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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

or

o 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.)
465 North Halstead Street, Suite 200, Pasadena, CA	**91107**
(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(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	XNCR	The Nasdaq Global Market

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

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 x No o

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 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 x Accelerated filer o Non-accelerated filer o Smaller reporting company o Emerging growth company o

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. o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at November 1, 2023
Common stock, par value $0.01 per share	60,875,198

Xencor, Inc.

Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2023

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In this report, unless otherwise stated or the context otherwise indicates, references to "Xencor," "the Company," "we," "us," "our" and similar references refer to Xencor, Inc. The Xencor logo is a registered trademark of Xencor, Inc. This report also contains registered marks, trademarks, and trade names of other companies. All other trademarks, registered marks and trade names appearing in this report are the property of their respective holders.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). 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 II, Item 1A, "Risk Factors" in this Quarterly 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," the negative of such terms or other words indicating future results.

These forward-looking statements should, therefore, be considered in light of various important factors, including but not limited to, the following:

- the lingering effects of the COVID-19 pandemic in the United States and abroad 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, cost, and timing of our ongoing and planned clinical trials;
- the timing of and our ability to obtain and maintain regulatory approvals for our product candidates;
- our ability to accurately estimate expenses, future revenue, capital requirements and needs for additional financing;
- 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 ability to attract collaborators with development, regulatory, and commercial expertise;
- the ability of our publicly announced preliminary clinical trial data to support continued clinical development and regulatory approval for specific treatments;
- 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;
- costs of litigation and the failure to successfully defend lawsuits and other claims against us;
- 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; and
- our failure to maintain effective internal controls.

The factors, risks and uncertainties referred to above and others are more fully described under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 and this Quarterly Report on Form 10-Q. Forward-looking statements should be regarded solely as our current plans, estimates and beliefs. We cannot guarantee future results, events, levels of activity, performance, or achievements. We do not undertake and specifically decline any obligation to update, republish or revise forward-looking statements to reflect future events or circumstances or to reflect the occurrences of unanticipated events.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Xencor, Inc.
Balance Sheets
(in thousands, except share and per share data)

	September 30, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 52,733	$ 53,942
Marketable debt securities	412,827	526,689
Marketable equity securities	28,972	42,431
Accounts receivable	55,000	28,997
Prepaid expenses and other current assets	21,644	23,283
Total current assets	571,176	675,342
Property and equipment, net	68,035	59,183
Patents, licenses, and other intangible assets, net	18,744	18,500
Restricted cash	378	—
Marketable debt securities - long term	20,420	3,826
Marketable equity securities - long term	64,210	54,383
Right of use (ROU) asset	34,807	34,419
Other assets	660	613
Total assets	$ 778,430	$ 846,266
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 14,967	$ 10,088
Accrued expenses	24,472	18,728
Lease liabilities	4,380	4,708
Deferred revenue	9,222	30,320
Total current liabilities	53,041	63,844
Lease liabilities, net of current portion	56,379	54,926
Total liabilities	109,420	118,770
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value: 10,000,000 authorized shares; -0- issued and outstanding shares at September 30, 2023 and December 31, 2022	—	—
Common stock, $0.01 par value: 200,000,000 authorized shares at September 30, 2023 and December 31, 2022; 60,665,900 issued and outstanding at September 30, 2023 and 59,997,713 issued and outstanding at December 31, 2022	607	601
Additional paid-in capital	1,114,383	1,072,132
Accumulated other comprehensive loss	(709)	(6,952)
Accumulated deficit	(445,271)	(338,285)
Total stockholders' equity	669,010	727,496
Total liabilities and stockholders' equity	$ 778,430	$ 846,266

See accompanying notes.

Xencor, Inc.
Statements of Comprehensive Loss
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Collaborations, milestones, and royalties	$ 59,164	$ 27,299	$ 123,649	$ 142,969
Operating expenses				
Research and development	64,939	53,273	189,378	148,111
General and administrative	12,493	12,374	37,901	34,738
Total operating expenses	77,432	65,647	227,279	182,849
Loss from operations	(18,268)	(38,348)	(103,630)	(39,880)
Other income (expenses)				
Interest income, net	5,016	1,379	11,672	2,749
Other income (expense), net	6	(1)	(1,395)	(244)
Gain (loss) on equity securities, net	(11,023)	5,299	(13,633)	(4,676)
Total other income (expense), net	(6,001)	6,677	(3,356)	(2,171)
Loss before income tax expense	(24,269)	(31,671)	(106,986)	(42,051)
Income tax expense	—	1,088	—	1,088
Net loss	(24,269)	(32,759)	(106,986)	(43,139)
Other comprehensive income (loss)				
Net unrealized gain (loss) on marketable debt securities	1,151	(931)	6,244	(8,366)
Comprehensive loss	$ (23,118)	$ (33,690)	$ (100,742)	$ (51,505)
Basic and diluted net loss per common share	$ (0.40)	$ (0.55)	$ (1.77)	$ (0.72)
Basic and diluted weighted average common shares outstanding	60,621,534	59,716,594	60,387,163	59,564,985

See accompanying notes.

Xencor, Inc.
Statements of Stockholders' Equity
(unaudited)
(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, 2022	59,997,713	$ 601	$ 1,072,132	$ (6,952)	$ (338,285)	$ 727,496
Issuance of common stock upon exercise of stock awards	34,388	—	924	—	—	924
Issuance of restricted stock units	349,499	4	(4)	—	—	—
Comprehensive income (loss)	—	—	—	3,327	(60,763)	(57,436)
Stock-based compensation	—	—	12,599	—	—	12,599
Balance, March 31, 2023	60,381,600	$ 605	$ 1,085,651	$ (3,625)	$ (399,048)	$ 683,583
Issuance of common stock upon exercise of stock awards	145,003	1	676	—	—	677
Issuance of restricted stock units	18,148	—	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	55,309	1	1,241	—	—	1,242
Comprehensive income (loss)	—	—	—	1,765	(21,954)	(20,189)
Stock-based compensation	—	—	13,563	—	—	13,563
Balance, June 30, 2023	60,600,060	$ 607	$ 1,101,131	$ (1,860)	$ (421,002)	$ 678,876
Issuance of common stock upon exercise of stock awards	34,743	—	356	—	—	356
Issuance of restricted stock units	31,097	—	—	—	—	—
Comprehensive income (loss)	—	—	—	1,151	(24,269)	(23,118)
Stock-based compensation	—	—	12,896	—	—	12,896
Balance, September 30, 2023 (unaudited)	60,665,900	$ 607	$ 1,114,383	$ (709)	$ (445,271)	$ 669,010

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, 2021	59,355,558	$ 595	$ 1,017,523	$ (1,510)	$ (283,104)	$ 733,504
Issuance of common stock upon exercise of stock awards	36,500	—	731	—	—	731
Issuance of restricted stock units	137,134	1	(1)	—	—	—
Comprehensive income (loss)	—	—	—	(5,611)	23,594	17,983
Stock-based compensation	—	—	10,805	—	—	10,805
Balance, March 31, 2022	59,529,192	$ 596	$ 1,029,058	$ (7,121)	$ (259,510)	$ 763,023
Issuance of common stock upon exercise of stock awards	70,874	1	1,315	—	—	1,316
Issuance of restricted stock units	15,774	—	—	—	—	—
Issuance of common stock under the Employee Stock Purchase Plan	68,580	1	1,196	—	—	1,197
Comprehensive loss	—	—	—	(1,823)	(33,975)	(35,798)
Stock-based compensation	—	—	12,603	—	—	12,603
Balance, June 30, 2022	59,684,420	$ 598	$ 1,044,172	$ (8,944)	$ (293,485)	$ 742,341
Issuance of common stock upon exercise of stock awards	71,530	—	1,287	—	—	1,287
Issuance of restricted stock units	17,387	—	—	—	—	—
Comprehensive loss	—	—	—	(931)	(32,759)	(33,690)
Stock-based compensation	—	—	12,760	—	—	12,760
Balance, September 30, 2022 (unaudited)	59,773,337	$ 598	$ 1,058,219	$ (9,875)	$ (326,244)	$ 722,698

See accompanying notes.

Xencor, Inc.
Statements of Cash Flows
(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities		
Net loss	$ (106,986)	$ (43,139)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	8,270	6,640
(Accretion of discount) amortization of premium on marketable debt securities	(8,211)	909
Stock-based compensation	39,058	36,168
Abandonment of capitalized intangible assets	797	1,331
Equity received in connection with license agreements	(10,000)	—
Change in fair value of equity securities	13,633	4,676
Impairment on equity securities	—	138
Loss on disposal of assets	1,380	132
Changes in operating assets and liabilities:		
Accounts receivable and contract asset	(26,003)	21,508
Interest receivable from marketable debt securities	113	(392)
Prepaid expenses and other assets	1,592	1,031
Accounts payable	4,879	617
Accrued expenses	5,744	(154)
Income taxes	—	388
Lease liabilities and ROU assets	737	21,171
Deferred revenue	(21,098)	(2,108)
Net cash (used in) provided by operating activities	(96,095)	48,916
Cash flows from investing activities		
Purchase of marketable securities	(444,480)	(317,058)
Purchase of intangible assets	(2,077)	(3,977)
Purchase of property and equipment	(17,468)	(28,528)
Proceeds from maturities and sale of marketable securities	556,090	205,290
Net cash provided by (used in) investing activities	92,065	(144,273)
Cash flows from financing activities		
Proceeds from issuance of common stock upon exercise of stock awards	1,957	3,334
Proceeds from issuance of common stock under the Employee Stock Purchase Plan	1,242	1,197
Net cash provided by financing activities	3,199	4,531
Net decrease in cash, cash equivalents, and restricted cash	(831)	(90,826)
Cash, cash equivalents, and restricted cash, beginning of period	53,942	143,480
Cash, cash equivalents, and restricted cash, end of period	$ 53,111	$ 52,654
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$ 21	$ 13
Income taxes	$ —	$ 72
Supplemental disclosures of non-cash investing activities		
Unrealized gain (loss) on marketable securities	$ 6,244	$ (8,366)

See accompanying notes.

Xencor, Inc.

Notes to Financial Statements
(unaudited)

September 30, 2023

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim financial statements for Xencor, Inc. (the Company, Xencor, we or us) have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information. The financial statements include all adjustments (consisting only of normal recurring adjustments) that the management of the Company believes are necessary for a fair presentation of the periods presented. The preparation of interim financial statements requires the use of management's estimates and assumptions that affect reported amounts of assets and liabilities at the date of the interim financial statements and the reported revenues and expenditures during the reported periods. These interim financial results are not necessarily indicative of the results expected for the full fiscal year or for any subsequent interim period.

The accompanying unaudited interim financial statements and related notes should be read in conjunction with the audited financial statements and notes thereto included in the Company's 2022 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 24, 2023.

Use of Estimates

The preparation of interim 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 interim 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.

Intangible Assets

The Company maintains definite-lived intangible assets related to certain capitalized costs of acquired licenses and third-party costs incurred in establishing and maintaining its intellectual property rights to its platform technologies and development candidates. These assets are amortized over their useful lives, which are estimated to be the remaining patent life or the contractual term of the license. The straight-line method is used to record amortization expense. The Company assesses its intangible assets for impairment if indicators are present or changes in circumstances suggest that impairment may exist. There was no impairment charge recorded for the three and nine months ended September 30, 2023 and 2022.

The Company capitalizes certain in-process intangible assets that are then abandoned when they are no longer pursued or used in current research activities. We abandoned $0.2 million and $0.8 million of in-process intangible assets for the three and nine months ended September 30, 2023, respectively. We abandoned $0.3 million and $1.3 million of in-process intangible assets during the three and nine months ended September 30, 2022, respectively.

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 investment policy limits the maturity of any individual security to a maximum of 36 months. The average maturity of securities in the portfolio as of September 30,

2023 is less than 12 months. 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 because it is not more likely than not that the Company will be required to sell the securities before recovery of the amortized cost. 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 three and nine months ended September 30, 2023 and 2022. Accrued interest on marketable debt securities is included in the marketable securities' carrying value. 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. During the three and nine months ended September 30, 2023, the Company recorded an unrealized gain of $1.2 million and $6.2 million, respectively, in its portfolio of marketable debt securities. During the three and nine months ended September 30, 2022, the Company recorded an unrealized loss of $0.9 million and $8.4 million, respectively. The unrealized losses are due to the changing interest rate environment and are not due to changes in the credit quality of the underlying securities. The unrealized gain (loss) is recorded in other comprehensive income (loss) for the three and nine months ended September 30, 2023 and 2022.

The Company receives equity securities in connection with certain licensing transactions with its partners. These investments in equity securities 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 gain or loss on the sale of the securities will be recognized within other income (expense) in the Statements 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 the investment at its 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. During the second quarter ended June 30, 2023, the Company received additional equity in a security in connection with a milestone payment. The securities had a fair value of $10.0 million as of the date of issuance and have been recorded at the initial cost. There was no impairment charge recorded for the three and nine months ended September 30, 2023 and the three months ended September 30, 2022 in connection with equity securities without a readily determinable fair value. During the nine months ended September 30, 2022, the Company recorded an impairment charge of $0.1 million.

Recent Accounting Pronouncements

There have been no material changes in recently issued or adopted accounting standards from those disclosed in the Company's 2022 Annual Report on Form 10-K. The Company has reviewed all recently issued accounting pronouncements and does not believe they will have a material impact on our results of operations, financial condition or cash flows.

There have been no other material changes to the significant accounting policies previously disclosed in the Company's 2022 Annual Report on Form 10-K.

2. Fair Value of Financial Instruments

Financial instruments included in the financial statements include cash and cash equivalents, marketable debt and equity securities, accounts receivable, accounts payable, and accrued expenses. Marketable debt securities, equity securities, and cash equivalents are carried at fair value. The fair value of the other financial instruments closely approximates their fair value due to their short-term maturities.

The Company accounts for recurring and non-recurring fair value measurements in accordance with FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures* (ASC 820). 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):

	September 30, 2023 (unaudited)			December 31, 2022		
	Total Fair Value	Level 1	Level 2	Total Fair Value	Level 1	Level 2
Money Market Funds	$ 40,943	$ 40,943	$ —	$ 40,967	$ 40,967	$ —
Corporate Securities	75,620	—	75,620	200,626	—	200,626
Government Securities	357,627	—	357,627	329,889	—	329,889
	$ 474,190	$ 40,943	$ 433,247	$ 571,482	$ 40,967	$ 530,515

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 three and nine months ended September 30, 2023 and 2022, there were no transfers between Level 1 and Level 2.

3. Net Loss Per Common 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 loss per common share is computed as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except share and per share data)		(in thousands, except share and per share data)	
Numerator:				
Net loss attributable to common stockholders	$ (24,269)	$ (32,759)	$ (106,986)	$ (43,139)
Denominator:				
Weighted-average common shares outstanding used in computing basic and diluted net loss	60,621,534	59,716,594	60,387,163	59,564,985
Basic and diluted net loss per common share	$ (0.40)	$ (0.55)	$ (1.77)	$ (0.72)

For the three and nine months ended September 30, 2023 and 2022, all outstanding potentially dilutive securities have been excluded from the calculation of diluted net loss per common share as the effect of including such securities would have been anti-dilutive.

4. Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). For each of the three and nine-month periods ended September 30, 2023 and 2022, 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 income (loss) during each of the three and nine-month periods ended September 30, 2023 and 2022.

