not state that Janssen intends to proceed with Development of a CD28/Plamotamab Combination, (b) Janssen provides a Notice of 6.4.2 Application, or (c) Janssen provides [***], then (in each case of (a), (b) or (c)) the following provisions of this Section 6.4.2 will apply on and after the date of such notice, and Section 6.4.1 and Section 6.4.3 will not apply; provided, however, that Janssen may at any time thereafter (but prior to termination of this Agreement with respect to the Licensed CD28 Antibodies and Licensed CD28 Products or with respect to Plamotamab and the Plamotamab Products), upon notice to Xencor, elect to have Section 6.4.1 apply in lieu of this Section 6.4.2, in which case Section 6.4.1 will apply on and after the date of such notice ("**Notice of 6.4.1 Application**").

6.4.2.1 *Plamotamab Products*.

(a) Each Party will use Diligent Efforts to execute and to perform, or cause to be performed, the Development activities in the Plamotamab Development Plan for which such Party is assigned responsibility in this Agreement or the Plamotamab Development Plan, in accordance with the timetables in the Plamotamab Development Plan. The JDC (or, if Janssen exercises its final decision-making authority under Section 2.5.1.3, Janssen) shall cause the Plamotamab Development Plan to at all times reflect Commercially Reasonable Efforts to Develop and seek Marketing Approval for one Plamotamab Product for one Indication in the U.S., each of the Major European Countries and Japan.

(b) Following receipt of Commercialization Approval of a Plamotamab Product in the U.S., a Major European Country or Japan, Janssen will use Commercially Reasonable Efforts to Commercialize the Plamotamab Product in such country. Subject to the preceding sentence, Janssen will have the sole right and authority to make decisions regarding whether and when to launch a Plamotamab Product in a particular country or region and the level of efforts to be expended in any particular country or region.

6.4.2.2 *Licensed CD28 Products*.

(a) After the end of the Research Program Term, unless and until Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen will use Commercially Reasonable Efforts to Develop and seek Marketing Approval for [***] Licensed CD28 Product for [***] Indication in the U.S., each of the Major European Countries and Japan.

[***]. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

(b) After the end of the Research Program Term, if Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, then: (i) Section 6.4.2.2(a) will no longer apply; (ii) Janssen will use Diligent Efforts to execute and to perform, or cause to be performed, the Development activities in the CD28 Development Plan, in accordance with the timetables in the CD28 Development Plan; and (iii) the JDC (or, if Janssen exercises its final decision-making authority under Section 2.5.1.3, Janssen) shall cause the CD28 Development Plan to at all times reflect Commercially Reasonable Efforts to Develop and seek Marketing Approval for one Licensed CD28 Product for [***] Indication in the U.S., each of the Major European Countries and Japan. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

(c) [***].

(d) Following receipt of Commercialization Approval of a Licensed CD28 Product in the U.S., a Major European Country or Japan, Janssen will use Commercially Reasonable Efforts to Commercialize the Licensed CD28 Product in such country. Subject to the preceding sentence, Janssen will have the sole right and authority to make decisions regarding whether and when to launch a Licensed CD28 Product in a particular country or region and the level of efforts to be expended in any particular country or region.

6.4.3 Diligence if [***]. If Janssen provides a [***] (or this Agreement is otherwise terminated with respect to Plamotamab and Plamotamab Products in accordance with Section 13.3.2), then the following provisions of this Section 6.4.3 will apply on and after the date of such [***] (or termination), and Section 6.4.1 and Section 6.4.2 will not apply.

6.4.3.1 After the end of the Research Program Term, unless and until Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen will use Commercially Reasonable Efforts to Develop and seek Marketing Approval for [***] Licensed CD28 Product for [***] Indication in the U.S., each of the Major European Countries and Japan. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

6.4.3.2 After the end of the Research Program Term, if Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, then: (i) Section 6.4.3.1 will no longer apply; (ii) Janssen will use Diligent Efforts to execute and to perform, or cause to be performed, the Development activities in the CD28 Development Plan, in accordance with the timetables in the CD28 Development Plan; and (iii) the JDC (or, if Janssen exercises its final decision-making authority under Section 2.5.1.3, Janssen) shall cause the CD28 Development

Plan to at all times reflect Commercially Reasonable Efforts to Develop and seek Marketing Approval for [***] Licensed CD28 Product for [***] Indication in the U.S., each of the Major European Countries and Japan. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

6.4.3.3 Following receipt of Commercialization Approval of a Licensed CD28 Product in the U.S., a Major European Country or Japan, Janssen will use Commercially Reasonable Efforts to Commercialize the Licensed CD28 Product in such country. Subject to the preceding sentence, Janssen will have the sole right and authority to make decisions regarding whether and when to launch a Licensed CD28 Product in a particular country or region and the level of efforts to be expended in any particular country or region.

6.5 Preliminary Licensed CD28 Products Diligence. After the Research Program Term ends, if none of Section 6.4.1, Section 6.4.2 or Section 6.4.3 applies as of the day after the last day of the Research Program Term, then until the date that Section 6.4.1, Section 6.4.2 or Section 6.4.3 first applies:

(a) Unless and until Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, Janssen will use Commercially Reasonable Efforts to Develop and seek Marketing Approval for [***] Licensed CD28 Product for [***] Indication in the U.S., each of the Major European Countries and Japan. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

(b) If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, then (i) Janssen will use Diligent Efforts to execute and to perform, or cause to be performed, the Development activities in the CD28 Development Plan, in accordance with the timetables in the CD28 Development Plan; and (ii) the JDC (or, if Janssen exercises its final decision-making authority under Section 2.5.1.3, Janssen) shall cause the CD28 Development Plan to at all times reflect Commercially Reasonable Efforts to Develop and seek Marketing Approval for one Licensed CD28 Product for one Indication in the U.S., each of the Major European Countries and Japan. [***]. If [***], then Xencor may terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products by giving [***] notice to Janssen stating the reason for such termination [***].

ARTICLE 7
FINANCIAL PROVISIONS

7.1 Upfront Payment. Janssen will make a non-refundable, non-creditable payment of US$100 million to Xencor within 10 Business Days after the Effective Date.

7.2 Development and Regulatory Milestones.

7.2.1 CD28 Milestone Payments and Events. Janssen will make the payments set forth in the table below (each, a "**CD28 Milestone Payment**") to Xencor within [***] after Xencor delivers an invoice to Janssen upon the first occurrence of the corresponding milestone event set forth below (each, a "**CD28 Milestone Event**"). Janssen will notify Xencor within [***] after the [***] occurrence of any of the CD28 Milestone Events. [***]. A CD28/Plamotamab Combination will be treated as a Licensed CD28 Product for purposes of this Section 7.2.1.

7.2.2 Plamotamab Development Decision Milestone. Janssen will pay to Xencor [***].

7.2.3 Plamotamab Milestone Payments and Events. Janssen will make the payments set forth in the table below (each, a "**Plamotamab Milestone Payment**") to Xencor within [***] after Xencor delivers an invoice to Janssen upon the first occurrence of the corresponding milestone event set forth below (each, a "**Plamotamab Milestone Event**"). Janssen will notify Xencor within [***] after the first occurrence of any of the Plamotamab Milestone Events. [***].

7.2.4 Rules regarding Determination of Milestone Payments and Events.

7.2.4.1 The CD28 Milestone Payments, payment for the Development Decision Milestone Event and Plamotamab Milestone Payments under this Section 7.2 (each, a "**Milestone Payment**") will be non-refundable and non-creditable. Each Milestone Payment shall be payable only once upon the first occurrence of the relevant CD28 Milestone Event, Development Decision Milestone Event or Plamotamab Milestone Event, as applicable (each, a "**Milestone Event**"), even if the Milestone Event occurs with respect to more than one Product, with respect to more than one Indication, multiple times with respect to the same Product or multiple times with respect to the same Indication. [***].

7.3 Sales Milestones.

7.3.1 Category A Sales Milestones. Janssen will notify Xencor in the applicable royalty report delivered pursuant to Section 7.4.5 the first time the aggregate Category A Net Sales (defined below in Section 7.4.1.1) in any Calendar Year by Janssen, its Affiliates and its sublicensees in the Territory exceed the amounts set forth in the table set forth below in this Section 7.3.1 (each, a "**Category A Sales Milestone Event**"); provided, however, that Net Sales of a particular Product in a particular country occurring after expiration of the applicable Royalty Term for such Product in such country will be disregarded in the calculation of Category A Net Sales for purposes of this Section 7.3.1. Janssen will pay to Xencor the applicable milestone payments set forth in the table below (each, a "**Category A Sales Milestone Payment**") within [***] after receipt of an invoice from Xencor with respect to achievement of each Category A Sales Milestone Event.

Category A Sales Milestone Event	Category A Sales Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

7.3.2 Category B Sales Milestones. Janssen will notify Xencor in the applicable royalty report delivered pursuant to Section 7.4.5 the first time the aggregate Category B Net Sales (defined below in Section 7.4.1.1) in any Calendar Year by Janssen, its Affiliates and its sublicensees in the Territory exceed the amounts set forth in the table set forth below in this Section 7.3.2 (each, a "**Category B Sales Milestone Event**"); provided, however, that Net Sales of a particular Product or combination in a particular country occurring after expiration of the applicable Royalty Term for such Product or regimen in such country will be disregarded in the calculation of Category B Net Sales for purposes of this Section 7.3.2. Janssen will pay to Xencor the applicable milestone payments set forth in the table below (each, a "**Category B Sales Milestone Payment**") within [***] after receipt of an invoice from Xencor with respect to achievement of each Category B Sales Milestone Event.

Category B Sales Milestone Event	Category B Sales Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

7.3.3 Rules regarding Determination of Sales Milestone Payments and Events. [***]

7.4 Royalties.

7.4.1 Royalty Rates.

7.4.1.1 *Category A and Category B Net Sales.*

(a) "**Category A Net Sales**" means, with respect to a particular period, the aggregate Net Sales of all Licensed CD28 Products in such period *excluding* (x) Net Sales allocable (under the definition of "Net Sales") to the Licensed CD28 Product component of CD28/Plamotamab Combination Products in such period (and, for clarity, excluding the Net Sales allocable (under the definition of "Net Sales") to the Plamotamab Product component of CD28/Plamotamab Combination Products) and (y) Net Sales of Licensed CD28 Products when sold for use in a CD28/Plamotamab Combination Regimen in such period.

(b) "**Category B Net Sales**" means, with respect to a particular period, the sum of (x) the aggregate Net Sales of all Plamotamab Products (not including Net Sales of CD28/Plamotamab Combination Products) in such period, (y) the aggregate Net Sales of CD28/Plamotamab Combination Products in such period and (z) the aggregate Net Sales of Licensed CD28 Products when sold for use in a CD28/Plamotamab Combination Regimen in such period.

(c) For clarity, if a CD28/Plamotamab Combination Product includes any components that are not a Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or a Plamotamab Product, then Net Sales of such Combination Product will be allocated in accordance with the definition of "Net Sales," so that only the portion of such Net Sales allocable to the Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or a Plamotamab Product are included in Category B Net Sales.

7.4.1.2 *Category A Royalty Rates if Xencor does not Exercise CD28 Co-Funding Option.* If Xencor does not exercise the CD28 Co-Funding Option in accordance with Section 6.2, this Section 7.4.1.2 will apply and Section 7.4.1.3 will not apply. Subject to Section 7.4.2 through Section 7.4.6, Janssen will pay to Xencor royalties on aggregate Category A Net Sales by Janssen, its Affiliates and sublicensees during the applicable Royalty Term in the Territory during each Calendar Year at the rates set forth in the table below in this Section 7.4.1.2. Net Sales of a particular Product in a particular country occurring after expiration of the applicable Royalty Term for such Product in such country will be disregarded in the calculation of royalties pursuant to this Section 7.4.1.2.

Annual Aggregate Category A Net Sales in the Territory	**Royalty Rate**
For that portion of annual Category A Net Sales in the Territory in such Calendar Year less than US$[***]	[***]
For that portion of annual Category A Net Sales in the Territory in such Calendar Year greater than or equal to US$[***] and less than US$[***]	[***]

Annual Aggregate Category A Net Sales in the Territory	Royalty Rate
For that portion of annual Category A Net Sales in the Territory in such Calendar Year greater than or equal to US$[***]	[***]

[***].

7.4.1.3 *Category A Royalty Rates if Xencor Exercises Option.* If Xencor exercises the CD28 Co-Funding Option in accordance with Section 6.2, this Section 7.4.1.3 will apply and Section 7.4.1.2 will not apply. Subject to Section 7.4.2 through Section 7.4.6, Janssen will pay to Xencor royalties on aggregate Category A Net Sales by Janssen, its Affiliates and sublicensees during the applicable Royalty Term in the Territory during each Calendar Year at the rates set forth in the table below in this Section 7.4.1.3. Net Sales of a particular Product in a particular country occurring after expiration of the applicable Royalty Term for such Product in such country will be disregarded in the calculation of royalties pursuant to this Section 7.4.1.3.

Annual Aggregate Category A Net Sales in the Territory	Co-Funding Royalty Rate
For that portion of annual Category A Net Sales in the Territory in such Calendar Year less than US$[***]	[***]
For that portion of annual Category A Net Sales in the Territory in such Calendar Year greater than or equal to US$[***] and less than US$[***]	[***]
For that portion of annual Category A Net Sales in the Territory in such Calendar Year greater than or equal to US$[***]	[***]

[***].

7.4.1.4 *Category B Royalty Rates – U.S.* Subject to Section 7.4.2 through Section 7.4.6, Janssen will pay to Xencor royalties on aggregate Category B Net Sales by Janssen, its Affiliates and sublicensees during the applicable Royalty Term in the U.S. during each Calendar Year at the rates set forth in the table below in this Section 7.4.1.4.

Annual Aggregate Category B Net Sales in the U.S.	Royalty Rate
For that portion of annual Category B Net Sales in the U.S. in such Calendar Year less than US$[***]	[***]
For that portion of annual Category B Net Sales in the U.S. in such Calendar Year greater than or equal to US$[***] and less than US$[***]	[***]
For that portion of annual Category B Net Sales in the U.S. in such Calendar Year greater than or equal to US$[***]	[***]

7.4.1.5 *Category B Royalty Rates – OUS Territory.* Subject to Section 7.4.2 through Section 7.4.6, Janssen will pay to Xencor royalties on aggregate Category B Net Sales by Janssen, its Affiliates and sublicensees during the applicable Royalty Term in the OUS Territory during each Calendar Year at the rates set forth in the table below in this Section 7.4.1.5.

Annual Aggregate Category B Net Sales in the OUS Territory	Royalty Rate
For that portion of annual Category B Net Sales in the OUS Territory in such Calendar Year less than US$[***]	[***]
For that portion of annual Category B Net Sales in the OUS Territory in such Calendar Year greater than or equal to US$[***]and less than US$[***]	[***]
For that portion of annual Category B Net Sales in the OUS Territory in such Calendar Year greater than or equal to US$[***]	[***]

Net Sales of a particular Product or combination in a particular country occurring after expiration of the applicable Royalty Term for such Product or combination in such country will be disregarded in the calculation of royalties pursuant to Section 7.4.1.4 and Section 7.4.1.5.

7.4.2 Royalty Terms.

7.4.2.1 *Category A Product Royalty Term.*

(a) Category A Product Royalty Term. Royalties will be paid under Section 7.4.1.2 and Section 7.4.1.3 on a Licensed CD28 Product-by-Licensed CD28 Product and country-by-country basis, beginning with the First Commercial Sale of the relevant Product in a

country and ending on the later of: (i) the expiration of the last-to-expire Valid Claim of a CD28 Royalty-Bearing Patent with respect to such Product in the country; (ii) the expiration of Regulatory Exclusivity for such Product in the country, if any; or (iii) the [***] of the First Commercial Sale of such Product in such country (the "**CD28 Royalty Term**"). For purposes of the CD28 Royalty Term, a Valid Claim of a CD28 Royalty-Bearing Patent that Covers the composition of matter of a Licensed CD28 Product means any Valid Claim of a CD28 Royalty-Bearing Patent that Covers the composition of matter of the Licensed CD28 Antibody contained in such Licensed CD28 Product, but does not include any Valid Claim of a CD28 Royalty-Bearing Patent that Covers the composition of matter of a formulation that includes such Licensed CD28 Antibody.

(b) Definitions.

(i) "**CD28 Royalty-Bearing Patent**" means, with respect to a Licensed CD28 Product: (x) a Xencor Patent or Joint Patent that Covers the composition of matter or any method of use of such Licensed CD28 Product (including any method of use or composition of matter of the Licensed CD28 Antibody contained in such Licensed CD28 Product); or (y) a Patent (other than a B-Cell Antigen Variant Specific Patent) Controlled by Janssen or any of its Affiliates during the Term that Covers the composition of matter of the Licensed CD28 Antibody contained in such Licensed CD28 Product.

(ii) "**B-Cell Antigen Variant Specific Patent**" means a Patent that Covers: (x) the composition of matter of a Janssen B-Cell Antigen Variant with claim limitations to a specified Janssen B-Cell Antigen Variant Binding Domain; or (y) the composition of matter of a Janssen B-Cell Antigen Variant Binding Domain.

(iii) "**Janssen B-Cell Antigen Variant Binding Domain**" means a Variant Binding Domain of a Janssen proprietary Target B-Cell Antigen Binding Domain that is part of a Primary Antibody.

(iv) "**Janssen B-Cell Antigen Variant**" means any Bispecific Antibody that comprises: (x) a Janssen B-Cell Antigen Variant Binding Domain; and (y) a CD28 Binding Domain that is part of a Primary Antibody or a Variant Binding Domain of a CD28 Binding Domain that is part of a Primary Antibody.

7.4.2.2 *Category B Royalty Terms.*

(a) CD28/Plamotamab Combination Royalty Term. "**CD28/Plamotamab Combination Sales**" means, with respect to a particular country (i) sales of CD28/Plamotamab Combination Products in such country, (ii) sales of Plamotamab Products in such country when sold for use in a CD28/Plamotamab Combination Regimen, and (iii) sales of Licensed CD28 Products in such country when sold for use in a CD28/Plamotamab Combination Regimen. For CD28/Plamotamab Combination Sales, royalties will be paid under Sections 7.4.1.4 and 7.4.1.5 on a CD28/Plamotamab Combination-by-CD28/Plamotamab

Combination and country-by-country basis, beginning with the First Commercial Sale of the relevant combination in a country and ending on the latest of: (w) the expiration of the last-to-expire Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter or any method of use of such CD28/Plamotamab Combination or the Plamotamab Product or the Licensed CD28 Product contained in such CD28/Plamotamab Combination in the country; (x) the expiration of the last-to-expire Valid Claim of a Royalty-Bearing Plamotamab Formulation Patent that Covers the formulation of the Plamotamab Product contained in such CD28/Plamotamab Combination or such Plamotamab Product, as applicable, in the country (any Patent described in clause (w) or clause (x), a "**CD28/Plamotamab Combination Royalty-Bearing Patent**"); (y) the expiration of Regulatory Exclusivity for the later of such Plamotamab Product, such Licensed CD28 Product, or combination thereof, in the country, if any; or (z) the [***] of the First Commercial Sale of such combination in such country (the "**CD28/Plamotamab Combination Royalty Term**"). For purposes of the clause (w) above, a Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of a CD28/Plamotamab Combination, Plamotamab Product or Licensed CD28 Product means any Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of the Licensed CD28 Antibody and/or the Plamotamab contained in such CD28/Plamotamab Combination, Plamotamab Product or Licensed CD28 Product, as applicable, but does not include any Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of a formulation that includes such Licensed CD28 Antibody and/or the Plamotamab. "**Royalty-Bearing Plamotamab Formulation Patent**" means a Xencor Patent or Joint Patent that Covers a formulation that includes Plamotamab and, as to such formulation, such Patent claims priority to a filing made prior to the [***] of the Effective Date.

(b) Other Category B Royalty Term. For any sales of Plamotamab Products other than CD28/Plamotamab Combination Sales, royalties will be paid under Section 7.4.1.4 and 7.4.1.5 on a Plamotamab Product-by-Plamotamab Product and country-by-country basis, beginning with the First Commercial Sale of the relevant Product in a country and ending on the latest of: (i) the expiration of the last-to-expire Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter or any method of use of such Plamotamab Product in the country; (ii) the expiration of the last-to-expire Valid Claim of a Royalty-Bearing Plamotamab Formulation Patent that Covers the formulation of the Plamotamab contained in such Plamotamab Product (any Patent described in clause (i) or clause (ii), an "**Other Plamotamab Product Royalty-Bearing Patent**"); (iii) the expiration of Regulatory Exclusivity for such Product in the country, if any; or (iv) the [***] of the First Commercial Sale of such Product in such country (the "**Other Plamotamab Product Royalty Term**"). For purposes of clause (i) above, a Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of such Plamotamab Product means any Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of the Plamotamab contained in such Plamotamab Product, but does not include any Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter of a formulation that includes the Plamotamab.

7.4.2.3 Royalty Term and Royalty-Bearing Patent Definitions. As used in this Agreement, "**Royalty Term**" means the CD28 Royalty Term, CD28/Plamotamab

Combination Royalty Term or the Other Plamotamab Product Royalty Term; and **"Royalty-Bearing Patent"** means a CD28 Royalty-Bearing Patent, CD28/Plamotamab Combination Royalty-Bearing Patent or Other Plamotamab Product Royalty-Bearing Patent.

7.4.2.4 *Certain Royalty Term Interpretation Rules.*

(a) If two Licensed CD28 Products that are not CD28/Plamotamab Combination Products each contain the same Licensed CD28 Antibody as its only active ingredient, such products will be considered the same Licensed CD28 Product for purposes of Sections 7.4.2.1 and 7.4.2.2. For example, if a Licensed CD28 Product in an intravenous formulation and another Licensed CD28 Product in a subcutaneous formulation each contain the same Licensed CD28 Antibody as its only active ingredient, such products will be considered the same Licensed CD28 Product for purposes of Sections 7.4.2.1 and 7.4.2.2.

(b) If two Plamotamab Products that are not CD28/Plamotamab Combination Products each contain Plamotamab as its only active ingredient, such products will be considered the same Plamotamab Product for purposes of Section 7.4.2.2.

(c) If two Combination Products each contain the same active ingredients (and no other active ingredients) (e.g., two CD28/Plamotamab Combination Products each contain Plamotamab as an active ingredient and contain the same Licensed CD28 Antibody as an active ingredient), such products will be considered the same Combination Product for purposes of Sections 7.4.2.1 and 7.4.2.2.

(d) If two Combination Regimens each contain the same drugs or biological products (and no other drugs or biological products) (e.g., two CD28/Plamotamab Combination Regimens each include the same Plamotamab Product and the same Licensed CD28 Product), such regimens will be considered the same Combination Regimen for purposes of Section 7.4.2.2.

7.4.2.5 *Allocation of Category A and Category B Net Sales in Certain Non-Copack Countries if no approved use of Plamotamab other than CD28/Plamotamab Combination.* If in a particular country in a particular period:

(i) a CD28/Plamotamab Combination Regimen has received Marketing Approval in a country;

(ii) the same Licensed CD28 Product that is a component of such CD28/Plamotamab Combination Regimen (the "**CD28 Component**") has received Marketing Approval in such country for use either in a Combination Regimen that is not a CD28/Plamotamab Combination Regimen, or for use as a single agent; and

(iii) the Plamotamab Product that is a component of such CD28/Plamotamab Combination Regimen (the "**Plamotamab Component**") has not received Marketing Approval in such country for any other use or Indication;

then the aggregate Net Sales of the CD28 Component and the aggregate Net Sales of the Plamotamab Component (the "**Total CD28/Plamotamab Net Sales**") in such country in such period will be allocated between Category A Net Sales and Category B Net Sales as follows:

(a) Determine the total number of units of the CD28 Component sold in such country during such period (the "**Number of CD28 Units**") and the total number of units of the Plamotamab Component sold in such country during such period (the "**Number of Plamotamab Units**").

(b) If the Number of CD28 Units is less than or equal to the Number of Plamotamab Units, then 100% of the Total CD28/Plamotamab Net Sales in such country during such period will be included in Category B Net Sales, and royalties on sales of such CD28 Components and Plamotamab Components will be paid for such period in accordance with Section 7.4.1.4 (if such country is the U.S.) or Section 7.4.1.5 (if such country is in the OUS Territory).

(c) Otherwise, if the Number of CD28 Units is greater than the Number of Plamotamab Units, then calculate:

(i) "**CD28 Unit Price**," which equals (i) the aggregate Net Sales of the CD28 Component in such country in such period divided by (ii) the Number of CD28 Units;

(ii) "**Adjusted Combination Net Sales Amount**," which equals the sum of A and B, where A equals the aggregate Net Sales of the Plamotamab Component in such country in such period and B equals (i) the Number of Plamotamab Units multiplied by (ii) the CD28 Unit Price;

(iii) "**Remaining Net Sales Amount**," which equals (x) Total CD28/Plamotamab Net Sales in such country in such period, minus (y) the Adjusted Combination Net Sales Amount.

(iv) Royalties on sales of such CD28 Components and Plamotamab Components will then be paid as follows:

(1) The Adjusted Combination Net Sales Amount will be included in Category B Net Sales under Section 7.4.1.4 (if such country is the U.S.) or Section 7.4.1.5 (if such country is in the OUS Territory); and

(2) The Remaining Net Sales Amount will be included in Category A Net Sales under Section 7.4.1.2 (if Xencor has not exercised the CD28 Co-Funding Option) or Section 7.4.1.3 (if Xencor has exercised the CD28 Co-Funding Option).

7.4.2.6 *Allocation of Category A and Category B Net Sales in Certain Non-Copack Countries if more than one approved use of Plamotamab.* If in a particular country in a particular period:

(i) a CD28/Plamotamab Combination Regimen has received Marketing Approval in a country; and

(ii) the CD28 Component of such CD28/Plamotamab Combination Regimen has received Marketing Approval in such country for use either in a Combination Regimen that is not a CD28/Plamotamab Combination Regimen, or for use as a single agent; and

(iii) the Plamotamab Component of such CD28/Plamotamab Combination Regimen has received Marketing Approval in such country for use either in a Combination Regimen that is not a CD28/Plamotamab Combination Regimen, or for use as a single agent.

then Janssen will fairly and equitably allocate Net Sales of the CD28 Component and Plamotamab Component among the approved uses. Janssen will submit its allocation methodology to the JFC and if the JFC does not agree with such methodology, then the JFC will discuss and approve an alternate methodology. If the JFC does not approve an alternate methodology within [***], then either Party may refer the matter for resolution by an Expert Panel in accordance with the procedures set forth in Section 2.5.1.5 [***].

7.4.3 Royalty Reductions; Third Party Royalty Payments.

7.4.3.1 *Reductions for Loss of Exclusivity.*

(a) CD28 Product Exclusivity. On a country-by-country and Product-by-Product basis, the royalties due to Xencor under Section 7.4.1.2 or 7.4.1.3, as applicable, will be reduced during the CD28 Royalty Term to an amount equal to [***] of the amount otherwise payable on Net Sales of a Licensed CD28 Product in such country from and after the later of (i) the date that there is no Valid Claim of a CD28 Royalty-Bearing Patent with respect to such Licensed CD28 Product in the country or (ii) if any Regulatory Exclusivity is granted with respect to such Licensed CD28 Product in such country, the date on which all such Regulatory Exclusivity expires. Such reduction will be subject to Section 7.4.3.3 and applied in accordance with Section 7.4.3.4.

(b) CD28/Plamotamab Combination Exclusivity. On a country-by-country and combination-by-combination basis, the royalties due to Xencor under Section 7.4.1.4 or 7.4.1.5, as applicable, will be reduced during the CD28/Plamotamab Combination

Royalty Term to an amount equal to [***] of the amount otherwise payable on Net Sales of a CD28/Plamotamab Combination in such country from and after the later of (i) the date that there is no Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter or any method of use of such CD28/Plamotamab Combination or the Plamotamab Product or the Licensed CD28 Product contained in such CD28/Plamotamab Combination in the country or (ii) if any Regulatory Exclusivity is granted with respect to such CD28/Plamotamab Combination in such country, the date on which all such Regulatory Exclusivity expires. Such reduction will be subject to Section 7.4.3.3 and applied in accordance with Section 7.4.3.4.

(c) Other Plamotamab Product Exclusivity. On a country-by-country and Product-by-Product basis, the royalties due to Xencor under Section 7.4.1.4 or 7.4.1.5, as applicable, will be reduced during the Other Plamotamab Product Royalty Term to an amount equal to [***] of the amount otherwise payable on Net Sales of a Plamotamab Product in such country from and after the later of (i) the date that there is no Valid Claim of a Xencor Patent or Joint Patent that Covers the composition of matter or any method of use of such Plamotamab Product or (ii) if any Regulatory Exclusivity is granted with respect to such Plamotamab Product in such country, the date on which all such Regulatory Exclusivity expires. Such reduction will be subject to Section 7.4.3.3 and applied in accordance with Section 7.4.3.4.

7.4.3.2 *Third Party Royalty Payments.*

(a) Subject to Section 7.4.3.2(b) and Section 7.4.3.2(c), if Janssen (or its Affiliate) [***] licenses under any Patents or Know-How of any Third Party for the manufacture, use or sale of a Licensed CD28 Antibody, Licensed CD28 Product (other than with respect to any active ingredient that is not a Licensed CD28 Antibody), Plamotamab or Plamotamab Product (other than with respect to any active ingredient that is not Plamotamab) in a country (each, a "**Third Party License**"), Janssen will have the sole right (but not the obligation) to negotiate and obtain any such license with respect to the applicable Antibody or Product. For clarity, Xencor retains a right to negotiate and obtain licenses under any Patents or Know-How of any Third Party with respect to Antibodies and products of Xencor that are not Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab or Plamotamab Products.

(i) With respect to such Patents or Know-How [***] for the manufacture, use or sale of a Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product, Janssen will have the right to deduct [***] of the royalties actually paid to such Third Party(ies) under the applicable Third Party License(s) by Janssen (or by such Affiliate or, to the extent offset against royalties paid to Janssen, its sublicensee, as applicable) with respect to sales of the applicable Product (including a Combination Product containing such Product, Licensed CD28 Antibody or Plamotamab) in such country in a Calendar Quarter from the royalty payments payable by Janssen to Xencor with respect to Net Sales of such Product (or Combination Product containing such Product, Licensed CD28 Antibody or Plamotamab) in such country in such Calendar Quarter.

(ii) With respect to such Patents or Know-How [***] for the manufacture, use or sale of a Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product (e.g. formulation technology or for ease of administration), Janssen will have the right to deduct [***] of the royalties actually paid to such Third Party(ies) under the applicable Third Party License(s) by Janssen (or by such Affiliate or, to the extent offset against royalties paid to Janssen, its sublicensee, as applicable) with respect to sales of the applicable Product (including a Combination Product containing such Product, Licensed CD28 Antibody or Plamotamab) in such country in a Calendar Quarter from the royalty payments payable by Janssen to Xencor with respect to Net Sales of such Product (including a Combination Product containing such Product, Licensed CD28 Antibody or Plamotamab) in such country in such Calendar Quarter.

(iii) Such deductions will be subject to Section 7.4.3.3 and applied in accordance with Section 7.4.3.4.

(b) If a Party becomes aware that it is necessary to obtain one or more licenses under any Patents or Know-How of any Third Party in order to practice any Xencor Binding Domain for a Licensed CD28 Antibody (including for a Licensed CD28 Antibody contained in a Licensed CD28 Product) in a country, such Party will promptly notify the other Party. Xencor will have the sole responsibility and right to negotiate and obtain such license, provided that such license does not impose any liability, restriction or obligation on Janssen (beyond the terms and conditions in connection with the practice of such license) without Janssen's consent. Such Third Party's Patents or Know-How, as applicable, will be included in the Xencor Research Patents, Xencor Patents or Xencor Research Know-How, as applicable. Xencor will be responsible for all payments under such license.

(c) If a Party becomes aware that it is necessary to obtain one or more licenses under any Patents or Know-How of any Third Party in order to practice any Janssen Binding Domain for a Licensed CD28 Antibody (including for a Licensed CD28 Antibody contained in a Licensed CD28 Product) in a country, such Party will promptly notify the other Party. Janssen will have the sole responsibility and right to negotiate and obtain such license, provided that such license does not impose any liability, restriction or obligation on Xencor (beyond the terms and conditions in connection with the practice of such license) without Xencor's consent. Such Third Party's Patents or Know-How, as applicable, will be included in the Janssen Research Patents or Janssen Research Know-How, as applicable. Janssen will be responsible for all payments under such license.

(d) For clarity, in accordance with Section 11.11.2(e), Xencor will be solely responsible for making all payments that become due under any Existing Third Party Agreement.

7.4.3.3 *Royalty Floors.*

(a) In no event will the total reductions and deductions under Sections 7.4.3.1 and 7.4.3.2 reduce the royalties payable to Xencor under Section 7.4.1.2 or Section 7.4.1.3, as applicable, with respect to a given Licensed CD28 Product in a given country in any Calendar Quarter by more than [***] of the amount that would otherwise be payable if such reductions and deductions were not made.

(b) In no event will the total reductions and deductions under Sections 7.4.3.1 and 7.4.3.2 reduce the royalties payable to Xencor under Section 7.4.1.4 or Section 7.4.1.5, as applicable, with respect to a given CD28/Plamotamab Combination in a given country in any Calendar Quarter by more than [***] of the amount that would otherwise be payable if such reductions and deductions were not made.

(c) In no event will the total reductions and deductions under Sections 7.4.3.1 and 7.4.3.2 reduce the royalties payable to Xencor under Section 7.4.1.4 or Section 7.4.1.5, as applicable, with respect to a given Plamotamab Product (other than a CD28/Plamotamab Combination) in a given country in any Calendar Quarter by more than [***] of the amount that would otherwise be payable if such reductions and deductions were not made.

7.4.3.4 *Royalty Calculation.* If the royalties payable with respect to Net Sales of a Product (including as a Combination Product or part of a Combination Regimen) in a country in a Calendar Quarter are subject to reduction under Section 7.4.3.1 or deductions under Section 7.4.3.2, the royalties payable with respect to such Net Sales will be calculated as follows:

(a) First, determine the aggregate Net Sales of such Product in such country during such Calendar Quarter that occurred during the applicable Royalty Term (the "**Quarterly Net Sales**").

(b) Second, determine the Effective Royalty Rate for the applicable Calendar Quarter. The "**Effective Royalty Rate**" means, with respect to a particular Calendar Quarter, the amount (expressed as a percentage) equal to A ÷ B (i.e., A divided by B), where:

(i) A = Aggregate amount of royalties payable under Section 7.4.1.2, 7.4.1.3, 7.4.1.4 or 7.4.1.5, as applicable, applying the relevant royalty tiers, on aggregate annual Category A Net Sales or Category B Net Sales, as the case may be, in the Territory during such Calendar Quarter before applying any reductions under Section 7.4.3.1 or deductions under Section 7.4.3.2; and

(ii) B = Aggregate annual Category A Net Sales or Category B Net Sales, as the case may be, in the Territory during such Calendar Quarter (excluding any Net Sales of such Products that occurred after the expiration of the applicable Royalty Term).

(c) Third, multiply the Effective Royalty Rate by the Net Sales of such Product in such country in such Calendar Quarter that occurred during the applicable Royalty Term to determine the royalties that would have been payable on the Quarterly Net Sales under

Section 7.4.1.2, 7.4.1.3, 7.4.1.4 or 7.4.1.5, as applicable, if no reduction or deduction applied under Section 7.4.3.1 or 7.4.3.2 (the "**Unadjusted Quarterly Royalties**" for such country).

(d) Last, reduce the Unadjusted Quarterly Royalties for such country to the amount specified in Section 7.4.3.1 and by the amount(s) specified in Section 7.4.3.2, as applicable, in each case, to the extent allowable by Section 7.4.3.3.

Example royalty calculations are attached hereto as Exhibit 7.4.3.4.

7.4.4 Expiration of Royalty Term.

7.4.4.1 Upon the expiration of the CD28 Royalty Term with respect to a Licensed CD28 Product in a country, Xencor hereby grants to Janssen a perpetual, irrevocable, non-exclusive, fully-paid and royalty-free right and license, with the right to grant sublicenses, under the Xencor Intellectual Property, to Exploit such Licensed CD28 Product in the Field in such country. For clarity, this license does not grant any right or license under any Patent that Covers any composition of matter of any Antibodies or other active ingredients other than the Licensed CD28 Antibody contained in such Licensed CD28 Product.

7.4.4.2 Upon the expiration of the CD28/Plamotamab Combination Royalty Term with respect to a CD28/Plamotamab Combination in a country, Xencor hereby grants to Janssen a perpetual, irrevocable, non-exclusive, fully-paid and royalty-free right and license, with the right to grant sublicenses, under the Xencor Intellectual Property and Xencor Plamotamab Intellectual Property, to Exploit such CD28/Plamotamab Combination in the Field in such country. For clarity, this license does not grant any right or license under any Patent that Covers any composition of matter of any Antibodies or other active ingredients other than the Licensed CD28 Antibody and Plamotamab contained in such CD28/Plamotamab Combination.

7.4.4.3 Upon the expiration of the Other Plamotamab Product Royalty Term with respect to Plamotamab Product in a country, Xencor hereby grants to Janssen a perpetual, irrevocable, non-exclusive, fully-paid and royalty-free right and license, with the right to grant sublicenses, under the Xencor Plamotamab Intellectual Property, to Exploit such Plamotamab Product in the Field in such country. For clarity, this license does not grant any right or license under any Patent that Covers any composition of matter of any Antibodies or other active ingredients other than the Plamotamab contained in such Plamotamab Product.

7.4.4.4 For clarity, after the applicable Royalty Term expires with respect to a Product, combination or regimen in a country, the calculation of annual aggregate Net Sales of the corresponding Products in the Territory will exclude sales of such Products in such country (but, in the case of a regimen or combination, only to the extent the Royalty Term for such regimen or combination has also expired).

7.4.5 Royalty Reports and Payments. Commencing with the First Commercial Sale of any Licensed CD28 Product, CD28/Plamotamab Combination or other Plamotamab Product by

Janssen or its Affiliates or sublicensees in the Territory, royalty payments are due and payable [***] after the end of each Calendar Quarter in which royalties are applicable. Each payment of royalties under this Agreement will be accompanied with a report setting forth, by region (which regions will be the U.S., Canada, Japan, China, each of the Major European Countries and all other countries in the Territory), the Net Sales, the applicable royalty rate and the amount of royalty payment due on such Net Sales. Additionally, Janssen will provide Xencor with a non-binding estimate of each royalty payment for each Calendar Quarter within [***] after the end of such Calendar Quarter. All reports delivered by Janssen under this Section will be Confidential Information of Janssen.

7.4.6 Royalty Conditions. All royalties due to Xencor under this Section 7.4 are subject to the following conditions: (a) only one royalty will be due with respect to the same unit of Product; and (b) no royalties will be due upon the sale or other transfer among Janssen or its Affiliates, but in such cases the royalty will be due and calculated upon Janssen's or its Affiliate's Net Sales to the first independent Third Party, and distributors of Janssen selling Licensed CD28 Product, CD28/Plamotamab Combination or other Plamotamab Product that are not otherwise sublicensees will not, for this purpose, be deemed to be sublicensees of Janssen and will instead be considered as independent Third Parties.

7.5 Payment Terms.

7.5.1 Payment Instruction. All payments to be made by a Party hereunder will be made in Dollars by electronic funds transfer to the bank account as will be designated by the Party receiving the payment.

7.5.2 Exchange Rate. If any amounts that are relevant to the determination of amounts to be paid under this Agreement or any calculations to be performed under this Agreement are received or paid or initially reported in a currency other than U.S. Dollars, then such amounts will be converted to their U.S. Dollar equivalent as follows:

7.5.2.1 Janssen will notify Xencor in writing of Johnson & Johnson's Currency Hedge Rate for a given Calendar Year in advance of such Calendar Year, within [***] after the Currency Hedge Rate(s) are available from the GTSC or its Affiliates, which is customarily at the end of November of the preceding Calendar Year.

7.5.2.2 Then: (i) the Currency Hedge Rate(s) as provided in the notice to Xencor will remain constant throughout the applicable Calendar Year; and (ii) Janssen will use such Currency Hedge Rate(s) to convert non-U.S. Dollar amounts to U.S. Dollars for the purpose of calculating Net Sales, royalties and the achievement of Sales Milestone Events for each Calendar Quarter in the applicable Calendar Year.

7.6 Records; Audits.

7.6.1 Records.

Each Party will keep, and cause its Affiliates and sublicensees to keep, complete and accurate records of the items underlying Shared Development Costs, Net Sales and any other elements required to prepare the reports or calculate payments required by under this Agreement. Such records must be retained for a period of [***] following the relevant reporting period.

7.6.2 Audits.

7.6.2.1 Each Party will have the right at its own expense to have an independent, certified public accountant of nationally recognized standing, selected by such Party and reasonably acceptable to the other Party, review any records of the other Party and its Affiliates that are required to be kept pursuant to Section 7.6.1 in the location(s) where such records are maintained by the other Party or its Affiliates upon prior notice and during normal business hours and under obligations of confidence, for the sole purpose of verifying the basis and accuracy of payments made under this Agreement, within the prior [***] period. Audits may not be conducted by a Party under this Section more than once every [***], and an audit of the records relating to a particular Calendar Year may be conducted not more than once.

7.6.2.2 The report of the independent certified public accountant will be shared with the audited Party before distribution to the auditing Party so that the audited Party can provide the independent public accountant with justifying remarks for inclusion in the report before sharing the conclusions of such independent public audit with the auditing Party. The final audit report will be shared with the auditing and audited Party at the same time and will specify whether the amounts paid to the auditing Party during the audited period were correct or, if incorrect, the amount of any underpayment or overpayment. The audit report will only contain the information relevant to support the statement as to whether the amounts due under this Agreement were calculated and paid accurately and will not include any other confidential information (or other additional information that is ordinarily not included in the reports to the auditing Party) disclosed to the auditor during the course of the audit.

7.6.2.3 If the review of such records reveals that the audited Party has failed to accurately report information pursuant to the relevant provisions of this Agreement or make any payment (or portion thereof) required under this Agreement, then the audited Party will pay, within [***] after receipt of the final audit report by the audited Party, to the auditing Party any underpaid amounts due under this Agreement. If any such discrepancies resulted in an underpayment of amounts due under this Agreement greater than [***] of the amounts actually due for the applicable audit period, the audited Party will pay all reasonable costs incurred in conducting such review. If the audited Party disagrees with the findings of the audit report, the Parties will first seek to resolve the matter between themselves, and in the event they fail to reach agreement, the dispute resolution provisions set forth in ARTICLE 15 will apply.

7.7 Taxes.

7.7.1 Withholding.

7.7.1.1 Janssen will make all payments to Xencor under this Agreement without deduction or withholding for Taxes except to the extent that any such deduction or withholding is required by law in effect at the time of payment.

7.7.1.2 Any Tax required to be withheld on amounts payable under this Agreement will be paid by Janssen on behalf of Xencor to the appropriate Governmental Authority, and Janssen will furnish Xencor with proof of payment of such Tax. Any such Tax required to be withheld will be an expense of and borne by Xencor. If any such Tax is assessed against and paid by Janssen, then Xencor will indemnify and hold harmless Janssen from and against such Tax.

7.7.1.3 Janssen and Xencor will cooperate with respect to all documentation required by any taxing authority or reasonably requested by Janssen to secure a reduction in the rate of applicable withholding Taxes. On the date of execution of this Agreement, Xencor will deliver to Janssen an accurate and complete Internal Revenue Service Form W-9.