5. Marketable Debt and Equity Securities

The Company's marketable debt securities held as of September 30, 2023 and December 31, 2022 are summarized below:

September 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 40,943	$ —	$ —	$ 40,943
Corporate Securities	75,737	—	(117)	75,620
Government Securities	358,207	4	(584)	357,627
	$ 474,887	$ 4	$ (701)	$ 474,190
Reported as				
Cash and cash equivalents				$ 40,943
Marketable securities				433,247
Total investments				$ 474,190

December 31, 2022	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(in thousands)				
Money Market Funds	$ 40,967	$ —	$ —	$ 40,967
Corporate Securities	201,752	—	(1,126)	200,626
Government Securities	335,705	3	(5,819)	329,889
	$ 578,424	$ 3	$ (6,945)	$ 571,482
Reported as				
Cash and cash equivalents				$ 40,967
Marketable securities				530,515
Total investments				$ 571,482

The maturities of the Company's marketable debt securities as of September 30, 2023 are as follows:

September 30, 2023	Amortized Cost	Estimated Cost Fair Value
(in thousands)		
Mature in one year or less	$ 413,497	$ 412,827
Mature within two years	20,447	20,420
	$ 433,944	$ 433,247

The unrealized losses on available-for-sale investments and their related fair values as of September 30, 2023 and December 31, 2022 are as follows:

	Less than 12 months		12 months or greater	
September 30, 2023	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 75,620	$ (117)	$ —	$ —
Government Securities	286,603	(557)	20,420	(27)
	$ 362,223	$ (674)	$ 20,420	$ (27)

	Less than 12 months		12 months or greater	
December 31, 2022	Fair value	Unrealized losses	Fair value	Unrealized losses
(in thousands)				
Corporate Securities	$ 132,658	$ (1,121)	$ 3,826	$ (5)
Government Securities	324,933	(5,819)	—	—
	$ 457,591	$ (6,940)	$ 3,826	$ (5)

The unrealized losses from the available-for-sale securities are primarily due to changes in the interest rate environment and not changes in the credit quality of the underlying securities in the portfolio.

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), net. For the three and nine months ended September 30, 2023, losses of $11.0 million and a loss of $13.6 million, respectively, were recorded under other income (expense) related to these securities. For the three and nine months ended September 30, 2022, a gain of $5.3 million and a loss of $4.7 million, respectively, were recorded under other income (expense). Equity securities with a readily determinable fair value, which are categorized as Level 1 in the fair value hierarchy under ASC 820, and their fair values (in thousands) as of September 30, 2023 and December 31, 2022 are as follows:

	Fair Value September 30, 2023	Fair Value December 31, 2022
Astria Common Stock	$ 5,206	$ 9,529
INmune Common Stock	12,765	11,954
Viridian Common Stock	11,001	20,948
	$ 28,972	$ 42,431

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. Equity securities without a readily determinable fair value and their carrying values (in thousands) as of September 30, 2023 and December 31, 2022 are as follows:

	Carrying Value September 30, 2023	Carrying Value December 31, 2022
Astria Preferred Stock	$ —	$ 174
Zenas Preferred Stock	64,210	54,209
	$ 64,210	$ 54,383

The Company received common and preferred stock in Astria in connection with a licensing transaction. The shares of Astria common stock have a readily determinable fair value, and the adjustment in the fair value of the Astria common stock has been recorded as an unrealized loss on equity securities for the three and nine months ended September 30, 2023.

The Company originally recorded its investment in the shares of Astria preferred stock as an equity interest without a readily determinable fair value. In January 2023, the Company exchanged its preferred shares for common stock in Astria. The common stock has a readily determinable fair value, and difference in the fair value of the common stock and the carrying value of the preferred stock has been recorded as a gain in equity securities for the nine months ended September 30, 2023. The Company recorded a loss in equity securities related to the Astria common stock for the three and nine months ended September 30, 2023.

The Company currently holds 1,885,533 shares of common stock of INmune Bio, Inc. (INmune). The 1,885,533 shares of INmune common stock are classified as equity securities with a readily determinable fair value, and the adjustment in the fair value of the shares of INmune common stock has been recorded as a loss and a gain in equity securities for the three and nine months ended September 30, 2023, respectively.

The Company currently holds 717,144 shares of common stock of Viridian Therapeutics, Inc. (Viridian). 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 as a loss in equity securities for the three and nine months ended September 30, 2023.

The Company currently holds an equity interest in Zenas BioPharma Limited (Zenas), a private biotechnology company. The Company's equity interests include preferred stock in Zenas which were received as upfront payments for licensing certain clinical and preclinical assets from the Company. 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. During the nine months ended September 30, 2023, the Company received additional preferred shares in Zenas as payment for a milestone. The preferred shares had a fair value of $10.0 million as of the date of issuance. During the three and nine months ended September 30, 2023, there has not been any impairment or observable price changes related to this investment.

Unrealized gain (loss) recognized on equity securities during each of the three- and nine-month periods ended September 30, 2023 and 2022, consist of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net and unrealized gain (loss) recognized on equity securities	$ (11,023)	$ 5,299	$ (13,633)	$ (4,676)

6. Stock Based Compensation

Our Board of Directors (the Board) and the requisite stockholders previously approved the 2010 Equity Incentive Plan (the 2010 Plan). In October 2013, the Board approved the 2013 Equity Incentive Plan (the 2013 Plan), and in

November 2013, our stockholders approved the 2013 Plan, which became effective as of December 3, 2013. As of December 2, 2013, we suspended the 2010 Plan, and no additional awards may be granted under the 2010 Plan.

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 of each year by 4% of the total number of issued and outstanding shares of common stock as of December 31 of the immediately preceding year. Pursuant to approval by the Board, the total number of shares of common stock available for issuance under the 2013 Plan was increased by 2,399,908 shares on January 1, 2023.

In June 2023, the Board and shareholders approved the 2023 Equity Incentive Plan (the 2023 Plan), which became effective as of June 14, 2023. We suspended the 2013 Plan, and no additional award may be granted under the 2013 Plan. The 2023 Plan reserve consists of 3,000,000 shares and the remaining available shares from the 2013 Plan as of the effective date of the 2023 Plan. In addition, any shares of common stock covered by awards granted under the 2013 Plan that terminate on or after June 14, 2023 by expiration, forfeiture, cancellation, or other means without the issuance of such shares will be added to the 2023 Plan reserve.

As of September 30, 2023, the total number of shares of common stock available for issuance under the 2023 Plan is 19,724,542, which includes 16,932,548 shares of common stock that were available for issuance under the Prior Plans as of the effective date of the 2023 Plan. As of September 30, 2023, a total of 16,603,888 options have been granted under the 2013 Plan and 2023 Plan.

In November 2013, the Board and our stockholders approved the ESPP, which became effective as of December 5, 2013. As of September 30, 2023, the total number of shares of common stock available for issuance under the ESPP is 1,084,060. Unless otherwise determined by the Board, beginning on January 1, 2014, and continuing until the expiration of the ESPP, the total number of 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. Pursuant to approval by the Board, the total number of shares of common stock available for issuance under the ESPP was increased by 599,977 shares on January 1, 2023. As of September 30, 2023, we have issued a total of 690,758 shares of common stock under the ESPP.

During the nine months ended September 30, 2023, the Company awarded 988,276 RSUs to certain employees. The standard vesting of these awards is generally in three equal annual installments and is contingent on an employee's continued service to the Company. 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. As of September 30, 2023, a total of 2,988,093 RSUs have been granted under the 2013 Plan and 2023 Plan.

Total employee, director and non-employee stock-based compensation expense recognized for the three and nine months ended September 30, 2023 and 2022 are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
General and administrative	$ 4,487	$ 4,736	$ 13,234	$ 12,760
Research and development	8,409	8,024	25,824	23,408
	$ 12,896	$ 12,760	$ 39,058	$ 36,168

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	$ 6,314	$ 7,833	$ 20,139	$ 22,178
ESPP	307	282	970	873
RSUs	6,275	4,645	17,949	13,117
	$ 12,896	$ 12,760	$ 39,058	$ 36,168

The following table summarizes option activity under our stock plans and related information:

	Number of Shares Subject to Outstanding Options	Weighted Average Exercise Price (Per Share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Balance at December 31, 2022	10,082,642	$ 29.12	6.30	$ 27,141
Options granted	2,068,582	$ 30.07		
Options forfeited	(390,457)	$ 33.82		
Options exercised	(214,134)	$ 9.14		
Balance at September 30, 2023	11,546,633	$ 29.51	6.16	$ 9,692
Exercisable	7,757,723	$ 28.45	4.88	$ 9,690

We calculate the intrinsic value as the difference between the exercise price of the options and the closing price of common stock of $20.15 per share as of September 30, 2023.

The weighted-average fair value of options granted during the nine-month periods ended September 30, 2023 and 2022 were $16.01 and $15.50 per share, respectively. There were 2,007,833 options granted during the nine-month period ended September 30, 2022. We estimated the fair value of each equity award, including stock options and shares issued under our ESPP, using the Black-Scholes option-pricing model based on the date of grant of such stock option or ESPP share issuance date, with the following weighted average assumptions for the three and nine months ended September 30, 2023 and 2022:

	Options Three Months Ended September 30,		Options Nine Months Ended September 30,	
	2023	2022	2023	2022
Expected term (years)	6.1	6.1	6.1	6.3
Expected volatility	50.0 %	51.9 %	50.5 %	53.0 %
Risk-free interest rate	4.43 %	3.38 %	4.18 %	2.02 %
Expected dividend yield	— %	— %	— %	— %

	ESPP Three Months Ended September 30,		ESPP Nine Months Ended September 30,	
	2023	2022	2023	2022
Expected term (years)	0.5 - 2.0	0.5 - 2.0	0.5 - 2.0	0.5 -2.0
Expected volatility	38.2% - 55.7%	43.2% - 55.7%	38.2% - 55.7%	43.2% - 55.7%
Risk-free interest rate	0.13% - 5.39%	0.13% - 2.82%	0.13% - 5.39%	0.13% - 2.82%
Expected dividend yield	— %	— %	— %	— %

As of September 30, 2023, the unamortized compensation expense related to unvested stock options was $60.0 million. The remaining unamortized compensation expense will be recognized over the next 2.6 years. As of September 30, 2023, the unamortized compensation expense under our ESPP was $0.3 million. The remaining unamortized expense will be recognized over the next 0.2 years.

The following table summarizes the RSU activity for the nine-month period ended September 30, 2023:

	Restricted Stock Units	Weighted Average Grant Date Fair Value (Per unit)
Unvested RSUs at December 31, 2022	1,232,551	$ 32.41
Granted	988,276	30.42
Vested	(398,744)	32.60
Forfeited	(129,134)	32.00
Unvested RSUs at September 30, 2023	1,692,949	$ 31.23

As of September 30, 2023, the unamortized compensation expense related to unvested RSUs was $36.3 million. The remaining unamortized expense will be recognized over the next 2.1 years.

7. 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. The Company has assessed that it is unlikely to exercise the option to extend the lease term. For the three and nine months ended September 30, 2023, there were no ROU assets obtained in exchange for new operating lease liabilities.

In June 2021, the Company entered into an Agreement of Lease (Lease Agreement) for laboratory and office space in Pasadena, California, which will expire in July 2035. The Lease Agreement provides for two separate phases of lease and occupancy. The first phase commenced on August 1, 2022 and provides the Company with an improvement allowance up to $17.0 million. The second phase of the lease agreement will commence no later than September 30, 2026 and includes an additional improvement allowance up to $3.3 million. In August 2022, the Company entered into an amendment, which the Company would receive an additional $5.0 million in tenant improvement allowance in exchange for an increase in the rental rate of the phase 1 space. The Company received delivery of the second phase premises on December 1, 2022. The Company placed the new facility into service in February 2023. For the three and nine months ended September 30, 2023, there were no ROU assets obtained in exchange for new operating lease liabilities.

The Company leases additional office space in San Diego, California in lease that expires December 2023. For the three and nine months ended September 30, 2023, there were no ROU assets obtained in exchange for new operating lease liabilities.

In August 2023, the Company entered into a Sublease Agreement for office space in San Diego, California. The term of the Sublease Agreement begins in September 2023 and ends in December 2027. For the three and nine months ended September 30, 2023, ROU assets obtained in exchange for new operating lease liabilities were $2.5 million. In connection with the Sublease Agreement, the Company provided a $0.4 million Letter of Credit to the landlord. The Letter of Credit will decline over the term of the lease. The Company also entered into a Cash Collateral Agreement for $0.4 million, which is classified as restricted cash in the Balance Sheets.

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 September 30, 2023 to the operating lease liabilities recorded on the balance sheet (in thousands):

Years ending December 31,	
For the remainder of 2023	$ 1,322
2024	6,684
2025	8,022
2026	9,238
2027	9,560
2028	9,076
Thereafter	66,435
Total undiscounted lease payments	110,337
Less: Tenant allowance	(5,459)
Less: Imputed interest	(44,119)
Present value of lease payments	$ 60,759
Lease liabilities - short-term	$ 4,380
Lease liabilities - long-term	56,379
Total lease liabilities	$ 60,759

The following table summarizes lease costs and cash payments for the three and nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
Operating lease cost	$ 2,075	$ 1,589	$ 6,275	$ 4,725
Variable lease cost	232	156	685	287
Total lease costs	$ 2,307	$ 1,745	$ 6,960	$ 5,012
Cash paid for amounts included in the measurement of lease liabilities	$ 820	$ 564	$ 2,265	$ 1,913

As of September 30, 2023, the weighted-average remaining lease term for operating leases is 11.0 years, and the weighted-average discount rate for operating leases is 8.8%. As of September 30, 2022, the weighted-average remaining lease term for operating leases is 11.9 years, and the weighted-average discount rate for operating leases is 9.1%.

8. Commitments and 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.

The Company is obligated to make future payments to third parties pursuant to certain 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 the Company's balance sheets for the periods ended September 30, 2023 and December 31, 2022. The Company has also entered into agreements with third-party vendors that will require us to make future payments upon the delivery of goods and services in future periods.

9. Collaboration and Licensing Agreements

The following is a summary description of the material revenue arrangements, including arrangements that generated revenue in the three and nine months ended September 30, 2023 and 2022.

Alexion Pharmaceuticals, Inc.

In January 2013, the Company entered into an Option and License Agreement (the Alexion Agreement) with Alexion Pharmaceuticals, Inc. (Alexion). Under the terms of the Alexion Agreement, the Company granted to Alexion an exclusive research license, with limited sublicensing rights, to make and use the Company's Xtend technology to evaluate and advance compounds. Alexion exercised its rights to one target program, ALXN1210, which is now marketed as Ultomiris®.

The Company is eligible to receive a contractual milestone for the achievement of certain commercial sales levels of Ultomiris and is also entitled to receive royalties based on a percentage of net sales of Ultomiris sold by Alexion, its affiliates or its sublicensees, 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.

During the three months ended September 30, 2023, the Company earned a milestone for the achievement of certain commercial sales levels of Ultomiris and recorded a receivable of $20.0 million.

Under ASC 606, *Revenue from Contracts with Customers*, the Company recognizes revenue for sales-based royalties upon the subsequent sale of the product. The Company recognized $11.8 million and $7.3 million of royalty revenue under this arrangement for the three months ended September 30, 2023 and 2022, respectively. The Company recognized $33.4 million and $20.2 million of royalty revenue under this arrangement for the nine months ended September 30, 2023 and 2022, respectively. The Company also recognized $20.0 million of milestone revenue for the three and nine months ended September 30, 2023. As of September 30, 2023, there is a receivable of $32.5 million related to the sales milestone and royalties due under the arrangement, and there is no deferred revenue related to this agreement.

Astellas Pharma Inc.

Effective March 29, 2019, the Company entered into a Research and License Agreement (the Astellas Agreement) with Astellas Pharma Inc. (Astellas).

Under the Astellas Agreement, Astellas developed ASP2138, a CLDN18.2 x CD3 bispecific antibody, which is currently being developed by Astellas in a Phase 1 study.