7.7.2 Indirect Taxes. Amounts payable under this Agreement do not include any sales, use, excise, value added or other applicable taxes, tariffs or duties. If any taxing authority imposes a VAT, GST, sales, use, service, consumption, business or similar Tax with respect to the work undertaken under this Agreement, then Janssen agrees to pay that amount if specified in a valid invoice or supply exemption documentation. For avoidance of doubt, Xencor will not be entitled to pass on to Janssen, and Janssen will not be obligated to pay or bear, any Tax that is based on Xencor's real, personal or intangible property (whether owned or leased), corporate structure, franchise, continuing business operations, income, gross receipts, capital stock, net worth or imposed with respect to Xencor's engagement of employees or independent contractors or that Xencor incurs upon subcontracting any work hereunder, in whole or in part, to any affiliated or non-affiliated third party. Xencor is solely responsible, to the extent required by applicable law, for identifying, billing, and collecting the Taxes payable by Janssen in all relevant federal, state, county, municipal and other taxing jurisdictions and for filing all required tax returns in a timely manner. To the extent that Xencor does not provide Janssen a valid invoice (i.e., an invoice compliant with this Agreement and the rules and regulations of the jurisdiction of both Xencor and Janssen, including separate identification of the Tax where legally required), Xencor shall be responsible for any penalty resulting directly from such noncompliance. The Parties will cooperate in good faith to minimize Taxes to the extent legally permissible.

ARTICLE 8
LICENSE GRANTS; EXCLUSIVITY

8.1 Grants.

8.1.1 Licenses to Janssen.

8.1.1.1 *Research License for Licensed CD28 Antibodies*. Subject to the terms and conditions of this Agreement, Xencor hereby grants, on behalf of itself and its Affiliates, to Janssen, during the Term, an exclusive (even as to Xencor and its Affiliates, except with respect to performance of its obligations under this Agreement), royalty-bearing, non-transferable (except as provided in Section 16.1), sublicenseable (solely as provided in Section 8.2) license, under the Xencor Research Intellectual Property, to Research Licensed CD28 Antibodies in the Field in the Territory (the "**Research License**").

8.1.1.2 *Commercial License for Licensed CD28 Antibodies and Licensed CD28 Products*. Subject to the terms and conditions of this Agreement, Xencor hereby grants, on behalf of itself and its Affiliates, to Janssen, during the Term, an exclusive (even as to Xencor), royalty-bearing, non-transferable (except as provided in Section 16.1), sublicenseable (solely as provided in Section 8.2) license, under the Xencor Intellectual Property, to Exploit (but not to Research) Licensed CD28 Antibodies and Licensed CD28 Products (including, to the extent Janssen is granted a license to Plamotamab and Plamotamab Products under Section 8.1.1.3, CD28/Plamotamab Combinations) in the Field in the Territory. Janssen shall not Develop, Manufacture or Commercialize during the Term (i) any Licensed CD28 Antibody that is Researched using Know-How or Patents Controlled by Xencor or its Affiliates that are not licensed to Janssen pursuant to the Research License or (ii) any Licensed CD28 Product containing a Licensed CD28 Antibody described in clause (i).

8.1.1.3 *License for Plamotamab and Plamotamab Products*. Subject to the terms and conditions of this Agreement, Xencor hereby grants, on behalf of itself and its Affiliates, to Janssen, during the Term, an exclusive (even as to Xencor), royalty-bearing, non-transferable (except as provided in Section 16.1), sublicenseable (solely as provided in Section 8.2) license, under the Xencor Plamotamab Intellectual Property, to Exploit (but not to Research) Plamotamab and Plamotamab Products (including, to the extent Janssen is granted a license to Licensed CD28 Antibodies and Licensed CD28 Products under Section 8.1.1.2, CD28/Plamotamab Combinations) in the Field in the Territory.

8.1.1.4 *Other Antibodies and APIs*. Notwithstanding anything to the contrary:

(a) the licenses granted by Xencor to Janssen under this Section 8.1.1 with respect to Licensed CD28 Products do not grant any right or license under any Patent that Covers any composition of matter of any Antibodies or other active ingredients other than Licensed CD28 Antibodies and, to the extent Janssen is granted a license to Plamotamab and Plamotamab Products under Section 8.1.1.3, Plamotamab; and

(b) the licenses granted by Xencor to Janssen under this Section 8.1.1 with respect to Plamotamab Products do not grant any right or license under any Patent that Covers any composition of matter of any Antibodies or other active ingredients other than Plamotamab and, to the extent Janssen is granted a license to Licensed CD28 Antibodies under Section 8.1.1.1 and Section 8.1.1.2, Licensed CD28 Antibodies.

8.1.2 Licenses to Xencor.

8.1.2.1 *Research License for Licensed CD28 Antibodies.* Subject to the terms and conditions of this Agreement, Janssen, on behalf of itself and its Affiliates, hereby grants to Xencor, during the Research Program Term, a non-exclusive, royalty-free, non-transferable (except as permitted under in Section 16.1), sublicensable (solely as provided in Section 8.2) license under (a) the Xencor Intellectual Property licensed to Janssen under Section 8.1.1 and (b) the Janssen Research Intellectual Property, in each case ((a) and (b)), solely to the extent necessary for Xencor to perform its obligations under this Agreement with respect to the Research Program.

8.1.2.2 *License for Plamotamab and Plamotamab Products.* Subject to the terms and conditions of this Agreement, Janssen, on behalf of itself and its Affiliates, hereby grants to Xencor, during the Term, a non-exclusive, royalty-free, non-transferable (except as permitted under in Section 16.1), sublicensable (solely as provided in Section 8.2) license under the Xencor Plamotamab Intellectual Property licensed to Janssen under Section 8.1.1, solely to the extent necessary for Xencor to perform its obligations under this Agreement with respect to the Plamotamab Development Plan and to conduct Independent Plamotamab/Tafa Studies to the extent permitted under Section 5.1.3.

8.1.3 Cross-License.

8.1.3.1 Subject to the terms and conditions of this Agreement (including the restrictions set forth in Section 3.4.3 and Section 8.4 and the confidentiality obligations under ARTICLE 10), Xencor hereby grants to Janssen a non-exclusive, worldwide, irrevocable, royalty-free, perpetual license to use for all purposes any technical Know-How Controlled by Xencor and disclosed to Janssen pursuant to this Agreement; provided, however, that such license does not include (i) a grant of any rights to Janssen for any Exploitation of any Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product, (ii) a right to practice any Patents owned or Controlled by Xencor or its Affiliates, (iii) a right to practice any Xencor Platform Technology, (iv) a right to practice Know-How embodied by Materials supplied by Xencor to Janssen, or (v) a right to use any Materials provided by Xencor. For clarity, this does not give Janssen the right to disclose any Confidential Information of Xencor.

8.1.3.2 Subject to the terms and conditions of this Agreement (including the restrictions set forth in Section 3.4.3 and Section 8.4 and the confidentiality obligations under ARTICLE 10), Janssen hereby grants to Xencor a non-exclusive, worldwide, irrevocable, royalty-free, perpetual license to use for all purposes any technical Know-How Controlled by Janssen and disclosed to Xencor pursuant to this Agreement; provided, however, that such license does not include (i) a grant of any rights to Xencor for any Exploitation of any Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product, (ii) a right to practice any Patents owned or Controlled by Janssen or its Affiliates, (iii) a right to practice Know-How embodied by Materials supplied by Janssen to Xencor, or (iv) a right to use any

Materials provided by Janssen. For clarity, this does not give Xencor the right to disclose any Confidential Information of Janssen.

8.1.4 License to Assigned Inventions. Subject to the terms and conditions of this Agreement (including the restrictions set forth in Section 3.4.3 and Section 8.4 and the confidentiality obligations under ARTICLE 10), Xencor hereby grants to Janssen a non-exclusive, worldwide, irrevocable, royalty-free, perpetual license to use for all purposes any Janssen Assigned Invention; provided, however, that such license does not include (i) a grant of any rights to Janssen for the Exploitation of any Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product or (ii) a grant of any rights to practice, other than Janssen Assigned Inventions, any Patents or Know-How owned or Controlled by Xencor or its Affiliates. "**Janssen Assigned Inventions**" means the Inventions (and Patents filed thereon) that are assigned by Janssen to Xencor pursuant to Section 9.2.2.2(a) but not including those Inventions (and Patents filed thereon) primarily directed to an improvement of a Xencor Binding Domain.

8.1.5 Affiliates. If any of the Patents or Know-How licensed by one Party to the other Party pursuant to this Section 8.1 is Controlled by an Affiliate of the licensing Party, the licensing Party will procure that such Affiliate grants the licenses to the other Party in accordance with this Section 8.1.

8.2 Sublicensing.

8.2.1 Sublicenses by Janssen. Janssen may grant and authorize sublicenses of any of the rights granted to it by Xencor under Section 8.1.1 and Section 8.1.3.2 without the consent of Xencor to one or more of its Affiliates or to one or more Third Parties through multiple tiers. Janssen may grant and authorize sublicenses of any of the rights granted to it by Xencor under Section 8.1.3.1 without the consent of Xencor to one or more of its Affiliates. Janssen may not grant or authorize sublicenses of any of the rights granted to it by Xencor under Section 8.1.3.1 to any Third Party without the prior written consent of Xencor, which will not be unreasonably withheld, delayed or conditioned.

8.2.2 Sublicenses by Xencor. Xencor may grant and authorize sublicenses of any of the rights granted to it by Janssen under Section 8.1 without the consent of Janssen to one or more of its Affiliates. Xencor may not grant or authorize sublicenses of any of the rights granted to it by Janssen under Section 8.1 to any Third Party without the prior written consent of Janssen, which will not be unreasonably withheld, delayed or conditioned.

8.2.3 Sublicense Requirements. Each sublicense will be pursuant to a written agreement that is subject to and consistent with the terms and conditions of this Agreement. The sublicensing Party will remain directly responsible and fully liable to the other Party for the performance of the sublicensee in accordance with this Agreement. The sublicensing Party will provide to the other Party a copy of each sublicense agreement within [***] following the execution thereof, provided that the sublicensing Party will be permitted to redact commercially

sensitive terms to the extent such terms are not necessary for the other Party to confirm compliance with this Agreement.

8.3 No Implied Licenses. Neither Party grants to the other Party any rights or licenses in or to any Know-How, Patents or other intellectual property rights, whether by implication, estoppel, or otherwise, other than the rights and licenses that are expressly granted under this Agreement.

8.4 Exclusivity.

8.4.1 Definitions.

8.4.1.1 "**Bispecific Competing Product**" means [***].

8.4.1.2 "**Competing Product**" means [***].

8.4.1.3 "**Derived Competing Product**" means [***].

8.4.1.4 "**First Exclusivity Period**" means the period beginning on the Effective Date and ending on the earlier of (i) the last day of the Term or (ii) [***].

8.4.1.5 "**Research Competing Product**" means [***].

8.4.1.6 "**Scale-Up**" means, with respect to a Licensed CD28 Product, that such Licensed CD28 Product has been successfully produced by or on behalf of Janssen or its Affiliates in a [***] that is at least [***] in volume.

8.4.1.7 "**Second Exclusivity Period**" means the period beginning [***] and ending on the earlier of (i) the last day of the Term or (ii) [***].

8.4.1.8 [***].

8.4.2 First Exclusivity Period. During the First Exclusivity Period, neither Party nor any of its Affiliates will conduct, directly or indirectly, or collaborate with, license or otherwise grant any rights to any Third Party to conduct any Research, non-clinical or clinical Development, Manufacture or Commercialization of any Research Competing Product in the Field in the Territory, except for use of Research Competing Products as research tools.

8.4.3 Second Exclusivity Period. During the Second Exclusivity Period, neither Party nor any of its Affiliates will conduct, directly or indirectly, or collaborate with, license or otherwise grant any rights to any Third Party to conduct any clinical Development (or activities to scale-up for clinical Development), Manufacture or Commercialization of any Bispecific Competing Product in the Field in the Territory. For clarity, for all purposes of this Section 8.4.3, "clinical Development" excludes Research.

8.4.4 Derived Competing Products. During the Term, neither Xencor nor any of its Affiliates will conduct, directly or indirectly, or collaborate with, license or otherwise grant any rights to any Third Party to conduct any Research, non-clinical or clinical Development, Manufacture or Commercialization of any Derived Competing Product in the Field in the Territory.

8.4.5 Effect of Xencor Change of Control.

8.4.5.1 If, on the date of consummation of a Change of Control of Xencor, the Acquirer of Xencor in such Change of Control transaction is conducting Research, Development, Manufacture or Commercialization activities with respect to a Competing Product or Research Competing Product that would otherwise be prohibited under Section 8.4.2 (an "**Acquirer Competing Product**"), [***].

8.4.5.2 [***].

8.4.5.3

(a) Except as provided in Section 8.4.5.3(b), the restrictions in Section 3.4.3.2 will apply to an Acquirer of Xencor and its Affiliates, and will continue to apply to Xencor and its other Affiliates, after the consummation of a Change of Control of Xencor.

(b) After the consummation of a Change of Control of Xencor, the restrictions in Section 3.4.3.2 will not apply to the Research, Development, Manufacture or Commercialization by the Acquirer of an Acquirer Competing Product containing a Janssen Binding Domain so long as (i) neither Xencor (nor any Affiliate of Xencor that was an Affiliate of Xencor immediately prior to such Change of Control) disclosed or otherwise provided the Janssen Binding Domain to the Acquirer and (ii) [***].

8.4.5.4 For clarity, the restrictions in Section 8.4.4 will apply to an Acquirer of Xencor and its Affiliates, and will continue to apply to Xencor and its other Affiliates, after the consummation of a Change of Control of Xencor.

8.4.6 Acquisition of Competing Products. If either Party or any of its Affiliates acquires rights to any Competing Product or Research Competing Product (each an "**Acquired Competing Product**") as the result of a merger, acquisition, combination or similar transaction with, of or by a Third Party, and as of the date of consummation of such transaction, there are on-going activities with respect to such Acquired Competing Product that are prohibited under Section 8.4.2 or Section 8.4.3 (in each case, after giving effect to Section 8.4.5), then the Party who acquired (or whose Affiliate acquired) such rights to such Acquired Competing Product ("**Acquiring Party**") will, within [***] after the date of consummation of such transaction, notify the other Party in writing whether it (or its Affiliate) will:

(a) enter into a definitive agreement with a Third Party to divest such Acquired Competing Product within [***] after the consummation of such transaction; or

(b) discontinue or terminate its activities with respect to such Acquired Competing Product no later than [***] after the closing of such transaction, until the expiration of the First Exclusivity Period or Second Exclusivity Period, as applicable.

During any period in which the Acquiring Party is permitted to continue Researching, Developing, Manufacturing or Commercializing such Acquired Competing Product in accordance with clause (a) or (b) above, the applicable prohibition under Section 8.4.2 or Section 8.4.3 will not apply with respect to such Acquired Competing Product, and the Acquiring Party will [***].

8.4.7 Effect of Transfer of Xencor Intellectual Property. Neither Xencor nor any of its Affiliates will sell or otherwise transfer the ownership of any Xencor Intellectual Property or Xencor Plamotamab Intellectual Property to any Third Party (including through a sale or ownership transfer by an Affiliate of Xencor that Controls such intellectual property) without imposing on such Third Party the restrictions set forth in Section 8.4.2 solely with respect to its use of such Xencor Intellectual Property or Xencor Plamotamab Intellectual Property. A Change of Control of Xencor or its Affiliates is not deemed to constitute, by itself, a sale or transfer of Xencor Intellectual Property or Xencor Plamotamab Intellectual Property under this Section 8.4.7.

8.4.8 Existing Third Party Agreements. Janssen agrees (and shall cause each of its sublicensees to agree) to comply with the terms of the Existing Third Party Agreements to the extent set forth on Schedule 8.4.8. Janssen acknowledges that Xencor's licenses to Xencor Plamotamab Intellectual Property under the Existing Third Party Agreements may be non-exclusive according to the terms of the Existing Third Party Agreements. Accordingly, notwithstanding anything to the contrary in this Agreement, (a) the sublicenses granted to Janssen under this Agreement with respect to such Xencor Plamotamab Intellectual Property are non-exclusive and (b) Xencor's obligations and Janssen's rights under ARTICLE 9 with respect to such Patents are limited (and subject to) Xencor's rights under the applicable Existing Third Party Agreements. Specifically, as described in the Novartis Side Letter, certain Xencor Plamotamab Patents are co-owned between Novartis Institutes For Biomedical Research, Inc. ("**Novartis**") and, notwithstanding anything in ARTICLE 9, Xencor's obligations and Janssen's rights under ARTICLE 9 with respect to such Patents are limited (and subject to) Xencor's Prosecution rights set forth in the Novartis Side Letter.

ARTICLE 9
INTELLECTUAL PROPERTY

9.1 Patent Representatives. Each Party will designate a patent attorney or agent as its contact to coordinate with the other Party the filing, prosecution and maintenance of Patents as provided in this Article (the "**Patent Representative**").

9.2 Inventions.

9.2.1 Inventorship. The Parties agree that ownership of inventions conceived or first reduced to practice in the course of activities performed under this Agreement, together with all intellectual property rights therein (collectively, "**Inventions**") will be consistent in the Territory with ownership as determined by application of U.S. patent Laws pertaining to inventorship. In no event will either Party be liable to the other Party for compensation to any inventors for Inventions conceived or first reduced to practice by director(s), officer(s) or employee(s) of the other Party regardless of which Party has ownership rights to such Inventions pursuant to this Section.

9.2.2 Ownership.

9.2.2.1 Subject to Section 9.2.2.2, all Inventions conceived or first reduced to practice solely by or on behalf of Janssen will be solely owned by Janssen, all Inventions conceived or first reduced to practice solely by or on behalf of Xencor will be solely owned by Xencor, and all Inventions conceived or first reduced to practice jointly by or on behalf of Janssen and Xencor will be jointly owned by Janssen and Xencor.

9.2.2.2 Notwithstanding Section 9.2.2.1, the ownership of the following Inventions will be as follows, regardless of the inventorship of such Inventions between the Parties:

(a) Xencor will solely own any Invention that would otherwise be owned or jointly owned by Janssen that [***].

(b) Janssen will solely own any Invention that would otherwise be owned or jointly owned by Xencor that [***].

Each Party hereby makes all assignments necessary to accomplish the foregoing ownership.

9.2.2.3 In the case of Inventions jointly owned by Janssen and Xencor ("**Joint Inventions**"), and any Patents that claim or disclose such Joint Inventions ("**Joint Patents**"), each Party will own an equal and undivided interest in the Joint Inventions and Joint Patents, with the right to practice, license and exploit the Joint Inventions and Joint Patents, without the duty or accounting or seeking consent from the other Party, subject to any exclusive licenses granted herein and in a manner not inconsistent with this Agreement.

9.2.2.4 All inventions disclosed on Schedule 9.2.2.4 will be jointly owned by Janssen and Xencor and shall be considered Joint Inventions for all purposes of this Agreement (even though such inventions are not Inventions). Each Party hereby makes all assignments necessary to accomplish such ownership.

9.2.3 Disclosure. Each Party will, and will cause its Affiliates to, promptly disclose to the other Party in writing, the conception, development or reduction to practice of: (a) any

Invention that is conceived or first reduced to practice during the Research Program Term; and (b) any Invention that is conceived or first reduced to practice during the Term that would be the subject of a [***]. Each Party will cause its Affiliates, employees, directors and officers to assign to such Party, such Person's right, title and interest in and to any such Inventions, and intellectual property rights therein, as is necessary to enable such Party to fully effect the ownership of such Inventions, and intellectual property rights therein, as provided for in Section 9.2.2. Each Party will include provisions that effect the intent of this ARTICLE 9 in its relevant agreements with Third Party sublicensees and Third Party contractors performing obligations on its behalf pursuant to this Agreement. Each Party will, and will cause its Affiliates, employees, directors, and officers, Third Party contractors and Third Party sublicensees, in each case to cooperate with the other Party and take all reasonable additional actions and execute such agreements, instruments and documents as may be reasonably required to perfect the other Party's right, title and interest in and to Inventions, and intellectual property rights therein, as set forth in this Section 9.2. Regardless of the foregoing and any provision of this Section 9.2, a Party engaging a CRO (or clinical trial site) for the conduct of Clinical Studies or a CMO may agree to such terms as to the ownership of intellectual property, including Patents, as is reasonable under the circumstances and/or customary.

9.3 Prosecution of Patents.

9.3.1 Xencor Patents.

9.3.1.1 The Parties recognize that it is their shared goal to obtain the broadest patent coverage available with regard to the Xencor Plamotamab Patents, Xencor Patents and Xencor Research Patents, consistent with the goal of obtaining patents that are valid and enforceable as against Third Parties. Janssen acknowledges that there may be multiple licensees of certain Xencor Plamotamab Patents, Xencor Patents or Xencor Research Patents which are included in Xencor Platform Technology and that Xencor has the right to determine how best to conduct patent prosecution of such Xencor Plamotamab Patents, Xencor Patents or Xencor Research Patents, as applicable, considering in good faith the interests of all such licensees to the extent obligated to do so.

9.3.1.2 Xencor has the right using patent counsel selected by Xencor to prepare, file, prosecute (including any interferences, oppositions, reissue proceedings, reexaminations and similar proceedings) and maintain (collectively, "**Prosecution**" or to "**Prosecute**") [***]. Xencor will take such reasonable acts in connection therewith as Xencor deems appropriate, provided Xencor considers in good faith any comments of Janssen and is acting in good faith to obtain and maintain: (a) [***] effective for market exclusivity of Licensed CD28 Products; and (b) [***] effective for market exclusivity of Plamotamab Products. As of the Effective Date, Xencor uses certain external patent counsel to Prosecute Xencor B-Cell Antigen x CD28 Patents and Plamotamab Antibody Patents. In the event that such external patent counsel are effectively replaced by Xencor, the replacement patent counsel must be reasonably acceptable to Janssen.