At March 31, 2022, the Company recorded a contract asset of $5.0 million related to a future development milestone under the Astellas Agreement, and we received the milestone payment in July 2022.

No revenue was recognized under the arrangement for the three and nine months ended September 30, 2023, or the three months ended September 30, 2022, and the Company recognized $5.0 million of revenue for the nine months ended September 30, 2022. As of September 30, 2023, there is no deferred revenue related to the arrangement.

Astria Therapeutics, Inc.

In connection with a licensing transaction, the Company received preferred and common stock in Astria. In January 2023, the Company exchanged its preferred stock for additional common stock in Astria.

The Company recognized an unrealized loss of $0.6 million and $4.5 million related to its equity interest in Astria for the three and nine months ended September 30, 2023, respectively. The Company recognized an unrealized gain of $3.9 million and $2.3 million related to its equity interest in Astria for the three and nine months ended September 30, 2022, respectively. There is no deferred revenue as of September 30, 2023 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. Hoffmann-La Roche Ltd (collectively, Genentech) for the development and commercialization of novel IL-15 collaboration products (Collaboration Products), including XmAb306 (also named RG6323), the Company's IL-15/IL-15Ra candidate.

Pursuant to the Genentech Agreement, XmAb306 is designated as a development program and all costs incurred for developing XmAb306 from March 8, 2019, the effective date of the Genentech Agreement, are being shared with Genentech under the initial cost-sharing percentage of 45%. In 2023, the Company exercised its option to convert the cost-sharing arrangement to a royalty-based arrangement and expects to finalize terms of the contract changes before year-end. The Company's cost-sharing obligations would continue through the effective date of the conversion agreement.

The Company did not recognize revenue related to the Genentech Agreement for the three and nine months ended September 30, 2023, or 2022. As of September 30, 2023, there is a $4.9 million payable related to cost-sharing development activities during the third quarter of 2023 for development studies being conducted under the Genentech Agreement. There is no deferred revenue as of September 30, 2023, as obligations to perform research activities have expired.

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. In the second quarter 2020, Gilead exercised its options for the three additional antibody compounds.

During the three months ended September 30, 2023, Gilead initiated a Phase 2 study evaluating two licensed antibodies, and we earned $6.0 million in milestone payments. For the three and nine months ended September 30, 2023, the Company recognized $6.0 million in revenue related to development milestones. There is no deferred revenue as of September 30, 2023 related to this agreement.

INmune Bio, Inc.

In connection with a licensing transaction, the Company received common stock in INmune.

For the three and nine months ended September 30, 2023, the Company recorded an unrealized loss of $4.4 million and an unrealized gain of $0.8 million, respectively. For the three and nine months ended September 30, 2022, the Company recorded an unrealized loss of $5.0 million and $7.5 million related to its investment in INmune.

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 the Company and Janssen conducted research and development activities to discover novel CD28 bispecific antibodies for the treatment of prostate cancer with Janssen maintaining exclusive worldwide rights to develop and commercialize licensed products identified from the research activities.

Under the Janssen Agreement, the Company conducted research activities and applied its bispecific Fc technology to antibodies targeting prostate cancer provided by Janssen. Upon completion of the research activities Janssen had a candidate selection option to advance an identified candidate for development and commercialization. In November 2021, the Company completed its performance obligations under the research activities and delivered CD28 bispecific antibodies to Janssen, and Janssen exercised its candidate selection option to select a bispecific CD28 antibody for further development. Janssen will assume full responsibility for development and commercialization of the CD28 bispecific antibody candidate.

In the third quarter of 2023, Janssen submitted an investigational new drug application (IND) to the FDA for a CD28 bispecific candidate that was developed under the collaboration and the Company received a $7.5 million milestone.

The Company recognized $7.5 million of revenue for the three and nine months ended September 30, 2023 under the Janssen Agreement. As of September 30, 2023, there is no deferred revenue related to this Agreement.

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 Second Janssen Agreement became effective on November 5, 2021.

The Company will collaborate with Janssen on further clinical development of plamotamab with Janssen and share development costs with Janssen paying from 80% to 85% of certain development program costs and the Company paying from 15% to 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. Revenue from the research activities 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.

In the first quarter of 2023, Janssen selected a B cell target for further development under the Second Janssen Agreement and the Company received a $5.0 million milestone.

In the second quarter of 2023, the Company recognized $22.2 million of revenue related to research activities performed under the Second Janssen Agreement. The Company uses the input method under ASC 606 for recognizing revenue related to completing its performance obligations for research services. In the third quarter of 2023, based on updated information regarding our measure of progress in completing research activities, we effected a change in estimate under ASC 606 which resulted in adjusted research revenue of $(1.3) million for the three months ended September 30 2023.

In the third quarter of 2023, Janssen submitted a clinical trial application (CTA) for a CD28 bispecific candidate that was developed under the collaboration, and the Company received a $7.5 million milestone.

There is a receivable of $3.2 million as of September 30, 2023, related to cost-sharing activities for development of plamotamab under the Second Janssen Agreement. The Company recognized $6.2 million and $0.1 million of revenue related to the Second Janssen Agreement for the three months ended September 30, 2023 and 2022, respectively. The Company recognized $33.6 million and $2.1 million of revenue for the nine months ended September 30, 2023 and 2022, respectively. There is $9.2 million in deferred revenue as of September 30, 2023 related to 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. Under the agreement, we granted MorphoSys an exclusive worldwide license to the Company's patents and know-how to research, develop and commercialize the 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 $2.7 million and $2.1 million of royalty revenue during the three months ended September 30, 2023 and 2022, respectively. The Company recognized $6.6 million and $5.6 million of royalty revenue during the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, there is a receivable of $2.2 million related to estimated royalties due under the arrangement. As of September 30, 2023, there is no deferred revenue related to this agreement.

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.

During the three months ended September 30, 2023, Omeros initiated a Phase 2 study for a licensed program and the Company received a $5.0 million milestone. For the three and nine months ended September 30, 2023, the Company recognized $5.0 million of milestone revenue related to a development milestone. As of September 30, 2023, there is no deferred revenue related to this Agreement.

Vir Biotechnology, Inc.

In the third quarter of 2019, the Company entered into a Patent License Agreement (the Vir Agreement) with Vir Biotechnology, Inc. (Vir) pursuant to which the Company provided a non-exclusive license to its Xtend technology for up to two targets.

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 two novel antibodies that Vir advanced into development to treat patients with COVID-19. VIR incorporated our Xtend technology in developing Sotrovimab which was authorized to treat mild-to-moderate COVID 19 in certain patient populations. Under the terms of the Second Vir Agreement, Vir is responsible for all research, development, regulatory and commercial activities for the antibodies, and the Company is eligible to receive royalties on the net sales of approved products in the mid-single digit percentage range. We began earning royalties from the net sales of Sotrovimab in the second quarter of 2021. As the COVID 19 virus has mutated, our royalties from the sale of Sotrovimab have diminished significantly and future revenues from this license are expected to continue to decline.

No revenue was recognized for the three months ended September 30, 2023. The Company recognized $17.8 million of royalty revenue for the three months ended September 30, 2022. The Company recognized $1.5 million and $110.1 million of royalty revenue for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, there is no receivable related to estimated royalty due under this agreement, and there is no deferred revenue related to this agreement.

Viridian Therapeutics, Inc.

In December 2020 and in December 2021, the Company entered two separate license agreements with Viridian and received shares of Viridian common stock for each license.

In the three months ended June 30, 2023, Viridian notified the Company it was terminating the initial license agreement. The second license expired in the third quarter 2023 upon expiration of the research term that was granted under the second license agreement.

The Company reported an unrealized loss of $6.1 million and an unrealized gain of $6.4 million for the three months ended September 30, 2023 and 2022, respectively, related to the shares of Viridian common stock. The Company reported an unrealized loss of $9.9 million and an unrealized gain of $0.5 million for the nine months ended September 30, 2023 and 2022, respectively. The Company did not recognize revenue for the three and nine months ended September 30, 2023 or 2022. There is no deferred revenue as of September 30, 2023 related to this agreement.

Zenas BioPharma Limited

In November 2020, the Company entered into a License Agreement (the Zenas Agreement) with Zenas, pursuant to which the Company received an equity interest in Zenas in exchange for the exclusive, worldwide rights to develop and commercialize drug candidates from the Company.

The equity in Zenas is recorded at the fair value as of the date of the Zenas Agreement and is reviewed each reporting period for impairment or other evidence of change in value.

In November 2021, the Company entered into a second License Agreement (Second Zenas Agreement) with Zenas, pursuant to which the Company received additional equity in Zenas in exchange for the exclusive worldwide rights to develop and commercialize the Company's obexelimab (XmAb5871) drug candidate. Under the license, the Company is eligible to receive development, regulatory and sales milestones in connection with the development of obexelimab and royalties on net sales of approved products. The original equity received for the second license was a warrant to acquire additional shares of Zenas. The warrant was exchanged for additional preferred stock in Zenas in November 2022.

The warrant in Zenas was recorded at its fair value as of the date of the Second Zenas Agreement and is reviewed each reporting period for impairment or other evidence of change in value. The preferred shares received in exchange for the warrant were recorded at their fair value at the date of the exchange and is reviewed each reporting period for impairment or other evidence of change in value.

Zenas advanced obexelimab into Phase 3 clinical studies in the first quarter of 2023 and dosed their second patient in the second quarter of 2023. The Company received a development milestone in the form of additional preferred stock in Zenas with a fair value of $10.0 million.

The Company did not record an impairment or change in the value of the Zenas equity or the warrant in Zenas in the three and nine months ended September 30, 2023 or 2022. The Company recognized $10.0 million of revenue for the nine months ended September 30, 2023. The Company did not recognize any revenue related to the Zenas Agreement for the three months ended September 30, 2023 or the three and nine months ended September 30, 2022, and there is no deferred revenue related to this agreement.

Revenue earned

The revenues recorded for the three and nine months ended September 30, 2023 and 2022 were earned principally from the following licensees (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Alexion	$ 31.8	$ 7.3	$ 53.4	$ 20.2
Astellas	$ —	$ —	$ —	$ 5.0
Gilead	$ 6.0	$ —	$ 6.0	$ —
Janssen	$ 13.7	$ 0.1	$ 41.1	$ 2.1
MorphoSys	$ 2.7	$ 2.1	$ 6.6	$ 5.6
Omeros	$ 5.0	$ —	$ 5.0	$ —
Vir	$ —	$ 17.8	$ 1.5	$ 110.1
Zenas	$ —	$ —	$ 10.0	$ —
Total	$ 59.2	$ 27.3	$ 123.6	$ 143.0

The table below summarizes the disaggregation of revenue recorded for the three and nine months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Research collaboration	$ (1.3)	$ 0.1	$ 21.1	$ 2.1
Milestone	46.0	—	61.0	5.0
Royalties	14.5	27.2	41.5	135.9
Total	$ 59.2	$ 27.3	$ 123.6	$ 143.0

Remaining Performance Obligations and Deferred Revenue

The Company's remaining performance obligation as of September 30, 2023 is conducting research activities pursuant to the Second Janssen Agreement. As of September 30, 2023 and 2022, the Company has deferred revenue of $9.2 million and $35.2 million, respectively. All deferred revenue as of September 30, 2023 is classified as current liabilities as the Company's obligations to perform services are due on demand when requested by Janssen under the Second Janssen Agreement.

10. Income taxes

There is no provision for income tax for the three and nine months ended September 30, 2023. The provision for income tax is $1.1 million for the three and nine months ended September 30, 2022. As of September 30, 2023, the Company's deferred income tax assets, consisting primarily of net operating loss and tax credit carryforwards, have been fully offset by a valuation allowance.

11. Subsequent Event

Royalty Sale Agreements

On November 3, 2023, the Company entered into two separate royalty purchase agreements for the sale of its rights to receive royalties and certain milestones under its Alexion and MorphoSys agreements. The Company received a non-refundable upfront payment of $215.0 million from the purchaser, OCM Life Sciences Portfolio LP ("OMERS"), for the sale of the Ultomiris® royalty and milestone, (the "Ultomiris Agreement") and, the Monjuvi® royalty (the "Monjuvi Agreement").

Pursuant to the Ultomiris Agreement and subject to the Company's existing license with Alexion, in exchange for an upfront payment of $192.5 million, OMERS has acquired the right to receive: (i) 100% of royalties payable on sales related to Ultomiris® that occur from July 1, 2023 through December 31, 2025; (ii) up to $35.0 million annually in royalties on sales related to Ultomiris® that occur from January 1, 2026 through December 31, 2028 with any royalties in excess of $35.0 million reverting to the Company; (iii) up to $12.0 million annually in royalties on sales related to Ultomiris® that occur from and after January 1, 2029, with any royalties in excess of $12.0 million reverting to the Company; and, (iv) $18.0 million of the sales based milestone due pursuant to the existing license with Alexion.

The Company is also eligible to receive a $12.0 million milestone payment under the Ultomiris Agreement if Ultomiris sales exceed certain target levels during the period July 1, 2023 through June 30, 2024.

Pursuant to the Monjuvi Agreement and subject to the Company's existing license with MorphoSys, in exchange for an upfront payment of $22.5 million, OMERS has acquired the right to receive up to $29.25 million in royalties on sales related to Monjuvi® /Minjuvi® that occur from July 1, 2023,with any royalties in excess of $29.25 million reverting to the Company. The Company is also eligible to receive any potential milestones that are due under its MorphoSys Agreement.

The Company will evaluate the financial reporting and income tax consequences of the royalty sales transactions in connection with its financial reporting for the year ended December 31, 2023.

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

The following discussion and analysis should be read in conjunction with our financial statements and accompanying notes included in this Quarterly Report on Form 10-Q and the financial statements and accompanying notes thereto for the fiscal year ended December 31, 2022 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in our Annual Report on Form 10-K for the year ended December 31, 2022. See also "Special Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q.

Company 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 developed with our Fc technologies have been marketed by our partners and have generated royalty revenues for us, which partially offset our internal development costs.

Refer to Part I, Item 1, "XmAb Bispecific Fc Domain and New Multi-Specific Antibody Formats" and "Other XmAb Fc Domains" in the description of our business included in our Annual Report on Form 10-K for the year ended December 31, 2022 for a discussion of our core Fc technology platforms.

Clinical-Stage XmAb Drug Candidates

Our modular XmAb bispecific Fc domains 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 a candidate in development for patients with autoimmune disease.

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 metastatic castration-resistant prostate cancer (mCRPC) and other solid tumor types. We are conducting a Phase 2 study of vudalimab in patients with mCRPC, as a monotherapy or in combination with chemotherapy or a PARP inhibitor depending on the tumor's molecular subtype. We are also conducting a second Phase 2 study in patients with clinically-defined high-risk mCRPC; cohorts for patients with advanced gynecologic malignancies are closed to enrollment, and we do not intend further development in advanced gynecologic malignancies. We plan to evaluate vudalimab as a first-line treatment in patients with locally advanced or metastatic non-small cell lung cancer, and we anticipate initiating the study by the end of 2023.

XmAb564 (IL2-Fc Cytokine): 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. Results from a Phase 1a clinical study of XmAb564, presented at the European Congress of Rheumatology (EULAR) in May 2023, indicate a single dose of XmAb564, administered subcutaneously in healthy volunteers, was well tolerated and generated durable, dose-dependent and selective expansion of Tregs. We are conducting

a randomized, double-blind, placebo-controlled Phase 1b clinical study to evaluate the safety and tolerability of multiple ascending doses of XmAb564, administered subcutaneously in patients with atopic dermatitis or psoriasis.