9.3.1.3 Section 9.3.1.2 notwithstanding, with respect to [***], Xencor will promptly provide Janssen with copies of all correspondence to or from the USPTO, EPO and equivalent patent offices in foreign jurisdictions, relating to such [***]. Xencor will reasonably cooperate with Janssen in Prosecuting the [***], and in such case, in the event of any disagreement between Xencor and Janssen regarding the Prosecution of [***] under this Section: (1) with respect to [***]: (A) after the earliest Candidate Selection Date, Janssen will have final decision-making authority and Xencor will (and will cause its outside counsel to) Prosecute such [***] as instructed by Janssen, including in countries requested by Janssen to the extent permitted by applicable Law; and (B) prior to [***], Xencor will have final decision-making authority; and (2) with respect to [***]: (A) after [***], Janssen will have final decision-making authority and Xencor will (and will cause its outside counsel to) Prosecute such [***] as instructed by Janssen, including in countries requested by Janssen to the extent permitted by applicable Law; and (B) prior to [***], Xencor will have final decision-making authority.

9.3.1.4 If Xencor, prior or subsequent to filing any Patent that would constitute [***], elects not to Prosecute such Patent, Xencor will give Janssen notice thereof within a reasonable period prior to allowing such Patent to lapse or become abandoned or unenforceable, and Janssen will thereafter have the right, but not the obligation, to Prosecute such [***]. If Janssen assumes responsibility for such [***] pursuant to this Section, Xencor will reasonably cooperate with Janssen in Prosecuting such Patents and, in such case, in the event of any disagreement between Xencor and Janssen regarding the Prosecution of [***] under this Section, Janssen will have final decision-making authority and Xencor will (and will cause its outside counsel to) Prosecute [***] as instructed by Janssen, including in countries requested by Janssen to the extent permitted by applicable Law.

9.3.1.5 As between the Parties, Xencor will be solely responsible for all costs and expenses Xencor incurs in connection with the Prosecution of [***]. Janssen will reimburse Xencor for all reasonable out-of-pocket costs incurred by Xencor in connection with the Prosecution of [***]; provided, however, that at any time Janssen may elect not to be responsible for such costs, in which case such applicable [***] will no longer be included in any licenses granted to Janssen hereunder.

9.3.1.6 The Parties understand that certain grounds for rejection in the United States may be cured or remedied by assignment of a Patent from one Party to another to allow for the filing of terminal disclaimers. In the case of [***] Controlled by Janssen for which such assignment can provide such remedy, the Parties agree to discuss in good faith the best course of action, including the assignment of [***] Controlled by Janssen to vest ownership in one or both Parties to remedy such rejection. If, after discussion, the Parties do not agree on the course of action to take, either Party may refer the matter to the Executive Officers for resolution. Such Executive Officers shall endeavor to meet promptly to discuss the matter. If the Executive Officers do not reach consensus on such matter within [***] after such matter is referred to them, then (i) in the case of assignment of a [***], Xencor will have final say, and (ii) in the case of assignment of a [***] Controlled by Janssen, Janssen will have the final say.

9.3.1.7 It is the intention of the Parties that this Agreement is a "joint research agreement" as that phrase is defined in Public Law 108-53 (the "**Create Act**"). If Janssen or Xencor intends to overcome a rejection of a claimed invention in a [***] Controlled by Janssen pursuant to the provisions of the Create Act under this Agreement, such Party shall first obtain the prior written consent of the other Party. Following receipt of such written consent, Xencor and Janssen shall limit any amendment to the specification or statement to the patent office with respect to this Agreement to that which is strictly required by 35 USC § 102(c) and the rules and regulations promulgated thereunder and which is consistent with the terms and conditions of this Agreement.

9.3.2 Janssen Patents. Janssen will be solely responsible for the Prosecution of and the cost for [***].

9.3.3 Joint Patents.

9.3.3.1 [***].

9.3.3.2 [***].

9.3.3.3 *Joint Patent Costs.*

(a) [***].

(b) [***].

9.3.4 Cooperation. Each Party agrees to reasonably cooperate with the other with respect to the Prosecution of Patents pursuant to this Section 9.3. At the request of the other Party, the Party responsible for Prosecuting a Patent will make reasonable efforts to separately prosecute subject matter solely related to [***] separate from other subject matter which may be disclosed or claimed in any Patent hereunder, to the extent it may reasonably do so without jeopardizing or impairing any such Patents. Each Party's rights to Prosecute a Patent pursuant to this Section 9.3 will be subject to the applicable provisions of any agreements between the Party controlling such Patents and its licensor. All information exchanged between the Parties under this Section 9.3 pertaining to any [***] will be deemed Confidential Information of Xencor, all information exchanged between the Parties under this Section 9.3 pertaining to any Janssen Patent will be deemed Confidential Information of Janssen, and all information exchanged between the Parties under this Section 9.3 pertaining to any Joint Patents will be deemed Confidential Information of both Parties.

9.4 Patent Enforcement.

9.4.1 Notice. In the event that Xencor or Janssen becomes aware of any actual infringement or threat of infringement of any Xencor Plamotamab Patent, Xencor Patent, Xencor Research Patent, Janssen Patent or Joint Patent by means of the sale, including the manufacture for sale, by a Third Party of a Third Party Competitive Product or a biosimilar product with

respect to Plamotamab or any Plamotamab Product or any Licensed CD28 Antibody or any Licensed CD28 Product (as applicable), or if any Xencor Plamotamab Patent, Xencor Patent, Xencor Research Patent, Janssen Patent or Joint Patent is challenged in any action or proceeding (other than any oppositions, cancellations, interferences, reissue proceedings or reexaminations, which are addressed above) as invalid or unenforceable (such infringements and challenges collectively, "**Product Infringement**" with respect to such Plamotamab or Plamotamab Product or Licensed CD28 Antibody or Licensed CD28 Product (as applicable)), such Party will notify the other Party promptly, and following such notification, the Parties will confer. As used in this Section, a "**Third Party Competitive Product**" means: (a) with respect to Plamotamab or a Plamotamab Product, any Antibody containing a CD20 Binding Domain and CD3 Binding Domain; and (b) with respect to a Licensed CD28 Antibody or Licensed CD28 Product, any Antibody containing a CD28 Binding Domain and a Selected B-Cell Antigen Binding Domain.

9.4.2 Enforcement of [***].

9.4.2.1 After earliest Candidate Selection, Janssen will have the first right to institute infringement suits or take other action under the [***], in each case to the extent the same is directed to a Product Infringement, including defense of a declaratory judgment action with respect to a potential Product Infringement (whether prior to or after the First Commercial Sale of such Licensed CD28 Product or Plamotamab Product (as applicable)) (each, an "**Infringement Action**"). Janssen will have the right to institute such suit or other appropriate action in the name of Xencor or of Janssen, or in the names of both of them. For clarity, Janssen will have the right to institute infringement suits or take other action under Patents owned or controlled by Janssen (not Joint Patents), provided that Janssen will keep Xencor reasonably updated on the progress of any such suits or actions.

9.4.2.2 If Janssen institutes or undertakes an Infringement Action in accordance with Section 9.4.2.1, Xencor will cooperate fully with Janssen in its efforts to protect such Patents and will agree to be a party in any suit, if required, in each case with respect to such Infringement Action, in each case at Janssen's sole expense. Xencor will have the right, in Xencor's sole discretion and at Xencor's expense, to join or otherwise participate in such Infringement Action with legal counsel selected by Xencor. Janssen will notify and keep Xencor apprised in writing of such Infringement Action and will consider and take into account Xencor's reasonable interests and requests regarding such Infringement Action.

9.4.2.3 If Janssen does not institute or undertake an Infringement Action in accordance with Section 9.4.2.1 for a period [***] after being requested by Xencor to do so, or (if sooner) at least [***] prior to the last date such Infringement Action may be brought, Xencor may institute or undertake and thereafter control such Infringement Action. In such event, Xencor will have the right, but not the obligation, to institute or undertake such suit or other appropriate Infringement Action in the name of Xencor or of Janssen or in the names of both of them. Janssen will cooperate fully with Xencor in its efforts to protect such Patents and will agree to be a party in any suit, if required, in each case with respect to such Infringement Action, in each case at Xencor's sole expense. Janssen will have the right, in Janssen's sole discretion

and at Janssen's expense, to join or otherwise participate in such Infringement Action with legal counsel selected by Janssen. Xencor will notify and keep Janssen apprised in writing of such Infringement Action and will consider and take into account Janssen's reasonable interests and requests regarding such Infringement Action.

9.4.3 Enforcement of Joint Patents other than [***].

9.4.3.1 Xencor will have the first right to institute infringement suits or take other actions directed to a Product Infringement of [***], including defense of a declaratory judgment action with respect to a potential Product Infringement. Xencor will have the right to institute such suit or other appropriate action in the name of Xencor or of Janssen, or in the names of both of them. Janssen will cooperate fully with Xencor in its efforts to protect such Patents and will agree to be a party in any suit, if required, at Xencor's sole expense. Xencor will notify and keep Janssen apprised in writing of such action and will consider and take into account Janssen's reasonable interests and requests regarding such action.

9.4.3.2 If Xencor does not institute or undertake an action in accordance with Section 9.4.3.1 for a period of [***] after being requested by Janssen to do so, or (if sooner) at least [***] prior to the last date such action may be brought, then Janssen may institute or undertake and thereafter control such action, in the name of Xencor or of Janssen or in the names of both of them. Janssen will cooperate fully with Xencor in its efforts to protect such Patents and will agree to be a party in any suit, if required, at Janssen's sole expense.

9.4.4 Conduct of Patent Litigation under the Biologics Price Competition and Innovation Act. If either Party receives a copy of an application submitted to the FDA under subsection (k) of Section 351 of the PHSA or equivalent in any other jurisdiction pertaining to and naming a Licensed CD28 Product as a reference product (a "**Biosimilar Application**") or otherwise becomes aware that such a Biosimilar Application has been filed (such as in an instance described in Section 351(l)(9)(C) of the PHSA), such Party will, within [***], notify the other Party so that the other Party may seek permission to view the application and related confidential information from the filer of the Biosimilar Application under Section 351(l)(1)(B)(iii) of the PHSA or equivalent in any other jurisdiction. If either Party receives any equivalent or similar certification or notice in any other jurisdiction, such Party will, within [***], notify and provide the other Party with copies of such communication. Regardless of the Party that is the "reference product sponsor" for purposes of such Biosimilar Application, Janssen will have the first right, but not the obligation, to initiate an Infringement Action against the filer of the Biosimilar Application to enforce any [***], including whether or not to utilize, in whole or in part, the procedures provided in Section 351 of the PHSA or equivalent in any other jurisdiction. If Janssen institutes any such Infringement Action, then Xencor will join as a party to such claim, suit or proceeding requiring it as a party at Xencor's sole cost and expense. If Janssen does not institute or undertake such an Infringement Action for a period [***] after being requested by Xencor to do so, or (if sooner) at least [***] prior to the last date such Infringement Action may be brought, Xencor may institute or undertake and thereafter control such Infringement Action at Xencor's sole cost and expense. With respect to a [***] and to the

extent the action is under this Section, Xencor will determine whether any infringement suit or other action will be initiated, and if so, which Party will have the right to initiate and undertake such action and other matters pertaining to such action.

9.4.5 Cooperation. In any Infringement Action brought under this Section 9.4 in any jurisdiction, each Party will reasonably cooperate with each other, in good faith, relative to the other Party's efforts to protect the applicable Patents and will agree to be a party to such Infringement Action, if necessary. Notwithstanding anything to the contrary in this Section 9.4, neither Party will settle or compromise any related defense or infringement suit brought under the [***] pursuant to this Section 9.4 without the prior written consent of the other Party, which consent will not be unreasonably withheld. Furthermore, each Party will provide the other Party with reasonable prior notice and opportunity to review and comment, and will consider in good faith all reasonable comments from the other Party on, any proposed arguments asserted or to be asserted in any enforcement action under this Section 9.4.

9.4.6 Recoveries. With respect to any Infringement Action or other action against a Product Infringement initiated pursuant to this Section 9.4, any recovery obtained as a result of any such proceeding, by settlement or otherwise, will be applied in the following order of priority:

(a) first, the Parties will be reimbursed for all out-of-pocket expenses incurred by the Parties in connection with such Infringement Action or other action and not otherwise recovered (which reimbursement will be made proportionally if such recovery is less than the total of such out-of-pocket expenses); and

(b) any remainder will be (i) [***] if recovered by Janssen and (ii) if recovered by Xencor, allocated [***].

9.4.7 Upstream Limitations. Each Party's rights to enforce or defend a Xencor Patent, Xencor Research Patent, or Joint Patent against a Product Infringement pursuant to this Section 9.4 will be subject to the applicable provisions of any agreements between the Party controlling such Patents and its licensor.

9.4.8 Other Enforcement of Xencor Patents, Janssen Patents and Joint Patents. As between the Parties, Xencor will have the sole right, in its sole discretion, to enforce any [***] against any infringement that is not a Product Infringement and to retain all related recoveries, and Janssen will have the sole right, in its sole discretion, to enforce any Janssen Patent against any infringement that is not a Product Infringement and to retain all related recoveries. If there is any infringement of any Joint Patent that is not a [***], then each Party will have the right to enforce such Joint Patent at its sole expense.

9.5 Patent Term Extensions. Janssen will have the sole discretion, after consultation with Xencor, to determine which [***], if any, are extended with respect to any Licensed CD28 Product or Plamotamab Product (as the case may be) pursuant to the U.S. Drug Price

Competition and Patent Term Restoration Act of 1984, the Supplementary Certificate of Protection of Member States of the EU and other similar measures in other jurisdictions worldwide. Upon Janssen's request, the Parties will discuss whether any [***] will be extended with respect to any Licensed CD28 Product or Plamotamab Product (as the case may be), which extension may be made only with Xencor's written consent. Xencor and Janssen will each cooperate and use reasonable efforts to gain any such patent term extension permitted under this Section 9.5. All filings for such extensions will be made by the Party responsible for the Prosecution of such Patents.

9.6 Regulatory Data Protection. To the extent required by or permitted by Law, Xencor and Janssen will each cooperate with one another and will use Diligent Efforts to promptly, accurately and completely list, with the applicable Regulatory Authorities during the Term, all applicable Licensed CD28 Products or Plamotamab Products (as the case may be) that Janssen intends to, or has begun to, Commercialize and that, in case of the United States, have become the subject of an application for a Marketing Approval submitted to FDA, such listings to include all so called "**Purple Book**" listings of biologic products by both the Center for Drug Evaluation and Research (CDER) and Center for Biologics Evaluation and Research (CBER) required under section 351(a) of the PHSA and any foreign equivalent, and will cooperate and use Diligent Efforts to secure all applicable exclusivity protection available as a Biologic Reference Product under the Purple Book.

9.7 Patent Invalidity Claims.

9.7.1 Right to Respond. If during the Term a Third Party initiates a patent opposition, reexamination, or other proceeding in the US Patent Office, European Patent Office or foreign equivalent, asserting that [***] are invalid or otherwise unenforceable (an "**Invalidity Claim**"), the Parties will treat this as a Prosecution in accordance with Section 9.3.1 or Section 9.3.3. For the avoidance of doubt, any response to a Third Party declaratory judgment action with respect to [***] claims or a counterclaim of invalidity or unenforceability of such claims made in the context of an Infringement Action, to the extent the same pertains to a potential Product Infringement, will be deemed an Infringement Action and will be governed by Section 9.4.

9.7.2 Invalidity Claims. The non-controlling Party will cooperate with the controlling Party in the preparation and formulation of a response to an Invalidity Claim, and in taking other steps reasonably necessary to respond, to such Invalidity Claim. The controlling Party will have the sole and exclusive right to select counsel for the response to such Invalidity Claim. The non-controlling Party will also have the right to participate and be represented relative to such proceeding by its own counsel at its own expense. The controlling Party will not settle or compromise any Invalidity Claim in a manner that admits the invalidity or unenforceability of any [***], or that requires a payment to the Third Party in respect of such Invalidity Claim, without the consent of the other Party, which consent will not be unreasonably withheld. For clarity, "control" under this Section will mean final decision-making authority regarding Prosecution.

9.8 Claimed Infringement. Each of the Parties will promptly notify the other in the event that any Third Party files any suit or brings any other action alleging patent infringement by Janssen or Xencor with respect to the Exploitation of Plamotamab or a Plamotamab Product or any Licensed CD28 Antibody or a Licensed CD28 Product (any such suit or other action referred to herein as an "**Infringement Claim**"). In the event of any Infringement Claim, the Parties will promptly, and within [***] of notice from either Party to the other thereof, discuss which Party will control the response to such Infringement Claim, and if the Parties do not mutually agree upon which Party will control, then Janssen will have the right to control the defense of such Infringement Claim. Upon the request of the Party controlling the response to the Infringement Claim, the other Party will reasonably cooperate with the controlling Party at the controlling Party's expense in the reasonable defense of such Infringement Claim. The other Party will have the right to consult with the controlling Party concerning any Infringement Claim and to participate in and be represented by independent counsel in any associated litigation at its own expense. The damages or recovery obtained by the Third Party asserting such Infringement Claim will be paid by Janssen. Notwithstanding the foregoing, (i) no settlement will be entered into, or accepted, without the prior written consent of the other Party if such settlement would materially adversely affect the rights and benefits of, or impose or adversely affect any obligations on, such other Party, which consent will not unreasonably be withheld, delayed or conditioned, and (ii) the Parties' rights and obligations under this Section 9.8 will be subject to ARTICLE 12, if applicable.

9.9 Acquirer Intellectual Property.

9.9.1 If Xencor undergoes a Change of Control, all Xencor Research Intellectual Property, Xencor Intellectual Property and Xencor Plamotamab Intellectual Property Controlled by Xencor immediately before the consummation of the Change of Control shall continue to be Xencor Research Intellectual Property, Xencor Intellectual Property or Xencor Plamotamab Intellectual Property, as applicable, for purposes of this Agreement. "**Acquirer Intellectual Property**" means any Patents or Know-How Controlled by the Acquirer (or any other Affiliate of Xencor that becomes an Affiliate through any Change of Control of Xencor) that were Controlled by the Acquirer or such other Affiliate (and not Xencor) immediately prior to such Change of Control (other than as a result of a license or other grant of rights, covenant or assignment by Xencor or its other Affiliates to, or for the benefit of, the Acquirer or such Affiliate). For purposes of this Section 9.9.1, references in the definition of "Control" to "a Party" will be deemed to include the Acquirer and its Affiliates.

9.9.2 Notwithstanding anything to the contrary in this Agreement, Xencor Research Intellectual Property, Xencor Intellectual Property and Xencor Plamotamab Intellectual Property shall not be deemed to include (and Xencor and its Affiliates shall not be deemed to Control) any Acquirer Intellectual Property unless and solely to the extent such Acquirer Intellectual Property is used by Xencor or the Acquirer, or any of their respective Affiliates, to Research any Primary Antibody. Xencor will notify Janssen in advance before using any Acquirer Intellectual Property to Exploit any Licensed CD28 Antibody, Licensed CD28 Product, Plamotamab or Plamotamab Product under this Agreement.

9.10 Trademarks. Janssen shall have the sole and exclusive right to, in its sole discretion, develop and select (and conduct clearance searches for) the trademark(s) used to brand the Licensed CD28 Products and Plamotamab Products (including any CD28/Plamotamab Combinations) in the Territory, which may vary by country or within a country (the "**Product Marks**"). For clarity, Product Marks do not include any corporate names and logos of Janssen. As between the Parties, Janssen shall own all rights in the Product Marks and shall register and maintain, in its sole discretion and at its own cost and expense, the Product Marks in the countries and regions in the Territory that it determines to be appropriate. Janssen shall have the sole right, in its discretion and at its expense, to defend and enforce the Product Marks.

ARTICLE 10
CONFIDENTIALITY AND PUBLICITY

10.1 Non-Disclosure and Non-Use.

10.1.1 During the Term and [***], the Party (the "**Receiving Party**") receiving or otherwise in possession of Confidential Information of the other Party (the "**Disclosing Party**") will: (a) maintain in confidence such Confidential Information using not less than the efforts such Receiving Party uses to maintain in confidence its own confidential or proprietary information of similar kind and value (but no less than reasonable efforts); (b) not disclose such Confidential Information to any Third Party without the prior written consent of the Disclosing Party, except for disclosures expressly permitted in Sections 10.3 and 10.4; and (c) not use such Confidential Information for any purpose except those permitted by this Agreement, internal management and operations directly related to this Agreement or, in the case of Janssen, in connection with the making of voting or investment decisions with respect to the shares of Xencor acquired by Janssen or its Affiliate (it being understood that this ARTICLE 10 does not create or imply any rights or licenses not expressly granted under this Agreement).

10.1.2 "**Confidential Information**" means all non-public or proprietary information (a) disclosed orally, visually, in writing or other form by or on behalf of a Party (or an Affiliate or representative of such Party) to the other Party (or to an Affiliate or representative of such Party) pursuant to or in connection with this Agreement, whether prior to, on or after the Execution Date or (b) expressly designated as Confidential Information of a Party under another provision of this Agreement.

10.1.3 Any Know-How that is a Janssen Assigned Invention will be deemed the Confidential Information of Xencor only.

10.1.4 Any data or non-public information relating to the Licensed CD28 Antibodies generated by either Party in the performance of the Research Program activities under this Agreement ("**Research Program Results**") is deemed to be the Confidential Information of both Parties during the Term. After the Term, (a) all Research Program Results generated by Xencor shall be deemed the Confidential Information of Xencor (and not Janssen), and (b) all Research

Program Results generated by Janssen shall be deemed the Confidential Information of Janssen (and not Xencor), subject to the license granted to Xencor by Janssen under Section 13.5.2.2.