XmAb819 (ENPP3 x CD3): XmAb819 is a bispecific antibody that targets ENPP3 and CD3. ENPP3 is a tumor-associated antigen in renal cell carcinoma (RCC). The XmAb 2+1 multivalent format used in XmAb819 enables greater selectivity for ENPP3 expressing tumor cells compared to normal cells, which also express ENPP3 at lower levels. We are currently enrolling a Phase 1 study to evaluate XmAb819 in patients with advanced clear cell RCC.

XmAb808 (B7-H3 x CD28): XmAb808 is a tumor-selective, co-stimulatory XmAb 2+1 bispecific antibody designed to bind to the broadly expressed tumor antigen B7-H3, and selectively to the CD28 T-cell co-receptor only when bound to tumor cells, which was demonstrated in *in vitro* studies. *In vivo* studies further demonstrated strong potentiation of checkpoint and CD3 cytotoxic activity. Xencor is conducting a Phase 1 study to evaluate XmAb808 in combination with pembrolizumab in patients with advanced solid tumors.

XmAb662 (IL12-Fc Cytokine): XmAb662 is a potency-reduced interleukin-12 Fc (IL12-Fc) fusion protein engineered to increase anti-tumor activity and immunogenicity in the tumor microenvironment by promoting high levels of interferon gamma secretion from T cells and NK cells. In preclinical testing, Xencor's engineered IL12-Fc fusions demonstrated an improved pharmacokinetic profile and therapeutic window compared to a native IL12-Fc fusion, with superior exposure, a more gradual dose response and more sustained interferon gamma response. XmAb662 demonstrated significant anti-tumor activity, along with increases in NK cells, T cells, serum IP-10 and interferon gamma, which were further enhanced when combined with an anti-PD-1 antibody. We are enrolling a Phase 1 study to evaluate XmAb662 in patients with advanced solid tumors.

XmAb541 (CLDN6 x CD3): XmAb541 is a bispecific antibody that targets Claudin-6 (CLDN6) and CD3. CLDN6 is a tumor-associated antigen in ovarian cancer. The XmAb 2+1 multivalent format used in XmAb541 enables greater selectivity for CLDN6 over similar Claudin family members, such as CLDN9, CLDN3 and CLDN4. We are currently completing IND-enabling activities, and we plan to submit an investigational new drug (IND) application for XmAb541 in 2023.

XmAb104 (PD-1 x ICOS): We do not intend further internal development of XmAb104. Emerging data from the Phase 1 study of XmAb104 did not meet prespecified criteria for advancing the program. We will continue to support patients currently enrolled and being treated. We anticipate spending on XmAb104 to decline throughout 2023 and 2024.

Candidates Co-Developed with Partners

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, and we are co-developing the program in collaboration with Janssen. Results from the expansion portion of a Phase 1 study in patients with refractory non-Hodgkin lymphoma indicate that intravenous plamotamab monotherapy was well tolerated and demonstrated encouraging clinical activity in heavily pretreated patients at the recommended Phase 2 dose. We are currently enrolling patients into subcutaneous dose escalation cohorts of this study.

XmAb306/RG6323 (IL15/IL15Rα-Fc Cytokine): XmAb306 is a reduced-potency IL15/IL15Rα-Fc fusion protein that incorporates our Xtend extended half-life technology, and we have been co-developing this program in collaboration with Genentech, a member of the Roche Group. Genentech is conducting a Phase 1 study of XmAb306 as a single agent and in combination with atezolizumab in patients with advanced solid tumors. Genentech has initiated two additional Phase 1 studies, evaluating XmAb306 in patients with relapsed/refractory multiple myeloma, either in combination with daratumumab (anti-CD38 antibody) or in combination with cevostamab (FcRH5 x CD3 bispecific antibody). We have exercised our right under the Genentech agreement to convert our co-development arrangement and sharing of profits and losses into a royalty arrangement.

Advancements Expanding XmAb Bispecific and Cytokine Platforms

We conduct further research into the function and application of antibody components and cytokines in order to expand the scope of our XmAb technology platforms and identify additional XmAb drug candidates.

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 for the treatment of patients with a range of solid tumors.

In April 2023, we presented emerging data from research-stage engineered CD28 bispecific antibodies targeting the solid tumor antigens CEACAM5, ENPP3, mesothelin, STEAP1 and Trop-2 in a poster at the American Association for Cancer Research (AACR) Annual Meeting. We anticipate submitting an IND application for a second wholly-owned CD28 bispecific antibody in 2024.

Progress Across Partnerships

A key part of our business strategy is to leverage our protein engineering capabilities, XmAb Fc domains 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 into 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 that 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. We earned $6.6 million in estimated royalties from MorphoSys for the nine months ended September 30, 2023.

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. In January 2023, Zenas initiated a Phase 3 study of obexelimab in an autoimmune disease and dosed their second patient in April 2023. We received additional preferred stock in Zenas as a development milestone in the second quarter of 2023. The additional preferred stock has a fair market value of $10.0 million, and we recorded the milestone payment as revenue for the nine months ended September 30, 2023.

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.

Xaluritamig (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 October 2023 at the European Society for Medical Oncology (ESMO) Congress, encouraging interim clinical results from the study were presented during an oral proffered paper session, validating the potential of the XmAb 2+1 format.

In November 2020, we entered into 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 potential treatment of patients with prostate cancer. In the third quarter, Janssen submitted an IND for a bispecific candidate developed under the agreement, and we received a $7.5 million milestone. Janssen intends to initiate a Phase 1 study for this candidate in 2023 or early 2024.

In October 2021, we entered into a second collaboration agreement with Janssen to create and characterize CD28 bispecific antibody candidates against B-cell targets. In the third quarter, Janssen submitted a CTA for a bispecific candidate developed under the collaboration, and we received a $7.5 million milestone. Janssen intends to initiate a Phase 1 study for this candidate in 2023 or early 2024.

Technology License Agreements

We enter into technology licensing agreements in which we license access to one or more of our XmAb Fc domains 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 in global markets for the treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH), for certain patients with atypical hemolytic uremic syndrome (aHUS) and for certain patients with generalized myasthenia gravis (gMG). Alexion is also evaluating Ultomiris in a broad development program across additional hematology and neurology indications. In May 2023, Ultomiris was approved in the EU and Japan for the treatment of certain adult patients with neuromyelitis optica spectrum disorder (NMOSD). In the third quarter, we earned a $20.0 million sales milestone for achieving certain commercial sales levels of Ultomiris. We earned a total of $53.4 million in milestone and royalties from Alexion for the nine months ended September 30, 2023.

In March 2020, we entered into an 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 Vir investigated as potential treatments for patients with COVID-19. In May 2021, the FDA granted EUA to sotrovimab (VIR-7831) for the treatment of mild-to-moderate COVID-19 in high-risk adults and pediatric patients; in the first quarter of 2022, the FDA deauthorized sotrovimab in treating patients with COVID-19. 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. As the COVID 19 virus has mutated, our royalty revenue from the sales of sotrovimab has diminished significantly and future revenue from this license are expected to continue to decline. We earned $1.5 million in royalties from Vir for the nine months ended September 30, 2023.

In January 2020, we entered into a Technology License Agreement with Gilead Sciences, Inc. (Gilead) in which we provided Gilead an exclusive license to our Cytotoxic Fc and Xtend Fc technologies for antibody candidates. In the third quarter, Gilead initiated a Phase 2 study with two antibody candidates developed with our Fc technologies, and we received $6.0 million in milestones.

In August 2020, we entered into a Technology License Agreement with Omeros Corporation (Omeros) in which we provided Omeros a non-exclusive license to our Xtend Fc technology. In the third quarter, Omeros initiated a Phase 2 study with a candidate that incorporates our technology, and we received a $5.0 million milestone.

In December 2020, we entered into an 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. Xtend Fc technology was not applied to Viridian antibodies, and the agreement has been terminated.

In December 2021, we entered into a second agreement with Viridian for a non-exclusive license to certain antibody libraries developed by us, for which the term has ended. Under the agreement, Viridian received a one-year research license to review the antibodies and did not select antibodies for further development.

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.

Refer to Part I, Item 1, Note 9, *Collaboration and Licensing Agreements* of the Notes to Financial Statements included in this Quarterly Report on Form 10-Q for a description of the key terms of our arrangements.

We have over 1,400 issued and pending patents worldwide to protect our XmAb technology platform and XmAb drug candidates.

Since we commenced active operations in 1998, we have devoted substantially all our resources to staffing our Company, business planning, raising capital, developing our technology platforms, identifying potential product candidates, undertaking preclinical and IND-enabling studies, and conducting clinical trials. We have no internally developed products approved for commercial sale and have not generated any revenues from our own product sales, and we continue to incur significant research and development expenses and other expenses related to our ongoing operations. To date, we have funded our operations primarily through the sale of stock and from payments generated from our product development partnerships and licensing arrangements.

As of September 30, 2023, we had an accumulated deficit of $445.3 million. Substantially all of the operating losses that we have incurred resulted from expenses incurred in connection with our product candidate development programs, our research activities and general and administrative costs associated with our operations.

Results of Operations

Comparison of the Three Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the three months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		
	2023	2022	Change
Revenues:			
Research collaboration	$ (1.3)	$ 0.1	$ (1.4)
Milestone	46.0	—	46.0
Royalties	14.5	27.2	(12.7)
Total revenues	59.2	27.3	31.9
Operating expenses:			
Research and development	64.9	53.3	11.6
General and administrative	12.5	12.4	0.1
Total operating expenses	77.4	65.7	11.7
Other income (expense), net	(6.0)	6.7	(12.7)
Loss before income tax expense	(24.2)	(31.7)	7.5
Income tax expense	—	1.1	(1.1)
Net loss	$ (24.2)	$ (32.8)	$ 8.6

Revenues

Revenues for the three months ended September 30, 2023 are primarily from royalty and milestone revenue from Alexion, and milestone revenue from Janssen, Gilead and Omeros. Based on updated information regarding our measure of progress in completing research activities, we effected a change in estimate under ASC 606 which resulted in adjusted research revenue for the three months ended September 30, 2023. Revenues for the three months ended September 30, 2022 are primarily royalty revenue from Alexion and Vir.

Research and Development Expenses

The following tables summarize our research and development expenses for the three months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		
	2023	2022	Change
Product programs:			
Bispecific programs:			
CD3 programs:			
*Plamotamab**	*$ 3.5*	*$ 6.4*	*$ (2.9)*
XmAb819 (ENPP3 x CD3)	*4.0*	*2.5*	*1.5*
XmAb541 (CLDN6 X CD3)	*5.0*	*1.7*	*3.3*
Total CD3 programs	12.5	10.6	1.9
XmAb808 (B7-H3 x CD28)	*4.0*	*3.9*	0.1
Tumor micro environment (TME) activator programs:			
Vudalimab	*10.1*	*5.5*	*4.6*
XmAb104	*6.7*	*5.2*	*1.5*
Total TME activators programs	16.8	10.7	6.1
Subtotal bispecific programs	33.3	25.2	8.1
Cytokine programs:			
*XmAb306/RG6323 programs**	*5.3*	*4.1*	*1.2*
XmAb564	*6.4*	*4.5*	*1.9*
XmAb662 (IL-12-Fc)	*2.9*	*5.4*	*(2.5)*
Total cytokine programs	14.6	14.0	0.6
Other, research and early stage programs	*15.3*	*8.4*	*6.9*
Wind down costs of terminated programs [(1)]	*1.7*	*5.7*	*(4.0)*
Total research and development expenses	$ 64.9	$ 53.3	$ 11.6

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

(1) Research and development expenses include wind down costs of programs that terminated in prior periods including the vibecotamab, tidutamab, and XmAb841 programs.

	Three Months Ended September 30,		
	2023	2022	Change
External research and development expenses	$ 33.2	$ 25.5	$ 7.7
Internal research and development expenses	23.3	19.8	3.5
Stock based compensation	8.4	8.0	0.4
Total research and development expenses	$ 64.9	$ 53.3	$ 11.6

Research and development expenses increased by $11.6 million for the three months ended September 30, 2023 over the same period in 2022 primarily due to increased spending on our vudalimab and XmAb541 programs, and other research and early development stage programs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended September 30, 2023 and 2022 (in millions):

	Three Months Ended September 30,		
	2023	2022	Change
General and administrative	$ 12.5	$ 12.4	$ 0.1

General and administrative expenses increased by $0.1 million for the three months ended September 30, 2023 over the same period in 2022.

Other Income (Expense), Net

Other income (expense), net was ($6.0) million and $6.7 million for the three months ended September 30, 2023 and 2022, respectively. Other expense, net for the three months ended September 30, 2023 consists of unrealized loss on equity investments in excess of interest income earned on investments, while other income, net for the same period in 2022 consist primarily of unrealized gain recognized from the change in fair value of our equity investments.

Comparison of the Nine Months Ended September 30, 2023 and 2022

The following table summarizes our results of operations for the nine months ended September 30, 2023 and 2022 (in millions):

	Nine Months Ended September 30,		
	2023	**2022**	**Change**
Revenues:			
Research collaboration	$ 21.1	$ 2.1	$ 19.0
Milestone	61.0	5.0	56.0
Royalties	41.5	135.9	(94.4)
Total revenues	123.6	143.0	(19.4)
Operating expenses:			
Research and development	189.4	148.1	41.3
General and administrative	37.9	34.7	3.2
Total operating expenses	227.3	182.8	44.5
Other expense, net	(3.3)	(2.2)	(1.1)
Loss before income tax expense	(107.0)	(42.0)	(65.0)
Income tax expense	—	1.1	(1.1)
Net loss	$ (107.0)	$ (43.1)	$ (63.9)

Revenues

Revenues for the nine months ended September 30, 2023 are primarily from research revenue from our second collaboration with Janssen, royalty and milestone revenue from Alexion, and milestone revenue from Janssen, Omeros, Gilead and Zenas. Revenues for the nine months ended September 30, 2022 are primarily from milestone revenue from Astellas and royalty revenue from Alexion, MorphoSys, and Vir.

Research and Development Expenses

The following tables summarize our research and development expenses for the nine months ended September 30, 2023 and 2022 (in millions):

	Nine Months Ended September 30,		
	2023	2022	Change
Product programs:			
Bispecific programs:			
CD3 programs:			
*Plamotamab**	*$ 13.2*	*$ 13.6*	*$ (0.4)*
XmAb819 (ENPP3 x CD3)	*13.2*	*8.1*	*5.1*
XmAb541 (CLDN6 X CD3)	*15.7*	*4.0*	*11.7*
Total CD3 programs	42.1	25.7	16.4
XmAb808 (B7-H3 x CD28)	*12.1*	*12.9*	(0.8)
Tumor micro environment (TME) activator programs:			
Vudalimab	*27.2*	*16.5*	*10.7*
XmAb104	*19.4*	*17.0*	*2.4*
Total TME activators programs	46.6	33.5	13.1
Subtotal bispecific programs	100.8	72.1	28.7
Cytokine programs:			
*XmAb306/RG6323 programs**	*9.8*	*11.9*	*(2.1)*
XmAb564	*18.7*	*11.3*	*7.4*
XmAb662 (IL-12-Fc)	*9.9*	*12.6*	*(2.7)*
Total cytokine programs	38.4	35.8	2.6
Other, research and early stage programs	*44.2*	*20.7*	*23.5*
Wind down costs of terminated programs [(1)]	*6.0*	*19.5*	*(13.5)*
Total research and development expenses	$ 189.4	$ 148.1	$ 41.3

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

(1) Research and development expenses include wind down costs of programs that terminated in prior periods including the vibecotamab, tidutamab, and XmAb841 programs.

	Nine Months Ended September 30,		
	2023	2022	Change
External research and development expenses	$ 86.0	$ 66.5	$ 19.5
Internal research and development expenses	77.6	58.2	19.4
Stock based compensation	25.8	23.4	2.4
Total research and development expenses	$ 189.4	$ 148.1	$ 41.3

Research and development expenses increased by $41.3 million for the nine months ended September 30, 2023 over the same period in 2022 primarily due to increased spending on our new development programs including XmAb541, and spending on our vudalimab, XmAb819, XmAb564, and other research and early stage programs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the nine months ended September 30, 2023 and 2022 (in millions):

	Nine Months Ended September 30,		
	2023	2022	Change
General and administrative	$ 37.9	$ 34.7	$ 3.2

General and administrative expenses increased by $3.2 million for the nine months ended September 30, 2023 over the same period in 2022 primarily due to increased facility expenses, general and administrative staffing, and additional spending on professional fees.

Other Expense, Net

Other expense, net was $3.4 million and $2.2 million for the nine months ended September 30, 2023 and 2022, respectively. Other expense, net for the nine months ended September 30, 2023 consists of unrealized loss recognized from the change in fair value of our equity investments, partially offset by interest income earned on investments, while other expense, net for the same period in 2022 consists primarily of unrealized loss recognized from the change in fair value of our equity investments.

Cash Flows

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

	Nine Months Ended September 30,		
	2023	2022	Change
Net cash provided by (used in):			
Operating activities	$ (96,095)	$ 48,916	$ (145,011)
Investing activities	$ 92,065	$ (144,273)	$ 236,338
Financing activities	$ 3,199	$ 4,531	$ (1,332)
Net decrease in cash	$ (831)	$ (90,826)	$ 89,995

Operating Activities

Cash used in operating activities for the nine months ended September 30, 2023 was $96.1 million, while cash provided by operating activities for the nine months ended September 30, 2022 was $48.9 million. The increase in cash used in operating activities is primarily due to lower royalty revenue recognized and increased research and development expenses in the nine months ended September 30, 2023.

Investing Activities

Investing activities consist primarily of investments in marketable debt securities available-for-sale, purchases of intangible assets, capitalization of patent and licensing costs and purchases of property and equipment.

Financing Activities

Net cash provided by financing activities represents net proceeds from the exercise of stock options and purchase of ESPP for the nine months ended September 30, 2023 and September 30, 2022, respectively. The proceeds received from option exercises decreased by $1.4 million.

Liquidity and Capital Resources

We have financed our operations primarily through private placements of our equity securities, the issuance of convertible notes, public offerings of our common stock, and payments received under our product development partnerships and licensing arrangements.

As of September 30, 2023, we had $541.4 million of cash, cash equivalents, receivables, and marketable debt securities compared to $613.5 million as of December 31, 2022. The amounts at September 30, 2023 exclude the $215.0 million in proceeds received in November 2023 pursuant to the two royalty purchase agreements. The investments in marketable debt securities are further described above in Note 5, *Marketable Debt and Equity Securities*, of Notes to Financial Statements included in this Quarterly Report on Form 10-Q. We expect to continue to receive additional payments from our collaborators for research and development services rendered, additional milestone, opt-in and contingent payments, and royalties. Our ability to receive additional 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.

On February 27, 2023, we entered into a sales agreement (the Sales Agreement) with SVB Securities LLC, now Leerink Partners (Leerink), pursuant to which we may issue and sell from time to time, at our option, up to an aggregate of $200 million of shares of common stock, $0.01 par value per share, of the Company through Leerink as sales agent. The issuance and sale of these shares by Xencor will be pursuant to a sales agreement prospectus filed with the Securities and Exchange Commission (SEC) on February 27, 2023 pursuant to our shelf registration statement on Form S-3ASR (Registration no. 333-2700030) filed with the SEC on February 27, 2023.

Leerink may sell the common stock by any method permitted under law deemed to be an "at the market" offering as defined by Rule 415 of the Securities Act of 1933, as amended including without limitation sales made by means of ordinary brokers on the NASDAQ Global market or otherwise at market prices prevailing at the time of sale or as otherwise directed by the Company. Leerink will use commercially reasonable efforts to sell the common stock from time to time, based on instructions from Xencor.

We are not obligated to sell any shares of common stock under the Sales Agreement. To date, we have not sold any shares under the Sales Agreement.

Funding Requirements

We have not generated any revenue from the sale of products developed by us to date and do not expect to do so until we obtain regulatory approval of and commercialize one or more of our internal product development candidates. As we are currently in the clinical stage of development, it will be some time before we expect to achieve this, and it is uncertain that we ever will commercialize one or more of our internal product development candidates. We expect that we will continue to increase our operating expenses in connection with ongoing as well as additional clinical and preclinical development of product candidates in our pipeline and also development candidates that we are co-developing with our partners.

Although it is difficult to predict our funding requirements, based upon our current operating plan, including the $215.0 million proceeds received in November from the two royalty purchase agreements, we expect that our existing cash, cash equivalents, marketable securities, and certain potential milestone payments will fund our operating expenses and capital expenditure requirements into 2027. We have based these estimates on assumptions that may prove to be wrong which would cause us to use our capital resources sooner than we currently expect.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements.

Contractual Obligations and Commitments

There were no material changes outside of the ordinary course of business to our specific contractual obligations during the three months ended September 30, 2023.

Critical Accounting Policies

For a discussion of our material changes in critical accounting policies, see “Recent Accounting Pronouncements” in Note 1, *Summary of Significant Accounting Policies*, of the Notes to Financial Statements included in this Quarterly Report on Form 10-Q.

Subsequent Events

On November 3, 2023, the Company received $215.0 million from a sale of royalties and milestones related to Ultomiris and Monjuvi to OMERS. The sales were completed pursuant to Royalty Agreements for sale of the royalty assets the Company acquired under its existing collaborations with Alexion and MorphoSys.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in the quantitative or qualitative aspects of our market risk profile. For additional information regarding the Company’s exposure to certain market risks, see “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” included in the Form 10-K for the fiscal year ended December 31, 2022.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) and Rule 15d-15(b) of the Exchange Act, our management, with the supervision of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(b) and 15d-15(e)) as of September 30, 2023. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this Quarterly Report on Form 10-Q has been appropriately recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level as of September 30, 2023.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable assurance, not absolute assurance, that the objectives of our disclosure control system are met and, as set forth above, our principal executive officer and principal financial officer have concluded, that based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that the objective of our disclosure control system were met.

Changes in Internal Control

There were no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Beginning March 17, 2020, a majority of our business, accounting and financial reporting employees began working remotely due to the COVID-19 pandemic. Since that time, we have not experienced any material impact to

our internal controls over financial reporting. We are continually monitoring and assessing the COVID-19 situation on our internal controls to minimize the impact to their design and operating effectiveness.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

The disclosure in Note 8, *Commitments and Contingencies*, of the Notes to Financial Statements included in this Quarterly Report on Form 10-Q includes a discussion of our legal proceedings and is incorporated herein by reference.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, which could materially affect our business, financial position, or future results of operations. See also "Special Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q. In addition to the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2022, additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business.

Item 5. Other Information

(a) Amendments to Executive Agreements

On November 7, 2023 the Company entered into an Employment Agreement Addendums with each of its Chief Development Officer Nancy Valente and its General Counsel, Celia Eckert. Each Addendum provides a detailed definition of the term Change in Control in order to make it consistent with other executive agreements of the Company and also provides each executive with 12-month severance pay and benefits in the event the executive has the right to terminate her employment for good reason. This description is qualified in its entirety by the Employment Agreement Addendums which are filed herein as Exhibits 10.1 and 10.2.

(c) 10b5-1 Plans

On August 7, 2023, A. Bruce Montgomery, a member of our Board of Directors, adopted a rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 27,507 shares of the Company's common stock until August 9, 2024.

Item 6. Exhibits

Exhibit Number	Description of Document
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 Annual Report on Form 10-K, filed with the SEC on February 27, 2023).
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).
10.1	Executive Employment Agreement Addendum dated November 7, 2023 by and between the Company and Celia Eckert.
10.2	Executive Employment Agreement Addendum dated November 7, 2023 by and between the Company and Nancy Valente.
31.1	Rule 13a-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certification of Principal Executive Officer and Principal Financial Officer.
101.INS	Inline XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Schema Document
101.CAL	Inline XBRL Calculation Linkbase Document
101.DEF	Inline XBRL Definition Linkbase Document
101.LAB	Inline XBRL Labels Linkbase Document
101.PRE	Inline XBRL Presentation Linkbase Document
104	104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XENCOR, INC.

BY: /s/ BASSIL I. DAHIYAT
Bassil I. Dahiyat, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ JOHN J. KUCH
John J. Kuch
Chief Financial Officer
(Principal Financial Officer)

Dated: November 7, 2023

Exhibit 10.1

Executive Employment Agreement Addendum

Whereas, Employee is employed by Xencor as its Senior Vice President, General Counsel & Corporate Secretary and Employee is subject to an Employment Letter, dated August 5, 2019 a copy of which is attached as **Attachment 1** ("Employment Letter");

Whereas, under the Employment Letter, Employee is entitled to certain severance benefits in connection with a Termination without Cause and a Termination without Cause in connection with a Change in Control[1];

Whereas, Employee and Xencor desire to amend the Employment Letter to provide for certain severance benefits to be granted to Employee upon Employee's resignation for "Good Reason" as defined in this Addendum.

Now, therefore, in recognition of the covenants contained herein, Employee and the Company agree as follows:

1. **Definitions**

1.1. "Good Reason" for purposes of Employee's resignation, as used in this Addendum, shall mean the occurrence of any of the following events without Employee's consent:

(a) any material reduction of, or material adverse change to Employee's authority, duties, or responsibilities, where such material reduction in authority or job responsibilities is accompanied by a change in title;

(b) a material reduction in Employee's annual base salary, other than pursuant to a Company-wide reduction of annual base salaries for employees of the Company generally;

(c) the relocation of the Company's executive offices by a distance of 50 miles or more, which relocation requires an increase in Employee's one-way driving distance by more than 25 miles;

However, any resignation by Employee shall only be deemed to be for Good Reason if: (i) Employee gives the Company written notice of the intent to resign for Good Reason within 60 days following the first occurrence of the condition(s) that Employee believes constitutes Good Reason, and which notice shall describe such conditions; (ii) the Company fails to remedy, if remediable, such condition(s) within 30 days following receipt of the written notice ("Cure Period") of such condition(s) from Employee; and (iii)

[1] Capitalized terms shall be given the definition in the Employment Letter unless otherwise defined herein.

Employee actually resigns her employment within the first 15 days after expiration of the Cure Period.

1.2."**Change in Control**" for purposes of this Addendum means:

(a) A sale of all or substantially all of the assets of the Company;

(b) A merger or consolidation in which the Company is not the surviving entity and in which the holders of the Company's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than 50% of the voting power of the entity surviving such transaction;

(c) A reverse merger in which the Company is the surviving entity but the holder's of the Company's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than 50% of the voting power of the Company; or

(d) An acquisition by any person, entity, or group (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or subsidiary of the Company or other entity controlled by the Company) of the beneficial ownership of securities of the Company representing over 50% of the combined voting power entitled to vote in the election of directors.

Notwithstanding the foregoing, any transaction or series of related transactions, the primary purpose of which (i) is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction or (ii) is to raise capital for the Company in a bona fide equity financing shall not be a "Change in Control" for purposes of this Addendum.

2. Resignation for Good Reason. In the event Employee resigns for Good Reason, other than during the Change in Control Period (as defined in Section 3 below), then subject to Employee's delivery of an effective Release pursuant to section 4 below, Employee shall be entitled to the following severance benefits:

2.a.A cash payment equivalent to 12 months of Employee's base salary at the rate in effect as of the effective date of such termination of employment; and

2.b. If Employee is eligible for and timely elects continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") following your termination, the Company will pay COBRA group health insurance premiums for Employee and Employee's eligible dependents until the earliest of (A) the close of the 12 month period following the termination

of Employee's employment (the "COBRA Payment Period"), (B) the expiration date of Employee's eligibility for the continuation coverage under COBRA, or (C) the date when Employee becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. References to COBRA premiums shall not include any amounts payable by Employee under an Internal Revenue Code Section 125 health care reimbursement plan. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs of penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then regardless of whether Employee elects continued health coverage under COBRA, in lieu of providing the COBRA premiums, the Company will instead pay Employee on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA Premiums of that month, subject to applicable tax withholdings (such amount, the "Special Severance Payment"), which payments shall continue on until the earlier of expiration of the COBRA Payment Period or the date when Employee becomes eligible for the substantially equivalent health insurance coverage in connection with new employment or self-employment. As a condition to receipt of these severance-related benefits.

3. **Resignation for Good Reason in Connection with Change in Control.** In the event Employee resigns for Good Reason during the period beginning on the execution of a definitive written agreement that if consummated in accordance with its terms would result in a Change in Control and ending on the earlier of (i) the termination of such agreement or (ii) 12 months following the consummation of a Change in Control pursuant to such agreement (such period of time, the "Change in Control Period"), then subject to Employee's delivery of an effective Release pursuant to section 4 below, Employee shall be entitled to receive the following severance benefits:

   3.1. The benefits detailed in Section 2 above for a resignation for Good Reason not in connection with a Change in Control.

   3.2. If the resignation occurs prior to the one-year anniversary of Employee's Start Date, the number of vested option shares available for Employee to immediately exercise shall be calculated as if Employee had remained employed by the Company for 1 additional year.

   3.3. In the event the resignation in connection occurs after the one year-anniversary of the Start Date, 100% of Employee's option shares shall be fully vested and immediately exercisable.

4. **Release**. As a condition of Employee's receipt of any payments or receipt of benefits under Sections 2 or 3 of this Addendum, Employee shall execute a release in the form

substantially similar to the release attached as **Attachment 2** ("Release") within the applicable time period set forth in the Release, and shall permit the Release to become fully effective in accordance with its terms, which in no event shall be later than 60 days following Employee's termination of employment.

In Witness Whereof, each of the parties has executed this agreement, in the case of the company by its duly authorized officer.

Executive:

/s/ Celia Eckert
Celia Eckert

November 7, 2023
Date

Company:

Xencor, Inc.

By /s/ Bassil I. Dahiyat

Name Bassil I. Dahiyat

Title President & Chief Executive Officer

Attachment 1

revised

August 5, 2019

Ms. Celia Eckert PO Box 9596
Rancho Santa Fe, California 92067 Dear Ms. Eckert,
Congratulations! I am pleased to confirm our offer of a position as Vice President, General Counsel and Corporate Secretary reporting to the President & CEO. The specifics of this offer, subject to approval by the Board of Directors, are as follows:

- Start date of September 3rd, 2019

- Annual base salary of Three Hundred Seventy Five Thousand dollars ($375,000), less standard withholdings and deductions, payable in accordance with the Company's standard payroll procedures.

- Eligibility for discretionary increases and performance bonuses (target 40%) in accordance with the Company's programs less standard withholdings and deductions, with metrics dependent upon corporate and individual performance. You are eligible for a prorated portion of the 40% target in 2019 and will be eligible for the full 40% target in 2020. Any bonus you earn will be paid out in cash and/or stock in accordance with the Company's standard practice.

- Options for Ninety One Thousand Two Hundred Ninety Two (91,292) shares of Xencor Common Stock valued at approximately $1.9MM (based on the 6/30/2019 Black-Scholes value of $21.36) vesting over the Company's standard vesting schedule; (i) twenty five percent (25%) of the options shall vest on the one-year anniversary of the Start Date: (ii) the balance of the option shares shall vest at the rate of 1/48th on the final date of each month thereafter: and (iii) you must be employed by the Company on each applicable vesting date. The exercise price of the option shares is equal to the fair market value of the Common Stock on the grant date. The options shall be subject to and governed by the Company's 2013 Equity Plan (the "Plan").