10.2 Exceptions.

The obligations in Section 10.1 will not apply to the extent of any portion of the Confidential Information that the Receiving Party can show by competent written evidence:

(a) is publicly disclosed by the Disclosing Party, either before or after it is disclosed to the Receiving Party under this Agreement;

(b) was known to the Receiving Party or any of its Affiliates, without any obligation to the Disclosing Party to keep it confidential or any restriction on its use, before disclosure to the Receiving Party or any of its Affiliates by the Disclosing Party;

(c) is subsequently disclosed to the Receiving Party or any of its Affiliates on a non-confidential basis by a Third Party that, to the Receiving Party's knowledge after due inquiry, is not bound by a duty of confidentiality to the Disclosing Party or restriction on its use;

(d) is now, or hereafter becomes, through no act or failure to act on the part of the Receiving Party or any of its Affiliates in violation of this Agreement, generally known or available, either before or after it is disclosed to the Receiving Party by the Disclosing Party; or

(e) is independently discovered or created by or on behalf of the Receiving Party or any of its Affiliates without the use of or reference to the Confidential Information of the Disclosing Party.

10.3 Authorized Disclosure. The Receiving Party may disclose Confidential Information of the Disclosing Party only to the extent such disclosure is reasonably necessary in the following instances:

(a) filing, prosecuting, maintaining, enforcing or defending Patents as permitted by this Agreement;

(b) as reasonably required in generating regulatory documentation (including INDs/CTAs and Drug Approval Applications) and filing for and obtaining regulatory licenses as permitted by this Agreement;

(c) prosecuting or defending litigation, including responding to a subpoena in a Third Party litigation;

(d) subject to Section 10.4, complying with applicable Law (including regulations promulgated by securities exchanges) or court or administrative orders, including as a result of any actions taken by a Party not in violation of this Agreement;

(e) complying with any obligation under this Agreement, or as otherwise expressly permitted under Section 7.6.2.2; or

(f) to its Affiliates and existing or prospective (sub)licensees, subcontractors, consultants, agents and advisors to the extent reasonably necessary for the Receiving Party to exercise its rights or fulfill its obligations under this Agreement or to a prospective Acquirer or (sub)licensee in connection with bona fide due diligence, each of whom before disclosure must be bound by obligations of confidentiality and restrictions on use of such Confidential Information that are no less restrictive than the obligations in this ARTICLE 10, provided that the Receiving Party will remain responsible for any violation of such confidentiality provisions by any Person who receives Confidential Information pursuant to this Section 10.3(f) and provided further that Xencor may not disclose any Confidential Information of Janssen to a prospective Acquirer unless and until such Third Party has provided Xencor with a written proposal for a Change of Control transaction (including financial compensation) and Xencor's board of directors has determined (or is considering whether) to pursue negotiations with such prospective Acquirer with respect to such proposal.

If and whenever any Confidential Information is disclosed in accordance with this Section 10.3, such disclosure will not cause such information to cease to be Confidential Information for purposes of this Agreement, except to the extent that such disclosure results in a public disclosure of such information (other than by breach of this Agreement). Notwithstanding the foregoing, if a Party intends to make a disclosure of the other Party's Confidential Information pursuant to Section 10.3(c) or Section 10.3(d), it will, except where impracticable or not legally permitted, give [***] advance notice (or, if [***] notice is not possible under the circumstances, reasonable advance notice) to the other Party of such disclosure and use not less than the same efforts to secure confidential treatment of such information as it would to protect its own confidential information from disclosure (but no less than reasonable efforts).

10.4 Terms of Agreement. This Agreement and all of the terms of this Agreement will be treated as Confidential Information of each Party. In addition to the disclosures permitted under Section 10.3, either Party may disclose the terms of this Agreement and other information relating to this Agreement or the transactions contemplated by this Agreement to the extent required, in the reasonable opinion of such Party's counsel, to comply with the rules and regulations promulgated by the United States Securities and Exchange Commission or the Nasdaq Stock Market or similar security regulatory authorities or stock market in other countries, including as a result of any actions taken by a Party not in violation of this Agreement. If a Party intends to disclose this Agreement or any of its terms or other such information in accordance with this Section 10.4, such Party will, except where impracticable or not legally permitted, give reasonable advance notice to the other Party of such disclosure and seek confidential treatment of

portions of this Agreement or such terms or information, as may be reasonably requested by the other Party in a timely manner.

10.5 Publicity.

10.5.1 Initial Press Release. Each Party may, but is not obligated to, make a public announcement of the execution of this Agreement in the form attached as Exhibit 10.5.1 to this Agreement, which will be issued at a time to be mutually agreed by the Parties no later than [***] after the Execution Date.

10.5.2 Further Publicity. Except as required to comply with applicable Law or as permitted by Section 10.3, 10.4 or 10.5.1, if either Party intends to issue any press release or make other public statement disclosing any information relating to this Agreement, it will give the other Party a reasonable opportunity to review and comment and will consider any such comments in good faith. In addition, such Party will not issue such press release or public statement without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed. If a Party intends to issue such a press release or other public statement as required to comply with applicable Law, such Party will, except where impracticable or not legally permitted, give reasonable advance notice to the other Party of such disclosure. Notwithstanding the foregoing, once information relating this Agreement has been publicly disclosed as permitted under this Agreement, neither Party is required to obtain the other Party's consent or provide notice of its further public disclosure, provided that such information remains accurate and not misleading in all material respects at the time of such further public disclosure.

10.6 Prior Non-Disclosure Agreement. As of the Execution Date, the terms of this ARTICLE 10 supersede the Mutual Confidentiality Disclosure Agreement by and between Janssen Research & Development, LLC ("**JRD**") and Xencor [***]. Any information disclosed pursuant to such agreement that was deemed "Confidential Information" under such agreement is deemed to be Confidential Information under this Agreement.

10.7 Equitable Relief. Given the nature of the Confidential Information and the competitive damage that may result to a Party upon unauthorized disclosure, use or transfer of its Confidential Information to any Third Party, the Parties agree that monetary damages may not be a sufficient remedy for any breach of this ARTICLE 10. In addition to all other remedies, a Party is entitled to seek specific performance and injunctive and other equitable relief as a remedy for any breach or threatened breach of this.

10.8 Publications.

10.8.1 Either Party may publish or present results of any Clinical Study conducted by such Party relating to a Licensed CD28 Product or a Plamotamab Product in journals or at conferences, subject to the prior review and comment by the other Party as set forth in Section 10.8.2. The Party who conducted a Clinical Study is responsible for registering such Clinical

Study in the appropriate clinical study registry and reporting Clinical Study results as may be required under applicable Law.

10.8.2 The publishing Party will provide the non-publishing Party with the opportunity to review any such proposed abstract, manuscript or presentation by delivering a copy of it to the non-publishing Party no less than [***] before its intended submission for publication or presentation. The non-publishing Party will have [***] of its receipt of any such abstract, manuscript or presentation to comment, and the publishing Party will consider in good faith such non-publishing Party's comments in such abstract, manuscript or presentation. If the non-publishing Party objects to the disclosure in writing within the applicable review period, the publishing Party must delete from the proposed disclosure any of the non-publishing Party's Confidential Information upon the request of the non-publishing Party. In the event of concern over patent protection, the publishing Party may not submit such publication or make such presentation containing such information until the non-publishing Party is given a reasonable period of time, and in no event less than [***], to seek patent protection for any material in such publication or presentation which it believes is patentable, unless the publishing Party reasonably determines that publication of such information is required by applicable Law.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES; CERTAIN COVENANTS

11.1 Representations of Authority. Xencor and Janssen each represents and warrants to the other Party that, as of the Execution Date, it has full corporate right, power and authority to enter into this Agreement and to perform its respective obligations under this Agreement and that it has the right to grant to the other the licenses and sublicenses granted pursuant to this Agreement.

11.2 Consents. Xencor and Janssen each represents and warrants to the other Party that, except for any regulatory licenses, pricing or reimbursement approvals, manufacturing approvals or similar approvals necessary for the Exploitation of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products, all necessary consents, approvals and authorizations of all government authorities and other persons required to be obtained by it as of the Execution Date in connection with the execution, delivery and performance of this Agreement (as contemplated as of the Execution Date) have been obtained by the Execution Date, except for those required under the HSR Act or that would not, individually or in the aggregate, be reasonably expected to have a material adverse effect on the Exploitation of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products.

11.3 No Conflict. Xencor and Janssen each represents and warrants to the other Party that, notwithstanding anything to the contrary in this Agreement, the execution and delivery of this Agreement by such Party, the performance of such Party's obligations under this Agreement (as contemplated as of the Execution Date) and the licenses and sublicenses to be granted by such Party pursuant to this Agreement (i) do not conflict with or violate with such Party's organizational documents or any requirement of Laws existing as of the Execution Date and

applicable to such Party and (ii) do not conflict with, violate, breach or constitute a default under any contractual obligations of such Party or any of its Affiliates existing as of the Execution Date, except, in each case, for those conflicts, violations, breaches or defaults that would not, individually or in the aggregate, be reasonably expected to have a material adverse effect on the Exploitation of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products.

11.4 Enforceability. Xencor and Janssen each represents and warrants to the other Party that, as of the Execution Date, this Agreement is a legal and valid obligation binding upon it and is enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other Laws affecting the rights of creditors generally and general equitable principles (whether considered in a proceeding in equity or at law).

11.5 Additional Representations and Warranties of Xencor for Licensed CD28 Products. Xencor represents and warrants to Janssen that, as of the Execution Date:

11.5.1 Except for [***], neither Xencor nor any of its Affiliates is party to any license agreement with a Third Party in effect on the Execution Date pursuant to which Xencor (or their respective Affiliates) is obligated to pay any amount to such Third Party to practice the Xencor Research Patents or Xencor Patents that Cover Specified Xencor Know-How, or any Specified Xencor Know-How that relates to the Xencor Binding Domains, with respect to Xencor's (or their respective Affiliates') Exploitation of Licensed CD28 Antibodies and Licensed CD28 Products pursuant to this Agreement.

11.5.2 Except for [***], to the knowledge of Xencor, Xencor exclusively owns all Xencor Research Patents and Xencor Patents that Cover Specified Xencor Know-How, licensed to Janssen hereunder that exists on the Execution Date (the "**Existing Xencor Intellectual Property**"). Except for [***], no Xencor Research Patents or Xencor Patents that relate to the Xencor Binding Domains licensed to Janssen hereunder are licensed to Xencor by a Third Party. Except for [***], Xencor is the exclusive owner of all Patents set forth in Schedule 11.5.10. There are no agreements with any Third Party pursuant to which Xencor has licensed to Third Parties rights with respect to the Licensed CD28 Antibodies or Licensed CD28 Products. With respect to the inventions related to the CD28 Binding Domains set forth on Schedule 11.5.2 (the "**Xencor CD28 Inventions**"): (a) none of the Xencor CD28 Inventions are licensed to Xencor by a Third Party; (b) Xencor has not disclosed any sequence of any Xencor CD28 Invention to any Third Party; and (c) there are no agreements with any Third Party pursuant to which Xencor has licensed to such Third Party rights with respect to any of the Xencor CD28 Inventions.

11.5.3 Xencor has all rights necessary to grant the licenses under the Xencor Research Intellectual Property and Xencor Intellectual Property that it grants to Janssen in this Agreement.

11.5.4 Xencor has not previously licensed, assigned, transferred, or otherwise conveyed to any Third Party any right, title or interest in, to or under the Existing Xencor Intellectual

Property in any way that would legally conflict with the licenses and rights granted to Janssen under this Agreement. Xencor has not previously otherwise granted any rights to any Third Party in any way that would legally conflict with the licenses and rights granted to Janssen under this Agreement.

11.5.5 Xencor has not entered into any agreement that would create a lien, charge or encumbrance with respect to the Xencor Research Patents or Xencor Patents, and the Xencor Research Patents and Xencor Patents are free and clear of any liens, charges and encumbrances, in either case that would conflict with the license grants to Janssen under this Agreement. For clarity, a license granted by Xencor to a Third Party does not constitute an "encumbrance" for purposes of this Section 11.5.5.

11.5.6 To the knowledge of Xencor, neither Xencor nor any of its Affiliates or their respective current or former employees has misappropriated any of (i) the Know-How necessary or used by Xencor for the Exploitation of the Licensed CD28 Antibodies and Licensed CD28 Products by Xencor as of the Execution Date, or (ii) the Xencor Research Know-How, in each case from any Third Party, and Xencor is not aware of any claim by a Third Party that such misappropriation has occurred.

11.5.7 Xencor has not received any written notice of any existing or threatened actions, suits or other proceedings pending against it with respect to the Xencor Research Intellectual Property or Xencor Intellectual Property (other than patent office actions or the actions of any Regulatory Authority) that have not already been disclosed to Janssen.

11.5.8 Except as already disclosed, Xencor has not received written notice from a Third Party claiming that a patent owned by such Third Party would be infringed by the manufacture, use, sale, offer for sale or import of the Licensed CD28 Antibodies or Licensed CD28 Products in the Territory, and no Third Party has threatened in writing to make any such claim.

11.5.9 To the knowledge of Xencor, the use, practice or application by Xencor or Janssen (or their respective Affiliates or sublicensees) of any Specified Xencor Know-How that relates to the Xencor Binding Domains as contemplated under the Research Plan would not misappropriate the intellectual property of any Third Party. To the knowledge of Xencor, the use, practice or application by Xencor or Janssen (or their respective Affiliates or sublicensees) of any Xencor CD28 Invention would not infringe any claim of an issued and unexpired patent of any Third Party.

11.5.10 The Patents listed in Schedule 11.5.10 represent all Patents that are existing as of the Execution Date that Xencor or any of its Affiliates owns or Controls that Cover or first disclose in a Patent any invention Controlled by Xencor that Xencor reasonably believes may Cover a Primary Antibody. Xencor: (i) is not aware of any claim made against it asserting the invalidity, misuse, unregisterability, unenforceability or non-infringement of any of such listed Patents other than patent office actions or the actions of any Regulatory Authority and; and

(ii) is not aware of any claim made against it challenging Xencor's Control of such listed Patents or making any adverse claim of ownership of the rights of Xencor to such listed Patents.

11.5.11 Xencor has not prepared, filed or obtained any INDs/CTAs, Drug Approval Applications or any other regulatory documentation or regulatory licenses for any Licensed CD28 Antibodies or Licensed CD28 Products in any jurisdiction.

11.5.12 Xencor has conducted, and has used reasonable efforts to cause its contractors and consultants to conduct, the Research, Development and Manufacture of the Licensed CD28 Antibodies and Licensed CD28 Products in accordance in all material respects with applicable Law, including as applicable GCP and GLP.

11.5.13 Neither Xencor nor any of its Affiliates has conducted (or had a Third Party conduct on its behalf) before the Execution Date any Research, Development or Manufacture of any Antibody that comprises a Binding Domain which binds any epitope of a Research B-Cell Antigen and a CD28 Binding Domain or any product that contains such an Antibody, except to the extent that Xencor disclosed in writing such Antibodies to Janssen before the Execution Date. Xencor has made available to Janssen all material information in Xencor's or its Affiliate's Control relating to its activities concerning such Antibodies.

11.5.14 There is no claim, action, suit, arbitration, inquiry, audit or investigation by or before any Governmental Authority pending or, to the knowledge of Xencor, threatened against Xencor or involving any of the Licensed CD28 Antibodies or Licensed CD28 Products. There is no award, stay, writ, judgement, injunction, decree or similar order of any Governmental Authority outstanding, or to Xencor's knowledge pending, involving Xencor or any of the Licensed CD28 Antibodies or Licensed CD28 Products. No clinical trial of any Licensed CD28 Product has been conducted by or on behalf of Xencor.

11.5.15 Neither Xencor nor any of its Affiliates is or has been a party to any agreement with a Governmental Authority pursuant to which such Governmental Authority provided or may provide funding for the Development of any Licensed CD28 Antibody or Licensed CD28 Product. None of the Xencor Research Patents, Xencor Patents or Xencor Research Know-How are or include any invention that was conceived or first actually reduced to practice in the performance of work under a funding agreement between Xencor and any Governmental Authority.

Notwithstanding the foregoing, Xencor makes no representations or warranties (and none of the foregoing representations and warranties shall apply) with respect to any Licensed CD28 Antibody disclosed in Schedule 1.64 or any activities with respect thereto except to the extent the breach of such representation or warranty relates to Xencor's use or incorporation of a Xencor Binding Domain or Xencor Research Intellectual Property in such antibody or to Janssen's use or incorporation of a Xencor Binding Domain in such antibody.

11.6 Additional Representations and Warranties of Xencor for Plamotamab Products. Xencor represents and warrants to Janssen that, as of the Execution Date:

11.6.1 Except for the Existing Third Party Agreements set forth on Schedule 11.6.1, neither Xencor nor any of its Affiliates is party to any license agreement with a Third Party in effect on the Execution Date pursuant to which Xencor (or their respective Affiliates) is obligated to pay any amount to such Third Party for the practice of any intellectual property rights with respect to (a) Xencor's (or their respective Affiliates') Exploitation of Primary Plamotamab and Plamotamab Products existing as of the Execution Date ("**Primary Plamotamab Products**") or (b) the Parties' Exploitation of Plamotamab and Plamotamab Products as expressly contemplated by the Initial Development Activities.

11.6.2 The Existing Third Party Agreements constitute all agreements pursuant to which Xencor has licensed rights with respect to Primary Plamotamab, Primary Plamotamab Products and the Xencor Plamotamab Intellectual Property that is both: (a) licensed to Janssen hereunder; and (b) necessary to (i) Exploit Primary Plamotamab and Primary Plamotamab Products or (ii) Exploit Plamotamab and Plamotamab Products as expressly contemplated by the Initial Development Activities. Xencor has provided Janssen with a copy of each such Existing Third Party Agreement as well as all other material agreements related to Primary Plamotamab Products existing as of the Execution Date. Xencor has not received any written notice that it is not in compliance with the terms of any such agreement.

11.6.3 Xencor, together with its Affiliates, are the sole and exclusive owners of, or otherwise Control, the Xencor Plamotamab Intellectual Property. Xencor has all rights necessary to grant the licenses under the Xencor Plamotamab Intellectual Property that it grants to Janssen in this Agreement.

11.6.4 Xencor has not previously (i) licensed, assigned, transferred, or otherwise conveyed any right, title or interest in, to or under the Patents that are Xencor Plamotamab Intellectual Property, or (ii) otherwise granted any rights, in each case, to any Third Party in any way that would legally conflict with the licenses and rights granted to Janssen under this Agreement.

11.6.5 Except to the extent set forth in the Novartis Agreements, Xencor has not entered into any agreement that would create a lien, charge or encumbrance with respect to the Xencor Plamotamab Patents, and the Xencor Plamotamab Patents are free and clear of any liens, charges and encumbrances, in either case that would conflict with the license grants to Janssen under this Agreement. For clarity, a license granted by Xencor to a Third Party does not constitute an "encumbrance" for purposes of this Section 11.6.5.

11.6.6 To the knowledge of Xencor, neither Xencor nor any of its Affiliates or their respective current or former employees has misappropriated any of (i) the Know-How necessary or used by Xencor for the Exploitation of Plamotamab and Plamotamab Products by Xencor as of the Execution Date, or (ii) the Xencor Plamotamab Know-How, in each case from any Third

Party, and Xencor is not aware of any claim by a Third Party that such misappropriation has occurred.

11.6.7 Xencor has not received any written notice of any existing or threatened actions, suits or other proceedings pending against it with respect to the Xencor Plamotamab Intellectual Property (other than patent office actions or the actions of any Regulatory Authority) that have not already been disclosed to Janssen.

11.6.8 Except as already disclosed to Janssen in writing (including, without limitation, in any public securities filing), Xencor has no knowledge of, and has not received written notice from a Third Party claiming that, any patent owned by a Third Party would be infringed by the manufacture, use, sale, offer for sale or import of Plamotamab or Plamotamab Products in the Territory, and no Third Party has threatened to make any such claim.

11.6.9 To Xencor's knowledge, except as already disclosed to Janssen in writing (including, without limitation, in any public securities filing), the use, practice or application by Xencor or Janssen (or their respective Affiliates or sublicensees) of any of the Xencor Plamotamab Intellectual Property as contemplated by the Initial Development Activities does not infringe any claim of an issued and unexpired patent of any Third Party or misappropriate the intellectual property of any Third Party.

11.6.10 The Patents listed in Schedule 11.6.10 represent all Patents that Xencor or any of its Affiliates owns or Controls that Cover or disclose any invention necessary or used by Xencor for the Exploitation of Plamotamab Products utilized therein as of the Execution Date. Xencor: (i) is not aware of any claim made against it asserting the invalidity, misuse, unregisterability, unenforceability or non-infringement of any of listed Patents other than patent office actions or the actions of any Regulatory Authority and; and (ii) is not aware of any claim made against it challenging Xencor's Control of listed Patents or making any adverse claim of ownership of the rights of Xencor to listed Patents.

11.6.11 Except as set forth on Schedule 11.6.11, Xencor has not prepared, filed or obtained any INDs/CTAs, Drug Approval Applications or any other regulatory documentation or regulatory licenses for Plamotamab or any Plamotamab Products in any jurisdiction. Xencor has conducted, and has used reasonable efforts to cause its contractors and consultants to conduct, the Research, Development and Manufacture of Plamotamab and Plamotamab Products in accordance in all material respects with applicable Law, professional scientific standards, accepted ethical standards, including as applicable GCP and GLP, and applicable experimental protocols, procedures and controls.

11.6.12 Xencor has made available to Janssen all material information in Xencor's or its Affiliate's control relating to the Research, Development and Manufacture of Plamotamab and Plamotamab Products as conducted by or on behalf of Xencor prior to the Execution Date, including complete and correct copies of the following, if any: adverse event reports; clinical study reports and material study data; and Regulatory Authority inspection

reports, notices of adverse findings, warning letters, regulatory filings and other material correspondence with Regulatory Authorities.

11.6.13 There is no claim, action, suit, arbitration, inquiry, audit or investigation by or before any Governmental Authority pending or, to the knowledge of Xencor, threatened against Xencor or involving Plamotamab or any Plamotamab Products. There is no award, stay, writ, judgement, injunction, decree or similar order of any Governmental Authority outstanding, or to Xencor's knowledge pending, involving Xencor or Plamotamab or any Plamotamab Products.