- The Company shall reimburse you the amount of the following expense you incur on or before 24 months from your start date, up to One Hundred Thousand dollars ($100,000) (the "Relocation Payments"): (i) reasonable costs associated with the sale of your current primary residence, including reimbursement of payment of real estate commissions to your real estate agent; but specifically excluding any "loss" as a result of your sale of your primary residence (as determined by comparing the original purchase

price paid by you for your primary residence, compared to the price at which you sell your primary residence) and (ii) relocation costs (including temporary housing, move and travel). All such Relocation Payments that are subject to taxation will be grossed up accordingly upon submission of expense receipts for reimbursement set forth below. The Relocation Payments (and related tax gross up) are an advance and will be paid to you, as applicable, prior to being earned by you.

If you cease to be employed by the Company for any reason prior to the twelve (12) month anniversary of the Commencement Date, you must repay to the Company all Relocation Payments that the Company had provided to you as of the employment termination date.

- Eligibility to participate in the Company Employee Stock Purchase Plan (ESPP). The Plan allows for purchase of Company stock at a discount less than the fair market value of the Company's stock on the purchase date, subject to certain limitations.

- Eligibility for participation in the Company's employee benefits plan including medical, dental and life insurance, subject to the terms, conditions and limitations of the plans. The Company reserves the right to modify its benefits plan as needed.

- 401(k) plan (matching by Xencor)

- Paid Personal Leave (PPL) accrual at 18 days/year

- 9 holidays/year

- Termination without Cause:

  In the event the Company terminates your employment without Cause, you shall be eligible for the following benefits: (i) a cash payment equivalent to twelve (12) months of your base salary at the rate in effect as of the effective date of such termination and
  (ii) if you are eligible for and timely elect continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") following your termination, the Company will pay your COBRA group health insurance premiums for you and your eligible dependents until the earliest of (A) the close of the twelve (12) month period following the termination of your employment (the "COBRA Payment Period"), (B) the expiration date of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment.
  References to COBRA premiums shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs of penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then regardless of whether you elect continued health coverage under COBRA, in lieu of providing the COBRA premiums, the Company will instead pay you on the last day

of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA Premiums of that month, subject to applicable tax withholdings (such amount, the “Special Severance Payment”), which payments shall continue on until the earlier of expiration of the COBRA Payment Period or the date when you become eligible for the substantially equivalent health insurance coverage in connection with new employment or self-employment. As a condition to receipt of these severance-related benefits, you must provide to the Company a fully- executed and non-revocable release of claims in a form acceptable to the Company.

- Change of Control:
  In the event the Company terminates your employment without Cause in connection with a Change in Control of the Company (for purposes of this Agreement, “Change in Control” shall have the meaning specified in the Plan) which occurs prior to the one year anniversary of the Start Date, the number of vested option shares available for you to immediately exercise shall be calculated as if you had remained employed by the Company for one (1) additional year. In the event the Company terminates your employment in connection with a Change in Control which occurs after the one year anniversary of the Start Date, all (100%) of the option shares shall be fully vested and immediately exercisable. A termination of employment shall be deemed to be in connection with a Change in Control if it is initiated by the Company and is effective within ninety (90) days prior to twelve (12) months after the effective date of the Change in Control of the Company. As a condition to this accelerated vesting you must provide to the Company a fully-executed and non-revocable release of claims in a form acceptable to the Company.

This offer is contingent upon your executing a Proprietary Information and Inventions Agreement to be prepared by Xencor and completing a Federal Employment Eligibility Verification form (INS I-9).

By signing this letter, you understand and agree that your employment with Xencor is at-will. Therefore, your employment can terminate, with or without cause, and with or without notice, at any time, at your option or Xencor’s option, and Xencor can terminate or change all other terms and conditions of your employment, with or without cause, and with or without notice, at any time. This at-will relationship will remain in effect throughout your employment at Xencor or any of its subsidiaries or affiliates. This letter constitutes the entire agreement, arrangement and understanding between you and Xencor on the nature and terms of your employment with Xencor. This letter supersedes any prior or contemporaneous agreement, arrangement or understanding on this subject matter.

By executing this letter as provided below, you expressly acknowledge the termination of any such prior agreement, arrangement or understanding. Also, by your execution of this letter, you affirm that no one has made any written or verbal statement that contradicts the provisions of this letter. The at-will nature of your employment, as set forth in this paragraph, can be modified only by a written agreement signed the Chief Executive Officer and you, which

expressly alters it. This at-will relationship may not be modified by any oral or implied agreement, or by any Company policies, practices or patterns of conduct.

If this offer is suitable, please sign and date this letter and retain the copy for your records. Sincerely,

/s/ Bassil I. Dahiyat

Bassil I. Dahiyat

I have read and understand the terms of employment described in this letter and consent to all of the terms and provisions contained herein.

/s/ Celia Eckert	August 6, 2019
Signature of acceptance	Date

Attachment 2

Release and Waiver of Claims

In consideration of the receipt of benefits set forth in the Employment Letter, dated August 5, 2019 and the Executive Employment Agreement Addendum (the *"**Agreement**")* to which this form is attached, I, Celia Eckert, hereby furnish XENCOR, INC. and any and all affiliated, subsidiary, related, or successor corporations (collectively, the *"**Company**"),* with the following release and waiver *("**Release and Waiver**").* I understand that if I timely sign, date and return this Release and Waiver, and I do not revoke it, I will receive certain benefits pursuant to the terms and conditions of the Agreement. I understand that I am not entitled to such benefits unless I timely sign this Release and Waiver and allow it to become effective.

1. **General Release and Waiver**. In exchange for the consideration to be provided to me under the Agreement that I am not otherwise entitled to receive, I, on behalf of myself, my agents, assignees, successors, heirs, executors, administrators, beneficiaries, and trustees, hereby generally, finally, completely, irrevocably, unconditionally, release, acquit and forever discharge the Company and its parent, subsidiary, and affiliated entities, and investors, along with its and their predecessors and successors and their respective directors, officers, employees, shareholders, partners, agents, attorneys, insurers, affiliates and assigns (collectively, the *"**Released Parties**"),* from any and all claims, allegations, complaints, proceedings, charges, actions, causes of action, demands, debts, covenants, contracts, liabilities or damages of any nature whatsoever, which Employee had, has or may have against the Releasees through the date hereof, known or unknown, foreseen or unforeseen, disclosed or undisclosed, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to the signing of this Agreement arising out of or relating to Employee's employment with the Company or the termination of that employment ("Claims"). The released claims include, but are not limited to: (1) all Claims arising out of or in any way related to Employee's employment with the Company or the termination of that employment, including the terms and conditions outlined in the Employment Letter; (2) all Claims related to Employee's compensation or benefits from the Company, including, but not limited to, salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (3) all Claims for breach of contract, wrongful termination, or breach of the implied covenant of good faith and fair dealing, or any other common law, tort, or statutory claim; (4) all federal, state, and local statutory claims, including, but not limited to, Claims involving discrimination, harassment, retaliation, attorneys' fees, or any other Claims arising under the federal Civil Rights Act of 1964 (as amended), and the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended), the Employee Retirement Income and Security Act of 1974 (as amended), the Americans with Disabilities Act (as amended), the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act (as amended), the Fair Credit Reporting Act, the Fair Labor Standards Act, the Sarbanes-Oxley Act of 2002, the

California Fair Housing and Employment Act, and the California Labor Code, each as amended from time to time, and any other federal, state or local legislation concerning employment or employment discrimination); and (5) any Claims, asserted benefits, or rights arising by or under contract or implied contract, any alleged oral or written contract or agreement for employment or services, any Claims arising by or under promissory estoppel, detrimental reliance, or under any asserted covenant of good faith and fair dealing, and any Claims for defamation, fraud, fraudulent inducement, intentional infliction of emotional distress, or any other tortious conduct, including personal injury of any nature and arising from any source or condition, or pursuant to any other applicable employment standards or human rights legislation, or for severance pay, salary, bonus, commission, incentive, or additional compensation, vacation pay, insurance or benefits.

Excluded Claims and Protected Activities. Notwithstanding the foregoing, Employee does not release and Claims do not include: (i) any rights which cannot be waived as a matter of law; (ii) any claim or right that may arise after the execution of this Agreement; (iii) any claim or right that Employee may have under this Agreement; or (iv) any rights or claims for indemnification that Employee may have pursuant to a written indemnification agreement with the Company, the Company's bylaws, or other applicable law. Nothing in this Agreement prevents Employee from filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), or from discussing the terms and conditions of her employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act. Employee also understands that this Agreement does not limit her ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit Employee's right to receive an award for information provided to the Securities and Exchange Commission, Employee understands and agrees that, to the maximum extent permitted by law, she is otherwise waiving any and all rights to individual relief based on any Claims that will be released and any rights you waived by signing this Agreement. Notwithstanding anything herein to the contrary, Employee further acknowledges that even though she is waiving a broad range of potential claims hereunder, she does not have any Claim of sexual harassment, hostile work environment or discrimination.

2. **ADEA Waiver.** The release in this Release and Waiver also includes a waiver of claims against the Releasees under the ADEA and the Older Workers Benefit Protection Act ("OWBPA") (collectively, "ADEA Waiver"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, I specifically acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which I was already entitled and is adequate for the ADEA waiver contemplated by this Release and Waiver. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my ADEA Waiver does not apply to any rights or claims that may arise after the date I sign this Release and Waiver; (b) I have been advised to consult with an attorney of my choosing concerning the legal significance of this Release and Waiver prior to signing; (c) I have twenty-one (21) days to consider this Release and Waiver (although I may choose to voluntarily sign it sooner); (d) I have seven (7) days following the date I sign this Release and Waiver to revoke the ADEA Waiver; and (e) the ADEA Waiver

will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after I sign this Release and Waiver.

3. **Section 1542 Waiver.** In giving the general release herein, which includes claims which may be unknown to me at present, I acknowledge that I have read and understand Section 1542 of the California Civil Code, which reads as follows: **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party**." I hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to my release of claims, including but not limited to any unknown or unsuspected claims herein.

4. **Non-disparagement.** I agree not make, or encourage any other individual to make, any public or private comments, orally or in written form (including, without limitation, by e-mail or other electronic transmission), about the Company or any of its officers, directors, or managers in any manner likely to be harmful to the Company's business, business reputation, or the personal reputation of any such officers, directors, or managers. I also agree not to take any action, directly or indirectly, that would "disparage" the Company or any of its officers, directors, or managers. "Disparaging" statements are those which impugn the character, capabilities, reputation or integrity of the aforesaid individuals or entity or which accuse the aforesaid individuals or entity of acting in violation of any law or governmental regulation or of condoning any such action, or otherwise acting in an unprofessional, dishonest, disreputable, improper, incompetent or negligent manner, but shall not include truthful statements required by due legal process. Further, I understand that nothing in this Agreement prevents me from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that I have reason to believe is unlawful.

5. **Other Agreements and Representations.** I further represent and agree to following:

(a) subject to the protected activities listed above in Section 1, not to voluntarily (except in response to legal compulsion) assist any third party in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, investors, affiliates, officers, directors, employees or agents;

(b) to cooperate fully with the Company, by voluntarily (without legal compulsion) providing accurate and complete information, in connection with the Company's actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters, arising from events, acts, or

failures to act that occurred during the period of my employment by the Company; and

(c) I hereby acknowledge and reaffirm my continuing obligations under the terms of my Proprietary Information and Inventions Agreement ("**PIIA**"), a copy of which is attached as Exhibit 1 to this Release and Waiver; and

(d) I understand that I am not entitled to any other payments, benefits and/or other consideration from the Company that are not specifically listed in the Agreement. Without limiting the generality of the foregoing, I hereby expressly waive any right or claim that I may have or assert to employment and/or reinstatement to employment, and/or to payment for backpay, front pay, interest, equity, bonuses, damages, benefits, outplacement, severance pay, vacation payments, PTO payments, sick pay, and/or attorneys' fees, except for those qualified retirement benefits in which I have vested rights under the terms of the applicable plan and applicable law. I further agree and acknowledge that once the Company has provided me the payments and other consideration set forth in the Agreement, the Company will have paid me in full any and all monies owed to me in connection with my employment with the Company and separation from employment, including but not limited to payment for all services performed on behalf of the Company, except as otherwise specifically stated in the Agreement.

6. Miscellaneous. The Release and Waiver attached to the Agreement as Attachment 2, along with Attachment 1, the Employment Letter, and the PIIA, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company. This Release and Waiver shall bind my heirs, personal representatives, successors and assigns of both myself and the Company, and inure to the benefit of both myself and the Company, their heirs, successors and assigns. The failure to enforce any breach of this Release and Waiver shall not be deemed to be a waiver of any other or subsequent breach. For purposes of construing this Release and Waiver, any ambiguities shall not be construed against either party as the drafter. If any provision of this Release and Waiver is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible.

By signing this Agreement, I also state and agree to the following: (a) I have read the Release and Waiver and understand all of its terms—including the fact that I am not waiving or releasing any rights or claims that may arise after its execution; (b) I

acknowledge that I have been advised, as required by California Government Code Section 12964.5(b)(4), that I have the right to consult an attorney regarding this Agreement and was given a reasonable time of not less than 5 business days in which to do so; (c) I agree with everything in this Release and Waiver; and (d) I am executing this Agreement, including the waiver and release, knowingly and voluntarily in exchange for good and valuable consideration in addition to anything else of value to which she is otherwise entitled.

Understood and Agreed:

/s/ Celia Eckert
Celia Eckert

November 7, 2023
Date

Exhibit 1

XENCOR, INC

Proprietary Information and Inventions Agreement

In consideration of my current or future employment with Xencor, Inc. ("Xencor") (together with its present and future parents, subsidiaries, and affiliates, the "Company"), the training and access to confidential information I receive from the Company, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, I hereby agree to this Proprietary Information and Inventions Agreement ("Agreement") as follows:

1. Proprietary Information. The term "Proprietary Information" shall mean trade secrets, research, inventions, confidential information, confidential knowledge, data or any other information or materials that the Company treats or considers as proprietary or confidential, whether or not patentable or registerable under copyright or similar statutes, however it is embodied and irrespective of whether it is labeled as "proprietary" or "confidential". By way of illustration but not limitation, "Proprietary Information" shall include all (a) inventions, mask works, trade secrets, know-how, ideas, confidential knowledge, improvements, discoveries, developments, processes, designs, techniques, formulas, formulations, source and object codes, data, programs, other works of authorship, organisms, plasmids, expression vectors, cell lines, and chemical, biological and other material and their progeny, clones and derivatives, including all genetically-engineered plant and animals (the Proprietary Information found in this paragraph 1(a) shall individually and collectively be referred to herein as "Inventions"); and (b) information regarding the Company's plans for research, development, manufacturing, engineering, new products, marketing and selling, the Company's business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and information regarding the skills and compensation of other employees of the Company.

2. Recognition of Company's Rights; Nondisclosure. I acknowledge that as a result of my responsibilities at the Company, I am likely to be exposed and given access to the Proprietary Information of the Company. I understand and agree that my access to the Proprietary Information is for the sole and exclusive purpose of producing technology and performing other work for the benefit of the Company and that the Company has a substantial ongoing investment in the development of such Proprietary Information which would be injured irreparably if this Agreement were breached. At all times during the term of my employment and thereafter, I will hold the Company's Proprietary Information in the strictest confidence and will not, except with the written permission of a then current officer of the Company, use, exploit or disclose (which term throughout this Agreement includes, but is not limited to, lecturing or publishing upon) any such Proprietary Information to anyone other than Company personnel who need to know such information in connection with their work for the Company or use such Proprietary Information except in connection with any work for the Company.