11.6.14 Neither Xencor nor any of its Affiliates is or has been a party to any agreement with a Governmental Authority pursuant to which such Governmental Authority provided or may provide funding for the Development of Plamotamab or any Plamotamab Products. None of the Xencor Plamotamab Intellectual Property are or include any invention that was conceived or first actually reduced to practice in the performance of work under a funding agreement between Xencor and any Governmental Authority.

11.7 No Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, TO THE OTHER PARTY, AND EACH PARTY HEREBY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT WITH RESPECT TO LICENSED CD28 ANTIBODIES, LICENSED CD28 PRODUCTS, PLAMOTAMAB AND PLAMOTAMAB PRODUCTS. EACH PARTY HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY THAT THE EXPLOITATION OF LICENSED CD28 ANTIBODIES, LICENSED CD28 PRODUCTS, PLAMOTAMAB AND PLAMOTAMAB PRODUCTS PURSUANT TO THIS AGREEMENT WILL BE SUCCESSFUL OR THAT ANY PARTICULAR SALES LEVEL WITH RESPECT TO THE LICENSED CD28 PRODUCTS OR PLAMOTAMAB PRODUCTS WILL BE ACHIEVED.

11.8 No Debarment or Exclusion. Each Party represents and warrants that, as of the Execution Date, neither it nor any of its Affiliates, nor any of their officers, employees or agents has been debarred or is subject to debarment as authorized by Section 306 of the United States Federal Food, Drug, and Cosmetic Act or has been excluded or is subject to exclusion from participation in Government Health Care Programs under 42 U.S.C. § 1320a-7, and neither Party nor any of its Affiliates will use in any capacity, in connection with the Exploitation of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab or Plamotamab Products in the Field, any Person who has been debarred pursuant to Section 306 of the United States Federal Food, Drug, and Cosmetic Act, who is the subject of a conviction described in such section, who has been excluded from participation in Government Health Care Programs under 42 U.S.C. § 1320a-7 or who has been convicted of any crime or engaged in any conduct for which such Person could be excluded from participation in Government Health Care Programs under 42 U.S.C. § 1320a-7. Each Party agrees to inform the other Party in writing immediately if it, any

of its officers, employees or agents, or any Person who is performing services under this Agreement is debarred, is the subject of a conviction described in Section 306 of the United States Federal Food, Drug, and Cosmetic Act, is excluded from participation in Government Health Care Programs under 42 U.S.C. § 1320a-7 or is convicted of any crime for which such Person could be excluded from participation in Government Health Care Programs under 42 U.S.C. § 1320a-7, or if any action, suit, claim, investigation or legal or administrative proceeding is pending or, to the best of such Party's knowledge, is threatened, relating to the debarment, exclusion or conviction of such Party or any Person used in any capacity by such Party or any of its Affiliates in connection with the Exploitation of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab or Plamotamab Products.

11.9 Compliance with Anti-Corruption Laws.

11.9.1 Notwithstanding anything to the contrary in this Agreement, each Party hereby agrees that:

(a) it will not, in the performance of this Agreement, perform any actions that are prohibited by local and other anti-corruption laws (including the provisions of the U.S. Foreign Corrupt Practices Act, collectively "**Anti-Corruption Laws**") that may be applicable to one or both Parties to this Agreement;

(b) it will not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a government official or government employee, to any political party or any candidate for political office or to any other Third Party related to the transaction with the purpose of influencing decisions related to either Party and/or its business in a manner that would violate Anti-Corruption Laws;

(c) Xencor will designate an individual within its organization to receive training from Janssen on Anti-Corruption Laws as well as applicable rules on interactions with health care professionals, as mutually agreed to by the Parties. Such designated individual will then provide such training on Anti-Corruption Laws, using applicable training materials to be provided by Janssen, on at least an annual basis to all persons employed by Xencor who perform any activities under this Agreement and interact with government officials or health care professionals in the normal course of their responsibilities. Upon the Parties' mutual agreement, such training may also be provided directly by Janssen to such employees of Xencor. Xencor and Janssen will each use reasonable efforts to provide such training or training materials to any contractors or subcontractors of such Party engaged to perform activities under this Agreement where such contracted or subcontracted activities include responsibility for, directly or indirectly, interacting with Public Officials. Xencor may fulfill its obligation under the preceding sentence by requesting appropriate materials from Janssen and forwarding such materials, if any, received from Janssen to the applicable contractor or subcontractor. If Xencor is not able to obtain a contractor or subcontractor's agreement to receive such training or materials, Xencor will use reasonable efforts to facilitate an introduction of Janssen to such

contractor or subcontractor and not object to reasonable efforts of Janssen to provide such training or materials to the applicable contractor or subcontractor. Any training and materials provided by Janssen does not relieve Xencor of any obligations it has independent of this Agreement and Xencor will not rely on Janssen's training and materials for any such obligations;

(d) Xencor will, on an annual basis upon request by the other Party, verify in writing that to the best of such Party's knowledge, there have been no violations of Anti-Corruption Laws by such Party or persons employed by or subcontractors used by such Party in the performance of this Agreement, or will provide details of any exception to the foregoing; and

(e) Xencor will maintain records (financial and otherwise) and supporting documentation related to the subject matter of this Agreement in order to document or verify compliance with the provisions of this Section 11.9.1, and upon request of the other Party, up to once per year and upon reasonable advance notice, will provide a Third Party auditor mutually acceptable to the Parties with access to such records for purposes of verifying compliance with the provisions of this Section 11.9.1. Acceptance of a proposed Third Party auditor may not be unreasonably withheld by either Party. It is expressly agreed that the costs related to the Third Party auditor will be fully paid by the Party requesting the audit, and that any auditing activities may not unduly interfere with the normal business operations of Party subject to such auditing activities. The audited Party may require the Third Party auditor to enter into a reasonable confidentiality agreement in connection with such an audit.

11.9.2 Xencor hereby represents and warrants to Janssen that, to its knowledge as of the Execution Date, neither Xencor nor any of its subsidiaries nor any of their Affiliates, directors, officers, employees, distributors, agents, representatives, sales intermediaries or other Third Parties acting on behalf of Xencor or any of its subsidiaries or any of their Affiliates:

(a) has taken any action in violation of any applicable Anti-Corruption Law; or

(b) has corruptly, offered, paid, given, promised to pay or give, or authorized the payment or gift of anything of value, directly or indirectly, to any Public Official (as defined in Section 11.9.4 below), for the purposes of:

(i) influencing any act or decision of any Public Official in his official capacity;

(ii) inducing such Public Official to do or omit to do any act in violation of his lawful duty;

(iii) securing any improper advantage; or

(iv) inducing such Public Official to use his or her influence with a government, governmental entity, or commercial enterprise owned or controlled by any

government (including state-owned or controlled veterinary or medical facilities) in obtaining or retaining any business whatsoever.

11.9.3 Xencor hereby represents and warrants to Janssen that, as of the Execution Date, none of the officers, directors, employees of Xencor or of any of its subsidiaries acting on behalf of Xencor or any of its subsidiaries, in each case that are employed or reside outside the United States, are themselves Public Officials.

11.9.4 For purposes of this Section 11.9, "**Public Official**" means:

(a) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division;

(b) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary or medical facility;

(c) any officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and

(d) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

11.10 Additional Third Party Technology. Xencor shall obtain Janssen's written consent prior to making, identifying, and characterizing any Primary Antibody that cannot be Exploited without Know-How Controlled by Xencor or its Affiliates (or Patents that Cover such Know-How) that is licensed to Xencor (other than pursuant to [***]).

11.11 [***]**.**

11.11.1 [***] are Controlled by Xencor as of the Execution Date. Janssen acknowledges that Xencor's license to [***] is non-exclusive. Accordingly, notwithstanding anything to the contrary in this Agreement, all rights and licenses granted to Janssen under this Agreement with respect to [***] are non-exclusive. Any amounts due to [***] or any other Third Party under [***] shall be the sole responsibility of Xencor.

11.11.2 With respect to [***], Xencor will:

(a) use Diligent Efforts to maintain in full force and effect such agreement (in accordance with its terms) and keep Janssen fully informed of any material development pertaining thereto for so long as [***] or other intellectual property that are the subject of such agreement, as the case may be, are sublicensed to Janssen in accordance with Section 8.1;

(b) not take any action to terminate, modify, amend, waive any right, to the extent incompatible with the rights sublicensed to Janssen in accordance with Section 8.1;

(c) not fail to enforce any right, knowingly breach or otherwise take any other action with respect to such agreement that would reasonably be expected to materially impact the rights granted to Janssen under this Agreement, without the consent of Janssen;

(d) comply in all material respects with the terms of such agreement;

(e) make all payments that become due under such agreement in accordance with the terms of such agreement;

(f) if Xencor or any of its Affiliates receives written notice claiming that Xencor or any of its Affiliates has breached or defaulted under, or is in breach of or default under, its obligations under such agreement, provide a copy thereof to Janssen promptly after receipt and, following consultation with Janssen, consider Janssen's input in good faith and take such actions as may be reasonably necessary to cure any breach or default; and

(g) take all actions reasonably requested by Janssen to provide Janssen with the rights and/or benefits available to Xencor or Janssen as a sublicensee under [***] or under [***].

ARTICLE 12
INDEMNIFICATION; INSURANCE

12.1 Indemnification by Janssen. Janssen will indemnify, defend and hold harmless Xencor and its Affiliates, and their respective officers, directors, employees, agents, sublicensees, and their respective successors, heirs and assigns and representatives (the "**Xencor Indemnitees**"), from and against any and all claims, threatened claims, damages, losses, suits, proceedings, liabilities, costs (including reasonable legal expenses, reasonable costs of litigation and reasonable attorney's fees) or judgments, whether for money or equitable relief, of any kind brought by a Third Party or Governmental Authority (collectively, "**Losses**"), to the extent arising out of or relating to:

(a) the gross negligence, intentional misconduct of or violation of Law by Janssen, its Affiliates, or its sublicensees and its or their respective directors, officers, employees and agents;

(b) any breach of, or inaccuracy in, any representation or warranty made by Janssen in this Agreement, or any breach or violation of any covenant or agreement of Janssen in or pursuant to this Agreement;

(c) the Exploitation of any Licensed CD28 Antibody or Licensed CD28 Product by or for Janssen or any of its Affiliates, sublicensees, agents and contractors; or

(d) the Exploitation of Plamotamab or any Plamotamab Product by or for Janssen or any of its Affiliates, sublicensees, agents and contractors;

except, in each case, to the extent such Losses arise out of or relate to the negligence of Xencor or any of the other Xencor Indemnitees or to the extent otherwise arising out of or relating to clause (a) or clause (b) of Section 12.2.

12.2 Indemnification by Xencor. Xencor will indemnify, defend and hold harmless Janssen and its Affiliates, and their respective officers, directors, employees, agents, sublicensees, and their respective successors, heirs and assigns and representatives (the "**Janssen Indemnitees**"), from and against any and all Losses, to the extent arising out of or relating to:

(a) the gross negligence, intentional misconduct of or violation of Law by Xencor, its Affiliates, or its sublicensees and its or their respective directors, officers, employees and agents;

(b) any breach of, or inaccuracy in, any representation or warranty made by Xencor in this Agreement, or any breach or violation of any covenant or agreement of Xencor in or pursuant to this Agreement;

(c) the Research of any Primary Antibody by or for Xencor or any of its Affiliates, sublicensees, agents and contractors (but not including Losses relating to intellectual property infringement or the subsequent Exploitation of any Licensed CD28 Antibody or Licensed CD28 Product arising out of or relating to such Research by or for Janssen or any of its Affiliates, sublicensees, agents and contractors);

(d) the Detailing of any Licensed CD28 Product by or for Xencor or any of its Affiliates, sublicensees, agents and contractors;

(e) the conduct of any Independent Plamotamab/Tafa Study by or for Xencor or any of its Affiliates, agents and contractors;

(f) the Exploitation of Plamotamab or any Plamotamab Product by or for Xencor or any of its Affiliates, sublicensees, agents and contractors (but not including Losses relating to intellectual property infringement) prior to the Effective Date or in performance of the Phase 1 Exploration Study or the Tafa/len Safety Run-in; or

(g) the making, using, offering for sale, selling or importing of Plamotamab or any Plamotamab Product, as Plamotamab or such Plamotamab Product exists on or before the Execution Date, actually or allegedly infringing any Patents of Merus B.V.

except, in each case, to the extent such Losses arise out of or relate to the negligence of Janssen or any of the other Janssen Indemnitees or to the extent otherwise arising out of or relating to clause (a) or clause (b) of Section 12.1.

12.3 Indemnification Procedures.

12.3.1 Indemnification Claims. A claim to which indemnification applies under Section 12.1 or Section 12.2 will be referred to as an "**Indemnification Claim**".

12.3.2 Notice. If any Person or Persons (collectively, the "**Indemnitee**") intends to claim indemnification under this ARTICLE 12, the Indemnitee will notify the other Party (the "**Indemnitor**") in writing promptly upon becoming aware of any claim that may be an Indemnification Claim; provided, however, that failure of the Indemnitee to give such notice will not relieve the Indemnitor of its indemnification obligation under this ARTICLE 12, except and only to the extent that the Indemnitor is actually prejudiced as a result of such failure to give notice. Each claim notice will describe in reasonable detail the basis for such claim (the "**Claim Basis**") and specify the amount or the estimated amount of Losses actually incurred or paid by the Indemnitee as a result of the Claim Basis, to the extent ascertainable.

12.3.3 Defense of Indemnification Claims. By delivering notice to the Indemnitee within [***] after delivery of notice described in Section 12.3.2, the Indemnitor may assume and control, with the sole power to direct, the defense of the Indemnification Claim at its own expense with counsel selected by the Indemnitor and reasonably acceptable to the Indemnitee. If the Indemnitor does not assume control of the defense of the Indemnification Claim as described in this Section 12.3.3, the Indemnitee will control such defense at Indemnitor's expense (subject to Sections 12.1 and 12.2). The Party not controlling such defense may participate therein at its own expense. The Party controlling the defense of an Indemnification Claim will keep the other Party advised of the status of such Indemnification Claim and the defense thereof and will reasonably consider recommendations made by the other Party with respect thereto. The other Party will cooperate fully with the Party controlling such defense and will make available all pertinent information under its control, which information will be subject to ARTICLE 10, and cause its employees to be available in a deposition, hearing or trial.

12.3.4 Resolution of Indemnification Claims. Neither the Indemnitor nor the Indemnitee will admit fault on behalf of the other Party without the written consent of such other Party. The Indemnitee will not settle or compromise an Indemnification Claim without the prior written consent of the Indemnitor. The Indemnitor will not settle or compromise an Indemnification Claim or consent to any judgment in respect thereof that does not include a complete and unconditional release of the Indemnitee from all liability with respect thereto or that imposes any liability or obligation on the Indemnitee for which the Indemnitee is not indemnified under this Agreement, without the prior written consent of the Indemnitee.

12.4 Insurance. Each Party will acquire and maintain, at its own expense, insurance or self-insurance, as reasonably necessary to cover its own product liability and its obligations under this Agreement. Within [***] following written request from the other Party, each Party will furnish to such other Party a certificate of insurance evidencing such coverage.

ARTICLE 13
TERM AND TERMINATION

13.1 Term. Unless terminated earlier in accordance with this ARTICLE 13, this Agreement will remain in force for the period (the "**Term**") commencing on the Execution Date and ending, on a country-by-country basis and a Product-by-Product or CD28/Plamotamab Combination-by-CD28/Plamotamab Combination basis, as follows: (a) with respect to a Licensed CD28 Product, upon the expiration of the applicable Royalty Term in such country for such Licensed CD28 Product; (b) with respect to a Plamotamab Product, upon the expiration of the applicable Royalty Term in such country for such Plamotamab Product; and (c) with respect to a CD28/Plamotamab Combination, upon the expiration of the applicable Royalty Term in such country for such CD28/Plamotamab Combination. The following provisions will become effective on the Execution Date: ARTICLE 1 (Definitions), ARTICLE 10 (Confidentiality and Publicity), ARTICLE 11 (Representations and Warranties; Certain Covenants), ARTICLE 14 (Efforts to Obtain Clearances), ARTICLE 15 (Dispute Resolution), ARTICLE 16 (Miscellaneous) and this Section 13.1 (Term), Section 13.2 (Termination for Material Breach), Section 13.4 (Provisions for Insolvency), Section 13.5.1.2, Section 13.5.4 (Non-Exclusive Remedy) and Section 13.5.5 (Survival) (with respect to any provisions that become effective on the Execution Date). All other provisions of this Agreement will not become effective until the Effective Date.

13.2 Termination for Material Breach.

13.2.1 Right to Terminate for Material Breach. Either Party (the "**Non-breaching Party**") may terminate this Agreement in its entirety in the event of a material breach of this Agreement by the other Party (the "**Breaching Party**"), by providing [***] prior notice to the Breaching Party (the "**Cure Period**"). Such notice will reasonably describe the alleged material breach in sufficient detail to put the Breaching Party on notice and clearly state the Non-breaching Party's intent to terminate this Agreement if the alleged breach is not cured within the Cure Period. Notwithstanding the foregoing: (a) the Cure Period in connection with a material breach of a payment obligation under ARTICLE 7 will be [***]; and (b) if the alleged material breach (other than a payment breach), by its nature, is curable, but is not reasonably curable within the Cure Period, then such Cure Period will be extended if the Breaching Party provides a written plan for curing such breach to the Non-breaching Party and uses Diligent Efforts to cure such breach in accordance with such written plan, provided that no such extension will exceed [***] without the consent of the Non-breaching Party. A breach of Section 5.1.2.1(b)(i), Section 6.4.1.1 or Section 6.4.2.1 by Janssen will not constitute a material breach of this Agreement for purposes of this Section 13.2.

13.2.2 Disputes. If the Breaching Party disputes in good faith the existence or materiality of a breach specified in a notice provided by the other Party in accordance with Section 13.2, and the Breaching Party provides the other Party notice of such dispute within the Cure Period, then the Non-breaching Party will not have the right to terminate this Agreement under Section 13.2 with respect to such alleged breach unless and until (a) the dispute resolution process in ARTICLE 15 has finally determined that the Breaching Party has materially breached

this Agreement and (b) the Breaching Party fails to cure such material breach within [***] (or [***] in the case of the breach of a payment obligation) following such final determination. It is understood and agreed that, during the pendency of such dispute, all of the terms and conditions of this Agreement will remain in effect and the Parties will continue to perform all of their respective obligations hereunder.

13.3 Other Rights of Termination.

13.3.1 Without Cause. Janssen may, upon [***] prior notice to Xencor, terminate this Agreement in its entirety without cause.

13.3.2 Termination of Plamotamab Program.

13.3.2.1 *Janssen Termination of Plamotamab Program*. Janssen may, upon [***] prior notice to Xencor, terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products without cause as provided in Section 5.1.2.1(a)(i), Section 5.1.2.1(a)(ii)(2) and Section 5.1.2.1(a)(iv)(1). In addition, Janssen may, upon [***] prior notice to Xencor, terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products without cause at any time following completion of the Plamotamab POC Study.

13.3.2.2 *Breach of Plamotamab Diligence Obligations*.

(a) Xencor may terminate this Agreement solely with respect to Plamotamab and the Plamotamab Products in the event Janssen materially breaches its obligations under Section 5.1.2.1(b)(i), Section 6.4.1.1 or Section 6.4.2.1, as applicable, by providing [***] prior notice to Janssen (the "**Plamotamab Cure Period**"). Such notice will reasonably describe the alleged material breach in sufficient detail to put Janssen on notice and clearly state Xencor's intent to terminate this Agreement with respect to Plamotamab and the Plamotamab Products if the alleged breach is not cured within the Plamotamab Cure Period. During the Plamotamab Cure Period, if Janssen requests a meeting with Xencor to discuss the alleged material breach, the Parties will meet within [***] after Janssen's request. During such meeting, Xencor and Janssen will discuss in good faith a plan to remedy the alleged material breach. For clarity, if Xencor alleges material breach of Section 6.4.1.1, Janssen may exercise its rights under Section 6.4.1.4 at any time during the Plamotamab Cure Period, in which case Janssen will have cured such alleged breach.

(b) If Janssen disputes in good faith the existence or materiality of a breach specified in a notice provided by Xencor in accordance with this Section 13.3.2.2, and Janssen provides Xencor notice of such dispute within the Plamotamab Cure Period, then Xencor will not have the right to terminate this Agreement with respect to Plamotamab and the Plamotamab Products under this Section 13.3.2.2 with respect to such alleged breach unless and until (i) the dispute resolution process in ARTICLE 15 has finally determined that Janssen has breached its obligations under Section 5.1.2.1(b)(i), Section 6.4.1.1 or Section 6.4.2.1, as applicable, and (ii) Janssen fails to cure such breach within [***] following such final

determination. It is understood and agreed that, during the pendency of such dispute, all of the terms and conditions of this Agreement applicable to Plamotamab and the Plamotamab Products will remain in effect and the Parties will continue to perform all of their respective obligations hereunder with respect to Plamotamab and the Plamotamab Products.

(c) For clarity, a breach of Section 5.1.2.1(b)(i), Section 6.4.1.1 or Section 6.4.2.1 by Janssen will not constitute a material breach of this Agreement for purposes of this Section 13.2.

(d) For clarity, if Xencor terminates this Agreement solely with respect to Plamotamab and Plamotamab Products under this Section 13.3.2.2 after this Agreement has been terminated solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products, then this Agreement will be deemed to be terminated in its entirety as of the effective date of termination under this Section 13.3.2.2.

13.3.3 Termination of Licensed CD28 Program. Xencor will have the right to terminate this Agreement solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products in accordance with Section 3.7.4, Section 6.4.2, Section 6.4.3, or Section 6.5. For clarity: (a) if Xencor terminates this Agreement solely with respect to Licensed CD28 Antibodies and Licensed CD28 Products under this Section 13.3.3 after this Agreement has been terminated solely with respect to Plamotamab and the Plamotamab Products, then this Agreement will be deemed to be terminated in its entirety as of the effective date of termination under this Section 13.3.3; and (b) termination of this Agreement solely with respect to Licensed CD28 Antibodies and Licensed CD28 Products means, without limitation, that Section 8.4 (other than Section 8.4.8) shall no longer apply after such termination.