I further acknowledge that Proprietary Information is solely the property of the Company and I agree that at no time either during the period of my employment nor thereafter will I challenge or engage in any other acts which question or impugn the validity or ownership of the Company's rights in any Proprietary Information. I further acknowledge that any and all improvements or modifications to Proprietary Information that I make, conceive, develop or reduce to practice or to specific form, whether alone or in conjunction with others, either during or after the period of my employment with the Company shall constitute Proprietary Information.

3. Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold all Third Party Information in the strictest confidence and

will not disclose (to anyone other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, any Third Party Information unless expressly authorized by a then current officer of the Company in writing.

4. Assignment of Inventions.

(1) Except as provided below in paragraph 4(b) of this Agreement, I hereby assign to Xencor, Inc. all my right, title and interest in and to any and all Inventions whether or not patentable or registerable under copyright or similar statutes, that I make or conceive or reduce to practice or reduce to specific form or learn, either alone or jointly with others, during or after my employment, whether developed in whole or in part using the company's equipment, supplies, facilities, or trade secret information; or relating at the time of conception or reduction to practice to the Company's business, or actual or demonstrably anticipated research or development of the Company; or resulting from any work performed by me for the Company. I recognize that this Agreement does not require assignment of any invention which qualifies fully for protection under Section 2870 of the California Labor Code (hereinafter "Section 2870"), which provides as follows:

(1) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in art invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(a) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.

(b) Result from any work performed by the employee for the employer.

(2) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

(2) I have set forth on Exhibit A attached hereto, a complete list of all restrictions, express or implied, which would prevent me from complying with all of the requirements of paragraph 4(a) of this Agreement in whole or in part. If disclosure of such restrictions, express or implied, in Exhibit A would cause me to violate any prior confidentiality agreement, I understand that I am not to list such restrictions but am to inform the Company that such restrictions exist and have not been listed. Exhibit A is incorporated into this Agreement by reference as if fully set forth herein. I will promptly inform the Company in writing of any such restrictions that arise between the time I sign this Agreement and the time my employment with the Company commences.

(3) I also assign to or assign as directed by the Company all my right, title and interest in and to all Inventions, full title to which is required to be in the United States by a contract between the Company and the United States or any of its agencies.

(4) I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

(5) If I am not an "employee" within the meaning of the Copyright Act, I agree that all original works of authorship that the Company specially orders or commissions me to

make (solely or jointly with others) which (i) are protectable by copyright and (ii) are eligible to be a "work made for hire" under § 101 of the Copyright Act are "works made for hire." As to any original works of authorship that the Company specially orders or commissions me to make (solely or jointly with others) that are protectable by copyright but which are not eligible to be "works made for hire" under § 101 of the Copyright Act, I hereby agree to and do assign all my right, title and interest in such works, including but not limited to my copyright interest, to Xencor, Inc. or its designee.

5. Enforcement of Proprietary Rights. To assist the Company in exercising its ownership rights to all Proprietary Information that I make, conceive, reduce to practice or to specific form, alter or modify, I will, if requested by the Company, execute, verify and deliver assignments of all such rights in the United States and elsewhere, including but not limited to patent and copyright rights, in such Proprietary Information to Xencor, Inc. or its designees. I will also assist the Company in every proper way to obtain and from time to time enforce its United States and foreign rights relating to Proprietary Information in any and all countries, irrespective of whether I had any role in the development or modification of such Proprietary Information. To that end, I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment thereof to Xencor, Inc.. My obligation to assist the Company with respect to all its rights in Proprietary Information in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in Section 5 hereof, I hereby irrevocably designate and appoint Xencor, Inc. and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph thereon with the same legal force and effect as if executed by me. I hereby waive and quitclaim to Xencor, Inc. any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any proprietary rights assigned hereunder to Xencor, Inc.

6. Obligation to Keep Company Informed. I will promptly disclose to the Company fully and in writing and will hold in trust for the sole right and benefit of the Company any and all Inventions that I make, conceive, develop or reduce to practice or to specific form, whether alone or in conjunction with others, either during or after the period of my employment with the Company. In addition, after any termination of my employment, I will promptly disclose to the Company fully and in writing, the full particulars of all patent applications I desire or intend to file which, if filed, would ultimately result in the disclosure or claiming of Proprietary Information. I acknowledge and agree that I will not make any such filings without the express prior written consent from the Company, and I further acknowledge and agree that the Company shall at all times retain the sole and exclusive authority to grant or deny any such request for consent, with or without qualification, to submit such filings.

I will also promptly disclose to the Company fully and in writing any inventions that I believe fully qualify for protection under Section 2870; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. I understand that the Company will keep in confidence and will not disclose to third parties without my consent any proprietary information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the provisions of Section 2870. I will preserve the confidentiality of any Invention that does not fully qualify for protection under Section 2870.

7. Prior Inventions. The term "Prior Inventions" shall mean any and all trade secrets, know-how, ideas, confidential knowledge, improvements, discoveries, developments, processes, designs, techniques, formulas, formulations, source and object codes, data, programs, other works of authorship, organisms, plasmids, expression vectors, cell lines, and chemical, biological and other material and their progeny, clones and derivatives, including all genetically-engineered plant and animals, patented or unpatented, which I have, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to the commencement of my employment with the Company. To preclude any possible uncertainty over what is a Prior Invention, I have set forth on Exhibit B attached hereto a complete list of all Prior Inventions that I consider to be in whole or part my property or the property of third parties, and that I wish to have excluded from the scope of this Agreement. If disclosure of any such Prior Invention on Exhibit B would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Prior Inventions in Exhibit B but am to inform the Company that all such Prior Inventions have not been listed for that reason. Exhibit B is incorporated into this Agreement as if fully set forth herein. I will promptly inform the Company in writing of any Prior Inventions that occur between the time I sign this Agreement and the time my employment with the Company commences.

8. Unauthorized Use or Disclosure. I shall immediately notify my supervisor or any officer of the Company if I learn of any possible unauthorized use or disclosure of Proprietary Information and shall cooperate fully with the Company to enforce the provisions of this Agreement.

9. Mandated Disclosures. Should I be subject to any governmental, administrative or court order or action purporting to require or authorize the disclosure of any Proprietary Information, in whole or in part, I will immediately notify the Company's legal department and will immediately provide the Company with all documents and other pertinent information in my possession or control to permit the Company to take such steps as it deems necessary in its sole discretion to block or pursue the confidentiality of such disclosure.

10. Defend Trade Secrets Act (DTSA) Notice. Notwithstanding any other provisions of this Agreement, I have been informed and fully understand that pursuant to 18 U.S.C. § 1833(b), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

11. Additional Activities. I agree that during the period of my employment by the Company I will not, without the Company's express written consent, engage in any employment or business activity that competes with the Company's business.

12. No Improper Use of Materials. I acknowledge that the Company forbids me to use or disclose any information that is proprietary to any competitor of the Company or to any other third party. Therefore, during my employment by the Company, I will not use or disclose any proprietary information, confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. To preclude any possible uncertainty, I have set forth on Exhibit C attached hereto, a complete list of all devices, materials, and documents of a former employer or other person or institution to whom I have an obligation of confidentiality

that may be used in providing services to the Company pursuant to the express written authorization of my former employer or such other person. I will promptly notify the Company in writing of any devices, materials, and documents that are called for in Exhibit C that arise between the time I sign this Agreement and the time my employment with the Company commences. Exhibit C is incorporated into this Agreement by reference as if fully set forth herein. In addition, I will not seek nor knowingly use any information from job applicants, Company employees or other third parties, including but not limited to vendors, that is confidential to the present or former employers of such applicants or former employers of the employees or to such third parties.

13. No Conflicting Obligation. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict herewith.

14. Return of Company Materials. When I leave the employ of the Company, I will deliver to the Company any and all copies and originals of drawings, notes, memoranda, lab notebooks, specifications, correspondence (including email messages), devices, equipment, formulas, molecules, cells, documents, and chemical, biological and other material and their progeny, clones and derivatives including all genetically-engineered plants and animals, and any other material containing or disclosing any Inventions, Proprietary Information or Third Party Information. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, email, voicemail, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in completing and signing the Company's documentation for separating staff members.

15. Name and License. I hereby grant to the Company a non-exclusive worldwide license to use my name and likeness on or in connection with any advertising and promotional materials distributed by or on behalf of the Company in any medium.

16. Potential Liability. I have been informed and acknowledge that the unauthorized taking of the Company's trade secrets (a) could result in civil liability under California Civil Code Section 3426, and that, if willful, could result in an award for triple the amount of the Company's damages and attorneys' fees; and (b) is a crime under California Penal Code Section 499(c), punishable by imprisonment for a time not exceeding one year, or by a fine not exceeding five thousand dollars ($5,000), or by both.

17. Legal and Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, and due to the irreparable injury which would be suffered by the Company as a result of a breach of this Agreement, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

18. Notices. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery to the appropriate address or if sent by certified or registered mail, three days after the date of mailing.

19. Employment at Will. I understand and agree that my employment with the Company is at-will. Therefore, my employment can terminate, with or without cause, and with or without notice, at any time, at my option or Company's option, and that Company can terminate or change all other terms and conditions of my employment, with or without cause, and with or without notice, at any time. I understand that the nature of my employment relationship with

Company will be governed by this paragraph and that this paragraph constitutes the entire agreement, arrangement, and understanding between me and Company on this subject matter and supersedes any prior or contemporaneous agreement, arrangement, and understanding on this subject matter. This at-will relationship will remain in effect throughout my employment with Company, unless it is modified by a written agreement signed by both Company's President and me which expressly alters it. This at-will relationship may not be modified by any oral or implied agreement, or by any Company policies, practices or patterns or conduct.

20. General Provisions.

20.a Governing Law and Forum. This Agreement will be governed by and construed according to the substantive laws of the State of California without resort to conflict of law principles and I hereby consent to the jurisdiction of the courts of California, both state and federal, for any claim sounding in tort or contract or created by state or federal law related in any way to my or the Company's rights and obligations under the Agreement.

20.b Entire Agreement. This Agreement hereto, is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between us. This agreement supersedes any other Proprietary Agreements signed during my employment with Xencor. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. As used in this Agreement, the period of my employment includes any time during which I may be retained by the Company as a consultant.

20.c Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

20.d Assignment. This Agreement may not be assigned by me but is fully assignable by the Company.

20.e Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

20.f Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

20.g Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

20.h Effective Date. This agreement shall be effective as of the earliest of (1) the first day of my employment by the Company; or (2) the first day of my use of the facilities, technology, expertise, data, or Proprietary Information of the Company; or (3) the day I sign this Agreement.

20.i Descriptive Headings. The descriptive headings of this Agreement are for convenience only and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

I UNDERSTAND THAT THIS AGREEMENT AFFECTS MY RIGHTS TO INVENTIONS I MAKE DURING AND SUBSEQUENT TO MY EMPLOYMENT AND RESTRICTS MY RIGHT TO DISCLOSE OR USE THE COMPANY'S PROPRIETARY INFORMATION DURING OR SUBSEQUENT TO MY EMPLOYMENT.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS. I HAVE COMPLETELY FILLED OUT, SIGNED AND DATED EXHIBITS A, B, and C.

/s/ Celia Eckert
Signature

Celia Eckert
Printed Name

Address

08/19/2020
Date

ACCEPTED AND AGREED TO:

Xencor, Inc.

/s/ Bassil Dahiyat
By: Bassil Dahiyat
Title: President & Chief Executive Officer

EXHIBIT A

Xencor, Inc.
111 W. Lemon Ave., Monrovia, CA
91016

Attention: Board of Directors To whom it may

concern:

The following is a complete list of all restrictions which would prevent me, in whole or in part, from assigning to or as directed by the Company (as defined in the attached Agreement) all my right, title and interest in and to any and all Inventions (as required by paragraph 4 of the Agreement):

✔ No restrictions.

Restrictions:

Due to confidentiality agreements with prior employer(s) or other person(s) or institution(s), I cannot disclose certain restrictions that would otherwise be included on the above-described list.

Number of additional sheets attached.

Very truly yours,

Signature: /s/ Celia Eckert

Printed Name: Celia Eckert

Date: 8/19/2020

EXHIBIT B

Xencor, Inc.
111 W. Lemon Ave., Monrovia, CA
91016

Attention: Board of Directors To whom it may

concern:

The following is a complete list of all Prior Inventions (as defined in the attached Agreement):

✔ No Prior Inventions

Prior Inventions:

Due to confidentiality agreements with prior employer(s) or other person(s) or institution(s), I cannot disclose certain Prior Inventions (as defined in the attached Agreement) that would otherwise be included on the above-described list.

Number of additional sheets attached.

Very truly yours,

Signature: /s/ Celia Eckert

Printed Name: Celia Eckert

Date: 8/19/2020

EXHIBIT C

Xencor, Inc.
111 W. Lemon Ave., Monrovia,
CA91016

Attention: Board of Directors To whom it may

concern:

I propose to bring to my employment with the Company (as defined in the attached Agreement) the following devices, materials and documents of my former employer(s) or other person(s) or institution(s) to whom I have an obligation of confidentiality that are not generally available to the public, which materials and documents may be used in providing services to the Company pursuant to the express written authorization of my former employer(s) or such other person(s) or institution(s) (copies of all such authorizations are attached hereto):

✔ No materials.

Materials:

Number of additional sheets attached.

Number of pages of authorizations attached.

Very truly yours,

Signature: /s/ Celia Eckert

Printed Name: Celia Eckert

Date: 8/19/2020

Executive Employment Agreement Addendum

Whereas, Employee is employed by Xencor as its Executive Vice President & Chief Development Officer and Employee is subject to an Employment Letter, dated April 7, 2023 a copy of which is attached as **Attachment 1** ("Employment Letter");

Whereas, under the Employment Letter, Employee is entitled to certain severance benefits in connection with a Termination without Cause and a Termination without Cause in connection with a Change in Control[1];

Whereas, Employee and Xencor desire to amend the Employment Letter to provide for certain severance benefits to be granted to Employee upon Employee's resignation for "Good Reason" as defined in this Addendum.

Now, therefore, in recognition of the covenants contained herein, Employee and the Company agree as follows:

1. **Definitions**

1.1. "Good Reason" for purposes of Employee's resignation, as used in this Addendum, shall mean the occurrence of any of the following events without Employee's consent:

(a) any material reduction of, or material adverse change to Employee's authority, duties, or responsibilities, where such material reduction in authority or job responsibilities is accompanied by a change in title;

(b) a material reduction in Employee's annual base salary, other than pursuant to a Company-wide reduction of annual base salaries for employees of the Company generally;

(c) the relocation of the Company's executive offices by a distance of 50 miles or more, which relocation requires an increase in Employee's one-way driving distance by more than 25 miles;

However, any resignation by Employee shall only be deemed to be for Good Reason if: (i) Employee gives the Company written notice of the intent to resign for Good Reason within 60 days following the first occurrence of the condition(s) that Employee believes constitutes Good Reason, and which notice shall describe such conditions; (ii) the Company fails to remedy, if remediable, such condition(s) within 30 days following receipt of the written notice ("Cure Period") of such condition(s) from Employee; and (iii)

[1] Capitalized terms shall be given the definition in the Employment Letter unless otherwise defined herein.

Employee actually resigns her employment within the first 15 days after expiration of the Cure Period.