13.4 Provisions for Insolvency.

13.4.1 Right to Terminate for Insolvency. Either Party may terminate this Agreement if, at any time, the other Party files in any court or agency pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of the Party or of substantially all of its assets, or if the other Party is served with an involuntary petition against it, filed in any insolvency proceeding, and such other Party consents to the involuntary bankruptcy or such petition is not dismissed within [***] after the filing thereof, or if the other Party will propose or be a party to any dissolution or liquidation, or if the other Party will make an assignment of substantially all of its assets for the benefit of creditors (each, an "**Insolvency Event**").

13.4.2 Section 365(n) of the Bankruptcy Code. All rights and licenses now or hereafter granted by Xencor to Janssen under or pursuant to this Agreement, including, for the avoidance of doubt, the licenses granted to Janssen pursuant to Section 8.1, are, for all purposes of Section 365(n) of Title 11 of the United States Code, as amended (such Title 11, the "**Bankruptcy Code**"), licenses of rights to "intellectual property" as defined in the Bankruptcy Code. Upon the occurrence of any Insolvency Event with respect to Xencor, Xencor agrees that

Janssen, as licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code. Without limiting the generality of the foregoing, Xencor and Janssen intend and agree that any sale of Xencor's assets under Section 363 of the Bankruptcy Code will be subject to Janssen's rights under Section 365(n), that Janssen cannot be compelled to accept a money satisfaction of its interests in the intellectual property licensed pursuant to this Agreement, and that any such sale therefore may not be made to a purchaser "free and clear" of Janssen's rights under this Agreement and Section 365(n) without the express, contemporaneous consent of Janssen. Further, each Party agrees and acknowledges that all payments by Janssen to Xencor hereunder, other than Sales Milestone Payments, under Section 7.3 and royalty payments under Section 7.4, do not constitute royalties within the meaning of Section 365(n) of the Bankruptcy Code or relate to licenses of intellectual property hereunder. Xencor will, during the Term, create and maintain current copies or, if not amenable to copying, detailed descriptions or other appropriate embodiments, to the extent feasible, of all such intellectual property. Xencor and Janssen acknowledge and agree that "embodiments" of intellectual property within the meaning of Section 365(n) include laboratory notebooks, cell lines, product samples and inventory, research studies and data, regulatory filings and marketing approvals. If (i) a case under the Bankruptcy Code is commenced by or against Xencor, (ii) this Agreement is rejected as provided in the Bankruptcy Code, and (iii) Janssen elects to retain its rights hereunder as provided in Section 365(n) of the Bankruptcy Code, Xencor (in any capacity, including debtor-in-possession) and its successors and assigns (including a trustee) will:

13.4.2.1 provide to Janssen all such intellectual property (including copies of embodiments of such intellectual property) held by Xencor and such successors and assigns, or otherwise available to them, immediately upon Janssen's written request; and

13.4.2.2 not interfere with Janssen's rights under this Agreement, or any agreement supplemental hereto, to such intellectual property (including such embodiments), including any right to obtain such intellectual property (or such embodiments) from another entity, to the extent provided in Section 365(n) of the Bankruptcy Code.

If Xencor or any of its successors or assigns provides to Janssen any of the intellectual property licensed hereunder (or any embodiment thereof) under this Section 13.4.2, Janssen will have the right to perform Xencor's obligations under ARTICLE 3 with respect to such intellectual property, but neither such provision nor such performance by Janssen will release Xencor from liability resulting from rejection of the license or failure to perform such obligations.

13.4.3 Other Rights. All rights, powers and remedies of Janssen provided herein are in addition to and not in substitution for any and all other rights, powers and remedies now or hereafter existing at law or in equity (including the Bankruptcy Code) in the event of the commencement of a case under the Bankruptcy Code with respect to Xencor. The Parties agree that they intend the following rights to extend to the maximum extent permitted by law, and to be enforceable under Bankruptcy Code Section 365(n):

13.4.3.1 the right of access to any intellectual property (including all embodiments thereof) of Xencor, or any Third Party with whom Xencor contracts to perform an obligation of Xencor under this Agreement, and, in the case of the Third Party, which is necessary for the manufacture, use, sale, import or export of Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab or Plamotamab Products; and

13.4.3.2 the right to contract directly with any Third Party to complete the contracted work.

13.5 Effects of Termination or Expiration.

13.5.1 Effects of Termination. In the event of termination of this Agreement by either Party pursuant to Section 13.2, Section 13.3, or Section 13.4, then the following provisions of this Section 13.5.1 will apply upon the effective date of such termination. If this Agreement is terminated solely with respect to Plamotamab and the Plamotamab Products, then the provisions of this Section 13.5.1 will apply only with respect to Plamotamab and the Plamotamab Products, and if this Agreement is terminated solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products, then the provisions of this Section 13.5.1 will apply only with respect to the Licensed CD28 Antibodies and Licensed CD28 Products.

13.5.1.1 All licenses and other rights granted to either Party pursuant to this Agreement will terminate, except those expressly stated to survive termination of this Agreement.

13.5.1.2 Each Party will use Diligent Efforts to return or destroy, at the Disclosing Party's election, all Confidential Information of the other Party (provided, however, that the Receiving Party may keep one copy of such Confidential Information subject to an ongoing obligation of confidentiality for archival purposes only), except for any Confidential Information to which the Receiving Party has a continuing right of use. This obligation to return or destroy Confidential Information does not extend to automatically generated computer back-up or archival copies generated in the ordinary course of information system's procedures; provided, however, that except as expressly set out herein, the Receiving Party will not access nor make any use of such copies. If this Agreement is terminated solely with respect to Plamotamab and the Plamotamab Products, or solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products, this Section will not apply to Confidential Information solely and specifically relating to any CD28/Plamotamab Combinations.

13.5.1.3 Subject to Section 13.5.2, Janssen will wind down any Development, Manufacturing and Commercialization activities with respect to the Reverted Products (as defined below), as quickly as reasonably practicable, subject to compliance with ethical and legal requirements. Notwithstanding anything to the contrary, none of Janssen's costs incurred in connection with winding down Development shall be considered Shared Development Costs (and Xencor shall have no obligation to be responsible for or share such costs) except: (a) with respect to Clinical Studies to the extent set forth in Section 13.5.2.8; or (b)

to the extent Xencor directs Janssen to undertake such wind down activity. Following the date of notice of termination, Janssen will have no obligation to initiate any Clinical Study or to commence any other new Development activities for any Product. If this Agreement is terminated solely with respect to Plamotamab and the Plamotamab Products, or solely with respect to the Licensed CD28 Antibodies and Licensed CD28 Products, this Section will also apply to activities with respect to any CD28/Plamotamab Combinations.

13.5.2 Right of Reversion. The following provisions of this Section 13.5.2 will apply upon the effective date of any termination of this Agreement (including, without limitation, any termination of this Agreement solely with respect to Plamotamab and the Plamotamab Products or solely with respect to Licensed CD28 Antibodies and Licensed CD28 Products (as applicable)).

13.5.2.1 *Definitions.*

(a) "**Applied Janssen Technology**" means [***].

(b) "**Research Clone Banking,**" with respect to a Licensed CD28 Antibody, occurs when [***].

(c) "**Reverted CD28 Antibody**" means [***].

(d) "**Reverted CD28 Derivative**" for a Reverted CD28 Antibody, means [***].

(e) "**Reverted CD28 Variant**" for a Reverted CD28 Antibody, means [***].

(f) "**Reverted CD28 Product**" means any Licensed CD28 Product containing (or that is) a Licensed CD28 Antibody for which: [***]. Notwithstanding the foregoing, if a Licensed CD28 Product described in the immediately preceding sentence is a Combination Product other than a CD28/Plamotamab Combination Product, a product containing only the Licensed CD28 Antibody within such Combination Product shall be deemed a Reverted CD28 Product, but the Combination Product shall not be deemed a Reverted CD28 Product.

(g) "**Reverted CD28 Product Derivative**" means, with respect to a Reverted CD28 Product, any product that contains: [***].

(h) "**Reverted CD28/Plamotamab Combination Product**" means [***]. Notwithstanding the foregoing, if a CD28/Plamotamab Combination Product described in the immediately preceding sentence was Developed or Commercialized by Janssen prior to the effective date of termination and contains a drug or biological product other than a Licensed CD28 Antibody or Plamotamab, only the Licensed CD28 Antibody and Plamotamab within such Combination Product shall be deemed a Reverted CD28/Plamotamab Combination Product, but

the Combination Product shall not be deemed a Reverted CD28/Plamotamab Combination Product.

(i) "**Reverted Plamotamab Product**" means any Plamotamab Product; provided, however, if such Plamotamab Product is a Combination Product other than a CD28/Plamotamab Combination Product, only Plamotamab or the Plamotamab Product within such Combination Product shall be deemed a Reverted Plamotamab Product, but the Combination Product shall not be deemed a Reverted Plamotamab Product.

(j) "**Reverted Product**" means (x) if this Agreement is terminated in its entirety, each Reverted CD28 Product, Reverted Plamotamab Product and Reverted CD28/Plamotamab Combination Product; (y) if this Agreement is terminated solely with respect to Plamotamab and Plamotamab Products, each Reverted Plamotamab Product (but excluding any CD28/Plamotamab Combination Product); and (z) if this Agreement is terminated solely with respect to Licensed CD28 Antibodies and Licensed CD28 Products, each Reverted CD28 Product (but excluding any CD28/Plamotamab Combination Product).

13.5.2.2 For each Reverted Product, Janssen hereby grants to Xencor, effective as of the effective date of termination, an exclusive (even as to Janssen), royalty-bearing, non-transferable, perpetual license, with a right to sublicense through multiple tiers, under the Applied Janssen Technology with respect to such Reverted Product, to Exploit such Reverted Product and/or, in the case of a Reverted CD28 Product, any Reverted CD28 Product Derivatives of such Reverted CD28 Product in the Field in the Territory; provided, however, that if any Applied Janssen Technology was in-licensed or acquired from a Third Party and is subject to payment or other obligations to such Third Party, Janssen will promptly disclose such obligations to Xencor in writing and such Applied Janssen Technology will be subject to the license granted in this Section only to the extent Xencor agrees in writing to be bound by such obligations and reimburse all amounts owed to such Third Party as a result of Xencor's exercise of such license with respect to such Applied Janssen Technology. Notwithstanding the foregoing, the foregoing license does not include the grant of any rights to Exploit any active ingredient other than the Licensed CD28 Antibodies or Plamotamab contained in a Reverted Product or, if applicable, Reverted CD28 Product Derivative.

13.5.2.3 Xencor will pay to Janssen royalties on Net Sales of each Reverted CD28 Product (or corresponding Reverted CD28 Product Derivative) and each Reverted CD28/Plamotamab Combination Product at the Reversion Royalty Rate (where references to "Janssen" in the definition of Net Sales will be replaced with "Xencor"). "**Reversion Royalty Rate**" means [***]. Such payments will be made in accordance with the terms set forth in Section 7.4, applied *mutatis mutandis* with respect to Net Sales of Licensed CD28 Products or CD28/Plamotamab Combination Products by Xencor, provided that the definition of Royalty Term in Section 7.4.2 will remain the same.

13.5.2.4 Janssen will assign or otherwise transfer to Xencor all regulatory documentation and filings and regulatory approvals (including, without limitation, all

INDs/CTAs and Drug Approval Applications and approvals thereof) for the Reverted Product (excluding any portion thereof pertaining to any product that is not the Reverted Product) ("**Regulatory Documentation and Filings**") and copies of all clinical and nonclinical data relating to the Reverted Product Controlled by Janssen or any of its Affiliates or sublicensees. Janssen will, and will procure that its Affiliates and sublicensees will, take such actions and execute such instruments, assignments and documents as may be reasonably requested by Xencor to effect the transfer of rights under such Regulatory Documentation and Filings to Xencor. If applicable Law prevents or delays the transfer of ownership of any such Regulatory Documentation and Filings to Xencor, Janssen will grant to Xencor an exclusive and irrevocable right of access and reference to such Regulatory Documentation and Filings, and will cooperate with Xencor to make the benefits of such Regulatory Documentation and Filings available to Xencor or its designee(s).

13.5.2.5 Upon request from Xencor, Janssen will deliver to Xencor all safety data contained in the global safety database for the Reverted Product and transfer control of and responsibility for maintaining the global safety database for the Reverted Product to Xencor.

13.5.2.6 Janssen will, at Xencor's request, use Diligent Efforts to facilitate an orderly and prompt transition of any Manufacturing of each Reverted Product that was clinically Developed by or for Janssen or its Affiliates (a "**Clinical Reverted Product**") then being conducted by Janssen and any of its Affiliates or Third Party subcontractors to Xencor or its designee. At Xencor's request, Janssen will supply Xencor or its designee with such Clinical Reverted Product at a price equivalent to the Manufacturing Cost of Clinical Supply, provided that Janssen will not be obligated to continue to supply such Clinical Reverted Product for more than [***] following the effective date of termination. Upon Xencor's request, Janssen will promptly provide Xencor with Janssen's inventory of Reverted Products and Licensed CD28 Antibodies with respect thereto at a price equal to [***].

13.5.2.7 If the First Commercial Sale of the Reverted Product has occurred in a country before the effective date of termination of this Agreement, then, if requested by Xencor, Janssen shall continue to Commercialize the Reverted Product in such country in accordance with the terms and conditions of this Agreement, for a period requested by Xencor not to exceed [***] from the effective date of termination of this Agreement. Janssen will be entitled to receive and retain all amounts invoiced on sales of Reverted Product during such period, subject to payment of royalties pursuant to Section 7.4.

13.5.2.8 If, on the date of notice of termination, any Clinical Study of the Reverted Product is ongoing pursuant to the CD28 Development Plan or Plamotamab Development Plan (i.e., first patient has been dosed), then Xencor will notify Janssen in writing within [***] after the date of notice of termination whether Xencor elects to have Janssen either:

(a) wind down such Clinical Study as soon as practicable, subject to compliance with ethical and legal requirements; or

(b) transfer responsibility for and control of such Clinical Study to Xencor as soon as practicable. Janssen will use Diligent Efforts to effect such transfer, and Xencor will use Diligent Efforts to assume responsibility for and control, of such Clinical Study as promptly as practicable after the effective date of termination and, in any event, within [***] following the effective date of termination.

Until the effective date of termination, the costs of such Clinical Study will be shared by the Parties as Shared Development Costs to the extent such costs are to be shared pursuant to Section 6.2.3. After the effective date of termination: (x) costs incurred in the winding down of such Clinical Study in accordance with clause (a) above will be shared by the Parties as Shared Development Costs to the extent such costs are to be shared pursuant to Section 6.2.3; and (y) costs incurred to conduct any Clinical Study that Xencor elects to have transferred to Xencor in accordance with clause (b) above will be borne solely by Xencor. If Xencor fails to notify Janssen which option ((a) or (b)) it chooses within the [***] time period, then Xencor will be deemed to have elected to have Janssen wind down the Clinical Study. If this Agreement is terminated solely with respect to Plamotamab and the Plamotamab Products, or solely with respect to Licensed CD28 Antibodies and Licensed CD28 Products, this Section will not apply to any Clinical Study of a CD28/Plamotamab Combination (and, instead, Section 13.5.1.3 will apply to such Clinical Study).

13.5.2.9 The Parties will meet after the date of notice of termination to discuss a transition plan setting forth the steps and process for an efficient and orderly transition of Development, Manufacturing and Commercialization activities with respect to each Clinical Reverted Product, including the activities described in this Section 13.5.2. Except as otherwise provided in this Section 13.5.2, each Party will bear its own costs of conducting transition activities.

13.5.2.10 Upon termination, at Xencor's request, Janssen will assign to Xencor, all worldwide rights in and to any and all Product Marks used to Commercialize a Reverted Product in the Territory, including all trademark applications and registrations. Xencor shall be solely responsible for all costs and expenses related to the assignments, including recordal of the same. For a period of up to [***] after the termination date, at Xencor's cost and expense, (a) Janssen shall provide to Xencor the necessary information to permit Xencor to effect and perfect the transfer of the applications and registrations of the Product Marks and (b) Janssen shall reasonably cooperate with Xencor in executing appropriate documents to effectuate the transfer or assignment for the Product Marks worldwide that are in the name of Janssen or any of its Affiliates. After such period, Janssen shall have no further obligation with respect to the matters covered by this Section.

13.5.2.11 For a period of [***] following the effective date of termination, Janssen will reasonably cooperate with Xencor to provide reasonable technical assistance, and to transfer to Xencor any Janssen Know-How licensed to Xencor under Section 13.5.2.2, as requested by Xencor. Such cooperation will include providing Xencor with reasonable access by teleconference or in-person at Janssen's facilities to any Janssen personnel involved in the

performance of the Exploitation of Reverted Products or their underlying Licensed CD28 Antibodies.

13.5.2.12 At Xencor's sole discretion and direction, Janssen shall reasonably cooperate with Xencor to provide to Xencor a copy of all promotional or marketing materials being used (or approved for use) by Janssen or its Affiliates prior to the effective date of termination in relation to Commercialization of the Reverted Products; provided that Janssen may redact the foregoing Commercialization documentation for any confidential or proprietary information of Janssen that is not related to the Commercialization of the Reverted Products.

13.5.2.13 At Xencor's sole discretion and direction, Janssen and its Affiliates shall assign all of Janssen's right, title and interest in and to any agreements (or portions thereof) between Janssen and Third Parties entered into after the Effective Date that solely relate to the Development, Commercialization or Manufacture of the Clinical Reverted Products, where such assignment is permitted without charge to Janssen or its Affiliates and where Xencor shall assume all future payments due under any agreement assigned pursuant to this paragraph.

13.5.2.14 Notwithstanding anything in ARTICLE 9, if this Agreement is terminated with respect to Licensed CD28 Antibodies and Licensed CD28 Products (including termination of this Agreement in its entirety), Xencor shall have: (a) final decision-making authority over Prosecution of all [***]; (b) the sole right, but not the obligation, to initiate Infringement Actions with respect to [***]; (c) the sole discretion to determine which [***], if any, are extended with respect to any Reverted CD28 Product pursuant to the U.S. Drug Price Competition and Patent Term Restoration Act of 1984, the Supplementary Certificate of Protection of Member States of the EU and other similar measures in other jurisdictions worldwide; (d) control over all Invalidity Claims for [***]; and (e) Xencor shall have no obligation to keep Janssen informed in any way (or provide Janssen with an opportunity to review documents) with respect to Prosecution of [***]. Additionally, the language in the first sentence of Section 9.6 above that reads "Janssen intends" shall be deemed to read "Xencor intends" as it applies to Licensed CD28 Products.

13.5.2.15 Notwithstanding anything in ARTICLE 9, if this Agreement is terminated with respect to Plamotamab and Plamotamab Products (including termination of this Agreement in its entirety), Xencor shall have: (a) final decision-making authority over Prosecution of all [***]; (b) the sole right, but not the obligation, to initiate Infringement Actions with respect to [***]; (c) the sole discretion to determine which [***], if any, are extended with respect to any Reverted Plamotamab Products pursuant to the U.S. Drug Price Competition and Patent Term Restoration Act of 1984, the Supplementary Certificate of Protection of Member States of the EU and other similar measures in other jurisdictions worldwide; (d) control over all Invalidity Claims for [***] and (e) Xencor shall have no obligation to keep Janssen informed in any way (or provide Janssen with an opportunity to review documents) with respect to Prosecution of [***]. Additionally, the language in the first sentence of Section 9.6 above that reads "Janssen intends" shall be deemed to read "Xencor intends" as it applies to Plamotamab Products.

13.5.2.16 Xencor will indemnify, defend and hold harmless the Janssen Indemnitees from and against any and all Losses to the extent arising out of or relating to the Exploitation of the Reverted Product by or for Xencor or any of its Affiliates, sublicensees, agents and contractors on or after the effective date of termination. Any claim of indemnification by a Janssen Indemnitee under this Section will be subject to the procedures set forth in Section 12.3 of this Agreement.

13.5.3 Effects of Expiration. If this Agreement expires in accordance with Section 13.1, the licenses and other rights granted by one Party to the other Party with respect to the Licensed CD28 Products and Plamotamab Products in the Field will survive on a fully-paid, royalty-free, non-exclusive, irrevocable and perpetual basis.

13.5.4 Non-Exclusive Remedy. Notwithstanding anything herein to the contrary, expiration or termination of this Agreement by a Party will be without prejudice to other remedies such Party may have at law or equity.

13.5.5 Survival. Unless otherwise expressly provided in this Agreement, in the event of any expiration or termination of this Agreement the Sections and Articles set forth below, as well as any other Sections, Articles or defined terms referred to in such Sections or Articles or necessary to give them effect, will survive: ARTICLE 10, ARTICLE 15, ARTICLE 16, Sections 3.4.3, 7.4.4 (but only with respect to licenses granted upon the expiration of a Royalty Term that expires prior to the expiration of the Agreement), 7.6, 7.7 (with respect to amounts paid under the Agreement), 8.1.3, 8.1.4, 8.2 (with respect to the licenses granted under Sections 8.1.3 and 8.1.4), 9.2, 9.3.3, 9.3.4, 9.4.5, 9.6, 9.7, 11.7, 12.1, 12.2, 12.3, and 13.5. Furthermore, any other provisions required to interpret such Parties' surviving rights and obligations under this Agreement will survive to the extent required. Termination or expiration of this Agreement does not affect any liabilities, including accrued payment obligations, that accrued prior to (and such liabilities will survive) termination or expiration of this Agreement. Except as otherwise provided in this ARTICLE 13, all rights and obligations of the Parties under this Agreement, including any licenses and sublicenses granted under this Agreement, will terminate upon expiration or termination of this Agreement for any reason.

ARTICLE 14
EFFORTS TO OBTAIN CLEARANCES

14.1 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, from the Execution Date to the Effective Date or the earlier termination of this Agreement pursuant to ARTICLE 13, each of the Parties will use its commercially reasonable efforts to take or cause to be taken all actions, to file or cause to be filed all documents, to give or cause to be given all notices to Governmental Authorities or other Persons, to obtain or cause to be obtained all authorizations, consents, waivers, approvals, permits or orders from Governmental Authorities or other Persons, and to do or cause to be done all other things necessary, proper or advisable, in order to cause the Effective Date to occur as soon as practicable following the Execution Date. If the Effective Date has not occurred within [***]

after the Execution Date, then either Party may terminate this Agreement upon notice, in which case, all provisions of this Agreement shall terminate and be of no force or effect whatsoever, except only that: (a) any liability of either Party for failing to comply with this Section 14.1 or ARTICLE 10 shall survive; and (b) ARTICLE 10 shall survive.

14.2 Antitrust Filing.

14.2.1 In furtherance and not in limitation of the foregoing, each of the Parties will prepare and file, or cause to be prepared and filed, any required notification pursuant to the HSR Act that is required to be made by such Party or its ultimate parent with respect to the transactions contemplated by the Parties in connection with this Agreement (the "**Contemplated Transactions**") as promptly as reasonably practicable after, and in no event more than [***] following the Execution Date. The Parties will furnish each other with all necessary information and cooperate with each other in connection with the preparation of such filings, submissions and registrations and seek to secure the expiration or termination of all applicable waiting periods (or any extension thereof) under the HSR Act and to obtain all such authorizations, consents, waivers, approvals, permits and orders as soon as practicable following the Execution Date. Each Party will provide the other Party with a reasonable opportunity to review and comment on any filing, submission, registration or other written communication to be given to, and consult with each other in advance of any meeting or conference with, the FTC, the Antitrust Division of the DOJ or any other Governmental Authority in connection with the efforts taken pursuant to this Section or otherwise in connection with the Contemplated Transactions. Janssen shall be responsible for any filing fees required under the HSR Act. Notwithstanding anything in this Agreement to the contrary, Janssen shall, on behalf of the Parties, control and lead all communications and strategy for dealing with any Governmental Authority under the HSR Act.

14.2.2 If any investigation, inquiry or other Action, whether initiated by a Governmental Authority or a private party, arising out of or relating to any such filing, submission or registration or otherwise relating to the Contemplated Transactions is initiated or threatened, each Party will keep the other Party reasonably informed of any material communications and developments in connection therewith. Subject to applicable Laws relating to the exchange of information and appropriate confidentiality protections, Xencor and Janssen, or their counsel, to the extent practicable, shall have the right to participate in all substantive communications or meetings with any Governmental Authority in connection with review of the Contemplated Transactions under the HSR Act, to the extent permitted by such Governmental Authority.

14.2.3 The Parties will use commercially reasonable efforts to promptly respond to all inquiries made by the FTC, DOJ and any other applicable Governmental Authorities in connection with such filings, submissions or registrations or otherwise in connection with the Contemplated Transactions and to promptly provide to such Governmental Authorities any additional information and documentary material requested under applicable Law. If any objections are raised or asserted with respect to the Contemplated Transactions under applicable Law or if any Action is instituted (or threatened to be instituted) by the FTC, the DOJ or any other applicable Governmental Authority or any private party challenging any of the transactions

contemplated under this Agreement as being in violation of any applicable Law or which would otherwise prevent, impede or delay the consummation of the Contemplated Transactions, the Parties will use their commercially reasonable efforts to resolve any such objections or Actions so as to permit consummation of the Contemplated Transactions as soon as reasonably practicable, provided that commercially reasonable efforts of Janssen will not require Janssen or any of its Affiliates to agree to any prohibition, limitation, divestiture or other requirement that would (a) limit or otherwise adversely affect the right of Janssen to Exploit Licensed CD28 Antibodies, Licensed CD28 Products, Plamotamab and Plamotamab Products or (b) require or compel Xencor, Janssen or any Affiliate of Janssen to dispose of all or any portion of its properties or assets.

ARTICLE 15
DISPUTE RESOLUTION

15.1 Exclusive Dispute Resolution Mechanism. The Parties recognize that a dispute may arise relating to this Agreement (a "**Dispute**"). The term "Dispute" excludes any Committee Matter, which will be subject to resolution under Section 2.5. Any Dispute, including, to the extent related to this Agreement, disputes that may involve the parent company, subsidiaries, or Affiliates under common control of any Party, shall be resolved in accordance with this ARTICLE 15.

15.2 Referral to Executive Officers. Either Party may refer to the Executive Officers any Dispute. The Executive Officers shall discuss any such matter referred to them in good faith and attempt to find a mutually satisfactory resolution to the issue. If the Executive Officers do not reach consensus regarding, or do not resolve, such a matter within [***] after the date on which the matter is referred to the Executive Officers (unless a longer period is agreed to by the Parties), then the matter may be referred to mediation in accordance with Section 15.3 below.

15.3 Mediation.

15.3.1 With respect to any Dispute that is not resolved by the Executive Officers under Section 15.2, the Parties shall first attempt in good faith to resolve such Dispute by confidential mediation in accordance with the then-current Mediation Procedure of the International Institute for Conflict Prevention and Resolution ("**CPR Mediation Procedure**") (www.cpradr.org) before initiating arbitration. The CPR Mediation Procedure shall control, except where it conflicts with these provisions, in which case these provisions control. The mediator shall be chosen pursuant to CPR Mediation Procedure. The mediation shall be held in New York, New York.

15.3.2 Either Party may initiate mediation by notice to the other Party for any Dispute that is not resolved by the Executive Officers under Section 15.2. The Parties agree to select a mediator within [***] of the notice, and the mediation will begin promptly after the selection. The mediation will continue until the mediator, or either Party, declares in writing, no sooner than after the conclusion of one full day of a substantive mediation conference attended on

behalf of each Party by a senior business person with authority to resolve the Dispute, that the Dispute cannot be resolved by mediation. In no event, however, shall mediation continue more than [***] from the initial notice by a Party to initiate meditation unless the Parties agree in writing to extend that period.

15.3.3 Any period of limitations that would otherwise expire between the initiation of mediation and its conclusion shall be extended until [***] after the conclusion of the mediation.

15.4 Arbitration.

15.4.1 If the Parties fail to resolve the Dispute in mediation, and a Party desires to pursue resolution of the Dispute, the Dispute shall be submitted by either Party for resolution in arbitration pursuant to the then-current CPR Non-Administered Arbitration Rules ("**CPR Rules**") (www.cpradr.org), except where they conflict with these provisions, in which case these provisions control. The arbitration will be held in New York, New York. All aspects of the arbitration shall be treated as confidential.

15.4.2 The arbitrators will be chosen from the CPR Panel of Distinguished Neutrals, unless a candidate not on such panel is approved by both Parties. Each arbitrator shall be a lawyer with at least 15 years' experience with a law firm or corporate law department of over 25 lawyers or who was a judge of a court of general jurisdiction. To the extent that the Dispute requires special expertise, the Parties will so inform CPR prior to the beginning of the selection process.

15.4.3 The arbitration tribunal shall consist of three arbitrators, of whom each Party shall designate one. If, however, the aggregate award sought by the Parties is less than [***] and equitable relief is not sought, a single arbitrator shall be chosen in accordance with the CPR Rules. Candidates for the arbitrator position(s) may be interviewed by representatives of the Parties in advance of their selection, provided that all Parties are represented.

15.4.4 The Parties agree to select the arbitrator(s) within [***] of initiation of the arbitration. The hearing will be concluded within [***] after selection of the arbitrator(s), and the award will be rendered within [***] of the conclusion of the hearing, or of any post hearing briefing, which briefing will be completed by both sides within [***] after the conclusion of the hearing. In the event the Parties cannot agree upon a schedule, then the arbitrator(s) shall set the schedule following the time limits set forth above as closely as practical.

15.4.5 The hearing will be concluded in [***] or less. Multiple hearing days will be scheduled consecutively to the greatest extent possible. A transcript of the testimony adduced at the hearing shall be made and shall be made available to each Party.

15.4.6 The arbitrator(s) shall be guided, but not bound, by the CPR Protocol on Disclosure of Documents and Presentation of Witnesses in Commercial Arbitration (www.cpradr.org) ("**Protocol**"). The Parties will attempt to agree on modes of document

disclosure, electronic discovery, witness presentation, etc. within the parameters of the Protocol. If the Parties cannot agree on discovery and presentation issues, the arbitrator(s) shall decide on presentation modes and provide for discovery within the Protocol, understanding that the Parties contemplate reasonable discovery.

15.4.7 The arbitrator(s) shall decide the merits of any Dispute in accordance with the law governing this Agreement, without application of any principle of conflict of laws that would result in reference to a different law. The arbitrator(s) may not apply principles such as "amiable compositeur" or "natural justice and equity."

15.4.8 The arbitrator(s) are expressly empowered to decide dispositive motions in advance of any hearing and shall endeavor to decide such motions as would a United States District Court Judge sitting in the jurisdiction whose substantive law governs.

15.4.9 The arbitrator(s) shall render a written opinion stating the reasons upon which the award is based. The Parties consent to the jurisdiction of the United States District Court for the district in which the arbitration is held for the enforcement of these provisions and the entry of judgment on any award rendered hereunder. Should such court for any reason lack jurisdiction, any court with jurisdiction may act in the same fashion.

15.4.10 Notwithstanding anything to the contrary in ARTICLE 15, each Party has the right to seek injunctive or equitable relief at any time from any court such as attachment, preliminary injunction, replevin, etc. to avoid irreparable harm, maintain the status quo, or preserve the subject matter of the Dispute. Rule 14 of the CPR Rules does not apply to this Agreement.

15.5 Waiver. EACH PARTY HERETO WAIVES ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY.

ARTICLE 16
MISCELLANEOUS

16.1 Assignment; Successors. Neither Party may assign this Agreement or any of its rights or obligations under this Agreement without the written consent of the other Party; provided, however, that either Party may assign this Agreement in its entirety without such consent (but with notice to the other Party following such assignment), to: (a) an Affiliate, as long as the assignee remains an Affiliate of the assigning Party, provided that the assigning Party will remain responsible for the performance of, and primarily liable under, this Agreement notwithstanding such assignment; or (b) a Third Party that acquires all or substantially all of the business or consolidated assets of such Party (whether by merger, reorganization, acquisition, sale or otherwise). No assignment of this Agreement will be valid and effective unless and until the assignee agrees in writing to be bound by the terms and conditions of this Agreement. The terms and conditions of this Agreement will be binding on and inure to the benefit of the

successors and permitted assigns of the Parties. Any assignment of this Agreement not in accordance with this Section 16.1 will be null and void.

16.2 Performance by Affiliates. To the extent that this Agreement imposes obligations on Affiliates of a Party, such Party agrees to cause its Affiliates to perform such obligations. Each Party may use one or more of its Affiliates to perform its obligations and duties under this Agreement, provided that such Party provides prompt notice to the other Party. Such Party will remain liable under this Agreement for the prompt payment and performance of all of its obligations under this Agreement.

16.3 Subcontracting. Each Party (or its Affiliate) may subcontract the performance of (x) any Research Program activities with respect to the Licensed CD28 Products or (y) any Development activities set forth in the Plamotamab Development Plan undertaken in accordance with this Agreement to one or more Third Parties (each such Third Party, a "**Subcontractor**"), provided that any such Third Party must satisfy any subcontractor criteria established by the JRC or JDC, as applicable. All subcontracted activities will be conducted pursuant to a written agreement between the subcontracting Party and the Subcontractor (a "**Subcontract**"), which will be consistent with the terms and conditions of this Agreement, will contain confidentiality provisions no less restrictive than those set forth in ARTICLE 10, and will contain a certification that such Third Party and its officers, employees and agents have not been debarred, and are not subject to debarment, pursuant to Section 306 of the United States Federal Food, Drug, and Cosmetic Act, and are not the subject of a conviction described in such section. The subcontracting Party will oversee the performance of its Subcontractors, and each Party will have the right from time to time, but not more than once per Calendar Year, to audit the performance of the other Party's Subcontractors. Notwithstanding the foregoing, the subcontracting Party (or Party whose Affiliate enters into a Subcontract) will remain liable under this Agreement for the performance of all its obligations under this Agreement and will be responsible for and liable for compliance by its Subcontractors with the applicable provisions of this Agreement.

16.4 No Consequential or Punitive Damages. EXCEPT FOR A BREACH OF ARTICLE 10, NEITHER PARTY HERETO NOR ANY OF ITS AFFILIATES WILL BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR MULTIPLE DAMAGES ARISING OUT OF THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS UNDER THIS AGREEMENT, OR FOR ANY LOSS OR INJURY TO A PARTY'S OR ITS AFFILIATES' PROFITS, REVENUES, BUSINESS OR GOODWILL ARISING FROM OR RELATING TO ANY BREACH OF THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF SUCH DAMAGES. NOTHING IN THIS SECTION 16.4 IS INTENDED TO LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF EITHER PARTY WITH RESPECT TO INDEMNIFICATION CLAIMS.

16.5 Choice of Law. This Agreement will be governed by and interpreted under, and any court action in accordance with Section 16.6 will apply, the laws of the State of New York excluding: (i) its conflicts of laws principles; (ii) the United Nations Conventions on Contracts for the International Sale of Goods; (iii) the 1974 Convention on the Limitation Period in the

International Sale of Goods (the "**1974 Convention**"); and (iv) the Protocol amending the 1974 Convention, done at Vienna April 11, 1980. Notwithstanding anything to the contrary herein, the interpretation and construction of any Patents will be governed in accordance with the laws of the jurisdiction in which such Patents were filed or granted, as the case may be.

16.6 Submission to Jurisdiction. Each Party (i) submits to the jurisdiction of the state and federal courts sitting in New York, New York, with respect to actions or proceedings arising out of or relating to this Agreement in which a Party brings an action in aid of arbitration, (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court and (iii) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court, other than an action or proceeding seeking injunctive relief or brought to enforce an arbitration ruling issued pursuant to Section 15.4. Each Party waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought. Each Party may make service on the other Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 16.7. Nothing in this Section 16.6, however, will affect the right of any Party to serve legal process in any other manner permitted by Law.

16.7 Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement will be in writing and deemed given if delivered personally or sent by overnight courier to the receiving Party, in each case with a copy sent via electronic mail (if an electronic mail address of the party to whom the relevant communication is being made has been designated pursuant hereto and remains a working electronic mail address), at the following addresses (or at such other addresses as will be specified by like notice):

If to Xencor:

[***]

If to Janssen:

[***]

All such notices, requests, demands, waivers and other communications will be deemed to have been received, if by personal delivery or overnight courier, on the day delivered or, if by facsimile, on the next Business Day following the day on which such facsimile was sent; provided, in each case that a copy is also sent by electronic mail in accordance with the first sentence of this Section 16.7.

16.8 Severability. The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application of such provision to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable

provision will be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of such provision, or the application of such provision, in any other jurisdiction.

16.9 Captions. All captions in this Agreement are for convenience only and will not be interpreted as having any substantive meaning.

16.10 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments and to do all such other acts as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

16.11 Amendment; No Waiver. No waiver, modification or amendment of any provision of this Agreement will be valid or effective unless made in writing and signed by a duly authorized officer of each Party. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement will not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition.

16.12 Integration. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all previous agreements, whether written or oral. Notwithstanding the authority granted to the Committees under this Agreement, this Agreement may be amended only in writing signed by properly authorized representatives of each of Xencor and Janssen. In the event of a conflict between the CD28 Development Plan or Plamotamab Development Plan, on the one hand, and this Agreement, on the other hand, the terms of this Agreement will govern.

16.13 Independent Contractors; No Agency. Neither Party will have any responsibility for the hiring, firing or compensation of the other Party's employees or for any employee benefits. No employee or representative of a Party, including the Xencor sales representatives, will have any authority to bind or obligate the other Party to this Agreement for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said Party's written approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, Janssen's legal relationship under this Agreement to Xencor, and Xencor's legal relationship under this Agreement to Janssen, will be that of independent contractor and will not constitute a partnership, joint venture or agency.

16.14 Force Majeure. Neither Party will be liable for delay or failure in the performance of any of its obligations hereunder (other than the payment of money) if such delay or failure is due to causes beyond its reasonable control, including acts of God, fires, typhoon, floods, earthquakes, tsunami, pandemics, embargoes, acts of war (whether war be declared or not), terrorism, strikes, lockouts, pandemics or other civil unrest, or omissions or delays in acting by any governmental authority ("**Force Majeure**"); provided, however, that the affected Party

promptly notifies the other Party and further provided that the affected Party will use its Diligent Efforts to avoid or remove such causes of non-performance and to mitigate the effect of such occurrence, and will continue performance with the commercially reasonable dispatch whenever such causes are removed. When such circumstances arise, the Parties will negotiate in good faith any modifications of the terms of this Agreement that may be necessary or appropriate in order to arrive at an equitable solution.

16.15 Counterparts; Signatures. This Agreement may be executed in counterparts, each of which counterparts, when so executed and delivered, will be deemed to be an original, and all of which counterparts, taken together, will constitute one and the same instrument even if both Parties have not executed the same counterpart. Signatures provided by facsimile transmission or by email of a .pdf attachment will be deemed to be original signatures.

16.16 Construction. References to Sections include subsections, which are part of the related Section. Except as otherwise explicitly specified to the contrary, (i) references to a Section, Article, Exhibit or Schedule means a Section or Article of, or a Schedule or Exhibit to, this Agreement and all subsections thereof, unless another agreement is specified; (ii) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, rules or regulations then in effect, in each case, including the then-current amendments thereto; (iii) words in the singular or plural form include the plural and singular form, respectively; (iv) unless the context requires a different interpretation, the word "or" has the inclusive meaning that is typically associated with the phrase "and/or"; (v) terms "including," "include(s)," "such as," and "for example" as used in this Agreement mean including the generality of any description preceding such term and will be deemed to be followed by "without limitation"; (vi) whenever this Agreement refers to a number of days, such number will refer to calendar days unless Business Days are specified; (vii) when a time period set forth in this Agreement ends on a day that is not a Business Day, the last day of such time period will be the next Business Day; (viii) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Agreement; (ix) all words used in this Agreement will be construed to be of such gender or number as the circumstances require; (x) the words "hereof," "herein," "hereby" and derivative or similar words refer to this Agreement (including any Exhibits); (xi) neither Party or its Affiliates will be deemed to be acting "on behalf of" the other Party under this Agreement, except to the extent expressly otherwise provided; and (xii) references to sublicensees include direct and indirect sublicensees.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Collaboration and License Agreement to be executed by their respective duly authorized officers as of the Execution Date.

XENCOR, INC.	**JANSSEN BIOTECH, INC.**
By: _____	By: _____
Name:_____	Name:_____
Title: _____	Title: _____

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

LIST OF EXHIBITS AND SCHEDULES

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Exhibit 1.8

Johnson & Johnson Universal Calendar

See attached.

[***]

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Schedule 1.42

Existing Third Party Agreements

[***]Collaboration and License Agreement entered into by and between Xencor, Inc. and Novartis Institutes for Biomedical Research, Inc. as of June 26, 2016, as amended (the "***Novartis Collaboration Agreement***") and that certain Side Letter regarding "Disposition of Intellectual Property Assets after the Termination of the THG338 (CD20xCD3 bispecific antibody) project" dated around September 2019 (the "***Novartis Side Letter***") (collectively, the "***Novartis Agreements***").

[***]

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Schedule 1.64

Certain Licensed CD28 Antibodies

See attached.

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Schedule 1.84

Plamotamab

See attached.

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Exhibit 1.88

Pre-Approved Studies

[***]

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Exhibit 3.2

Research Plan

See attached.

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Exhibit 5.1.1.2

Initial Plamotamab Development Budget

[***]

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Exhibit 7.4.3.4

Examples of Royalty Calculations

[***]

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Schedule 8.4.8

Certain Provisions of Existing Third Party Agreements

[***]

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Schedule 9.2.2.4

Certain Inventions

See attached.

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Exhibit 10.5.1

Initial Press Release

See attached.

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Schedule 11.5.2

CD28 Binding Domains

[***]

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Schedule 11.5.10

CD28 Patents of Xencor

See attached.

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Schedule 11.6.1

Certain Existing Third Party Agreements

[***]

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Schedule 11.6.10

Plamotamab Patents of Xencor

See attached.

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Schedule 11.6.11

Plamotamab Regulatory Documentation and Licenses

See attached.

[***] = CERTAIN IDENTIFIED INFORMATION HAS BEEN OMITTED FROM THIS DOCUMENT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED, AND HAS BEEN MARKED WITH "[***]" TO INDICATE WHERE OMISSIONS HAVE BEEN MADE.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Nos. 333-192635, 333-216365 and 333-236607) on Form S-8 and the Registration Statement (No. 333-213700) on Form S-3 of Xencor, Inc. of our reports dated February 24, 2022, relating to the financial statements and the effectiveness of internal control over financial reporting of Xencor, Inc., appearing in this Annual Report on the Form 10-K of Xencor, Inc. for the year ended December 31, 2021.

/s/ RSM US LLP

Los Angeles, California
February 24, 2022

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bassil I. Dahiyat, Ph.D., certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of Xencor, Inc. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 15(d) – 15(f) for the Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

/s/ Bassil I. Dahiyat

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

Date: February 24, 2022

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John J. Kuch, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 of Xencor, Inc. (the "Company");

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 Company as of, and for, the periods presented in this report;

4. The Company'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 15(d) – 15(f)) for the Company 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 Company, 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 Company'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 Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

/s/ JOHN J. KUCH

John J. Kuch
Chief Financial Officer (Principal Financial Officer)

Date: February 24, 2022

Exhibit 32.1

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bassil I. Dahiyat, Ph.D., as President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2022

/s/ BASSIL I. DAHIYAT

Bassil I. Dahiyat, Ph.D.
President & Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

In connection with the Annual Report on Form 10-K of Xencor, Inc. (the "Company") for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Kuch, as Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2022

/s/ JOHN J. KUCH

John J. Kuch
Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.