1.2."**Change in Control**" for purposes of this Addendum means:

(a) A sale of all or substantially all of the assets of the Company;

(b) A merger or consolidation in which the Company is not the surviving entity and in which the holders of the Company's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than 50% of the voting power of the entity surviving such transaction;

(c) A reverse merger in which the Company is the surviving entity but the holder's of the Company's outstanding voting stock immediately prior to such transaction own, immediately after such transaction, securities representing less than 50% of the voting power of the Company; or

(d) An acquisition by any person, entity, or group (excluding any employee benefit plan, or related trust, sponsored or maintained by the Company or subsidiary of the Company or other entity controlled by the Company) of the beneficial ownership of securities of the Company representing over 50% of the combined voting power entitled to vote in the election of directors.

Notwithstanding the foregoing, any transaction or series of related transactions, the primary purpose of which (i) is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately prior to such transaction or (ii) is to raise capital for the Company in a bona fide equity financing shall not be a "Change in Control" for purposes of this Addendum.

2. Resignation for Good Reason. In the event Employee resigns for Good Reason, other than during the Change in Control Period (as defined in Section 3 below), then subject to Employee's delivery of an effective Release pursuant to section 4 below, Employee shall be entitled to the following severance benefits:

2.a.A cash payment equivalent to 12 months of Employee's base salary at the rate in effect as of the effective date of such termination of employment; and

2.b. if Employee is eligible for and timely elects continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") following your termination, the Company will pay COBRA group health insurance premiums for Employee and Employee's eligible dependents until the earliest of (A) the close of the 12 month period following the termination

of Employee's employment (the "COBRA Payment Period"), (B) the expiration date of Employee's eligibility for the continuation coverage under COBRA, or (C) the date when Employee becomes eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. References to COBRA premiums shall not include any amounts payable by Employee under an Internal Revenue Code Section 125 health care reimbursement plan. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs of penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then regardless of whether Employee elects continued health coverage under COBRA, in lieu of providing the COBRA premiums, the Company will instead pay Employee on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA Premiums of that month, subject to applicable tax withholdings (such amount, the "Special Severance Payment"), which payments shall continue on until the earlier of expiration of the COBRA Payment Period or the date when Employee becomes eligible for the substantially equivalent health insurance coverage in connection with new employment or self-employment. As a condition to receipt of these severance-related benefits.

3. **Resignation for Good Reason in Connection with Change in Control.** In the event Employee resigns for Good Reason during the period beginning on the execution of a definitive written agreement that if consummated in accordance with its terms would result in a Change in Control and ending on the earlier of (i) the termination of such agreement or (ii) 12 months following the consummation of a Change in Control pursuant to such agreement (such period of time, the "Change in Control Period"), then subject to Employee's delivery of an effective Release pursuant to section 4 below, Employee shall be entitled to receive the following severance benefits:

   3.1. The benefits detailed in Section 2 above for a resignation for Good Reason not in connection with a Change in Control.

   3.2. If the resignation occurs prior to the one-year anniversary of Employee's Start Date, the number of vested option shares available for Employee to immediately exercise shall be calculated as if Employee had remained employed by the Company for 1 additional year.

   3.3. In the event the resignation in connection occurs after the one year-anniversary of the Start Date, 100% of Employee's option shares shall be fully vested and immediately exercisable.

4. **Release**. As a condition of Employee's receipt of any payments or receipt of benefits under Sections 2 or 3 of this Addendum, Employee shall execute a release in the form

substantially similar to the release attached as **Attachment 2** ("Release") within the applicable time period set forth in the Release, and shall permit the Release to become fully effective in accordance with its terms, which in no event shall be later than 60 days following Employee's termination of employment.

In Witness Whereof, each of the parties has executed this agreement, in the case of the company by its duly authorized officer.

Executive:

/s/ Nancy Valente
Nancy Valente

November 7, 2023
Date

Company:

Xencor, Inc.

By /s/ Bassil I. Dahiyat

Name Bassil I. Dahiyat

Title President & Chief Executive Officer

Attachment 1

April 7, 2023

Dr. Nancy Valente Dear Dr. Valente,

Congratulations! I am pleased to confirm our contingent offer of a position as Executive Vice President & Chief Development Officer, reporting to Bassil Dahiyat, CEO and starting on May 1, 2023 or another mutually agreeable date (“Start Date”). This position’s primary location is Pasadena, CA.

The specifics of this offer are as follows:

- This position is exempt from overtime under state and federal law, this status is subject to change.

- You will receive a base salary at an annualized rate of Five Hundred Forty Thousand Dollars ($540,000.00), less standard withholdings and deductions, payable in accordance with our standard payroll procedures.

- You will be eligible for an annual discretionary bonus, discretionary salary increase and performance bonuses in accordance with our practices and policies. Your annual cash bonus opportunity will be 50% of your base salary, subject to pro-ration based on date of hire, less standard withholdings and deductions, with metrics dependent upon corporate and individual performance. Your actual bonus payout is discretionary and will be determined by a combination of corporate goal achievement and your individual performance. In addition, you may be eligible for annual refresher grants of stock options, restricted stock units, or both, at the Company’s sole discretion. You must be employed on the date the bonus is paid in order to be eligible.

- You are permitted to continue serving as a member of the board of directors of Immatics and Myovant Sciences during your employment with the Company. You may also serve as board member of other organizations with the express written consent of the Company.

- In addition, you will be covered under the Director & Officer insurance the company maintains on the same basis as other managers and officers of the Company.

- As soon as administratively practicable following your start date, you will be granted options to purchase Two Hundred Thirty-Five Thousand Seven Hundred Seventy-Eight (235,778) shares of Xencor common stock ("Options") valued at approximately Three Million Nine Hundred Thirty-Seven Thousand Five Hundred dollars ($3,937,500) based on the estimated fair value of the options. Under our 2013 Equity Incentive Plan (“Plan”), your Options will vest on the following terms: (i) twenty five percent (25%) of the options shall vest on the one-year anniversary of the Start Date; (ii) the balance of the option shares shall vest at the rate of 1/48th on the final date of each month thereafter; and (iii) you must be employed by Xencor on each applicable vesting date. The exercise price of the Option shares will be equal to the fair market value of the common stock on the grant date. The options shall be subject to, and governed by, the Plan.

- You will be granted Thirty-Nine Thousand Two Hundred Ninety-Six (39,296) Restricted Stock Unit ("RSU") shares of our common stock pursuant to the Plan valued at approximately One Million Three Hundred Twelve Thousand Five Hundred dollars ($1,312,500) based on the estimated fair value of the RSU's. The RSUs will vest over a period of three (3) years following the grant date with 1/3rd of the RSUs vesting on each of the first (1st), second (2nd) and third (3rd)-year anniversaries of the grant date, so long as you remain continuously employed by Xencor.

- Eligibility to participate in our Employee Stock Purchase Plan ("ESPP"). ESPP allows for purchase of Xencor stock at a discount less than the fair market value on the purchase date, subject to certain limitations.

- Reimbursement for temporary housing in or near Pasadena, CA for up the Nine (9) months. Temporary housing costs that are subject to taxation will be grossed up accordingly upon submission of expense receipts.

- On the first day of the calendar month following the Start Date, you will be eligible to participate in various Xencor benefit plans including medical, dental and vision. Benefit plans are subject to review and modification in accordance with our policies and practices.

- 401(k) with matching per the Company's plan.

- Paid Personal Leave (PPL) accrual per Company policy.

- Holidays set per Company policy.

- Termination without Cause:

  In the event the Company terminates your employment without Cause, as defined in the Xencor, Inc. 2013 Equity Incentive Plan or its successors, you shall be eligible for the following benefits: (i) a cash payment equivalent to twelve (12) months of your base salary at the rate in effect as of the effective date of such termination and (ii) if you are eligible for and timely elect continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") following your termination, the Company will pay your COBRA group health insurance premiums for you and your eligible dependents until the earliest of (A) the close of the twelve (12) month period following the termination of your employment (the "COBRA Payment Period"), (B) the expiration date of your eligibility for the continuation coverage under COBRA, or (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment or self-employment. References to COBRA premiums shall not include any amounts payable by you under an Internal Revenue Code Section 125 health care reimbursement plan. Notwithstanding the foregoing, if at any time the Company determines, in its sole discretion, that it cannot pay the COBRA premiums without potentially incurring financial costs of penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then regardless of whether you elect continued health coverage under COBRA, in lieu of providing the COBRA premiums, the Company will instead pay you on the last day of each remaining month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA Premiums of that month, subject to applicable tax withholdings (such amount, the "Special Severance Payment"), which payments shall continue on until the earlier of expiration of the COBRA

Payment Period or the date when you become eligible for the substantially equivalent health insurance coverage in connection with new employment or self-employment. As a condition to receipt of these severance-related benefits, you must provide to the Company a fully-executed and non-revocable release of claims in a form acceptable to the Company.

- Change of Control:

  In the event the Company terminates your employment without Cause in connection with a Change in Control of the Company (for purposes of this Agreement, “Change in Control” shall have the meaning specified in the Plan) which occurs prior to the one year anniversary of the Start Date, the number of vested option shares and RSU shares available for you to immediately exercise shall be calculated as if you had remained employed by the Company for one (1) additional year. In the event the Company terminates your employment in connection with a Change in Control which occurs after the one year anniversary of the Start Date, all (100%) of the option shares and RSU shares shall be fully vested and immediately exercisable. A termination of employment shall be deemed to be in connection with a Change in Control if it is initiated by the Company and is effective within ninety (90) days prior to twelve (12) months after the effective date of the Change in Control of the Company. As a condition to this accelerated vesting you must provide to the Company a fully-executed and non-revocable release of claims in a form acceptable to the Company.

This offer is contingent upon the following: (a) satisfactory proof that you are presently eligible to work in the United States, including completing a Federal Employment Eligibility Verification form (INS I-9); (b) your reviewing and acknowledging our policies and agreements provided to you upon commencement of your employment, including our (i) Proprietary Information and Inventions Agreement, (ii) Code of Business Conducts and Ethics, and (iii) Employee Handbook; and (c) verification that you are fully vaccinated against COVID-19, which means that at least two weeks have passed since your final dose of an authorized COVID-19 vaccine regimen, including any boosters recommended by the CDC. Failure to satisfy any of these conditions may result in revocation of this offer/termination of employment.

By signing this letter you represent that you have full authority to accept this position and perform the duties of the position without conflict with any other obligations and that you are not involved in any situation that might create, or appear to create, a conflict of interest with respect to your loyalty or duties to Xencor. You specifically warrant that you are not subject to an employment agreement or restrictive covenant preventing full performance of your duties to Xencor.

Further, Xencor respects the intellectual property rights of other companies. You agree not to disclose or bring to Xencor, or use in the performance of your responsibilities at Xencor, any confidential information, including trade secrets and unpublished materials or documents of a former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by Xencor. Your managers and colleagues are not authorized to accept any confidential or proprietary information of another company. You expressly agree to honor your obligations to former employers and other third parties (if any) during your employment at Xencor.

By signing this letter, you understand and agree that your employment with Xencor is at-will. Therefore, your employment can terminate, with or without cause, and with or without notice, at any time, at your option or Xencor's option, and Xencor can terminate or change all other terms and conditions of your employment, with or without cause, and with or without notice, at any time. This at-will relationship will remain in effect throughout your employment at Xencor or any of its subsidiaries or affiliates. This letter constitutes the entire agreement, arrangement and understanding between you and Xencor on the nature and terms of your employment with Xencor. This letter supersedes any prior or contemporaneous agreement, arrangement or understanding on this subject matter. By executing this letter as provided below, you expressly acknowledge the termination of any such prior agreement, arrangement or understanding. This offer will remain open until 5:00 p.m. Pacific on Monday, April 10, 2023

Also, by your execution of this letter, you affirm that no one has made any written or verbal statement that contradicts the provisions of this letter. The at-will nature of your employment, as set forth in this paragraph, can be modified only by a written agreement signed our Chief Executive Officer and you, which expressly alters it. This at-will relationship may not be modified by any oral or implied agreement, or by any Xencor policies, practices or patterns of conduct.

If this offer is suitable, please sign and date this letter and retain the copy for your records. Sincerely,

/s/ Bassil I. Dahiyat
Bassil I. Dahiyat

I have read and understand the terms of employment described in this letter and consent to all of the terms and provisions contained herein.

/s/ Nancy Valente	April 8, 2023
Signature of acceptance	Date

Attachment 2

Release and Waiver of Claims

In consideration of the receipt of benefits set forth in the Employment Letter, dated April 7, 2023 and the Executive Employment Agreement Addendum (the *"**Agreement**")* to which this form is attached, I, Nancy Valente, hereby furnish XENCOR, INC. and any and all affiliated, subsidiary, related, or successor corporations (collectively, the *"**Company**")*, with the following release and waiver *("**Release and Waiver**")*. I understand that if I timely sign, date and return this Release and Waiver, and I do not revoke it, I will receive certain benefits pursuant to the terms and conditions of the Agreement. I understand that I am not entitled to such benefits unless I timely sign this Release and Waiver and allow it to become effective.

1. **General Release and Waiver**. In exchange for the consideration to be provided to me under the Agreement that I am not otherwise entitled to receive, I, on behalf of myself, my agents, assignees, successors, heirs, executors, administrators, beneficiaries, and trustees, hereby generally, finally, completely, irrevocably, unconditionally, release, acquit and forever discharge the Company and its parent, subsidiary, and affiliated entities, and investors, along with its and their predecessors and successors and their respective directors, officers, employees, shareholders, partners, agents, attorneys, insurers, affiliates and assigns (collectively, the *"**Released Parties**")*, from any and all claims, allegations, complaints, proceedings, charges, actions, causes of action, demands, debts, covenants, contracts, liabilities or damages of any nature whatsoever, which Employee had, has or may have against the Releasees through the date hereof, known or unknown, foreseen or unforeseen, disclosed or undisclosed, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to the signing of this Agreement arising out of or relating to Employee's employment with the Company or the termination of that employment ("Claims"). The released claims include, but are not limited to: (1) all Claims arising out of or in any way related to Employee's employment with the Company or the termination of that employment, including the terms and conditions outlined in the Employment Letter; (2) all Claims related to Employee's compensation or benefits from the Company, including, but not limited to, salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (3) all Claims for breach of contract, wrongful termination, or breach of the implied covenant of good faith and fair dealing, or any other common law, tort, or statutory claim; (4) all federal, state, and local statutory claims, including, but not limited to, Claims involving discrimination, harassment, retaliation, attorneys' fees, or any other Claims arising under the federal Civil Rights Act of 1964 (as amended), and the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended), the Employee Retirement Income and Security Act of 1974 (as amended), the Americans with Disabilities Act (as amended), the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act (as amended), the Fair Credit Reporting Act, the Fair Labor Standards Act, the Sarbanes-Oxley Act of 2002, the

California Fair Housing and Employment Act, and the California Labor Code, each as amended from time to time, and any other federal, state or local legislation concerning employment or employment discrimination); and (5) any Claims, asserted benefits, or rights arising by or under contract or implied contract, any alleged oral or written contract or agreement for employment or services, any Claims arising by or under promissory estoppel, detrimental reliance, or under any asserted covenant of good faith and fair dealing, and any Claims for defamation, fraud, fraudulent inducement, intentional infliction of emotional distress, or any other tortious conduct, including personal injury of any nature and arising from any source or condition, or pursuant to any other applicable employment standards or human rights legislation, or for severance pay, salary, bonus, commission, incentive, or additional compensation, vacation pay, insurance or benefits.

Excluded Claims and Protected Activities. Notwithstanding the foregoing, Employee does not release and Claims do not include: (i) any rights which cannot be waived as a matter of law; (ii) any claim or right that may arise after the execution of this Agreement; (iii) any claim or right that Employee may have under this Agreement; or (iv) any rights or claims for indemnification that Employee may have pursuant to a written indemnification agreement with the Company, the Company's bylaws, or other applicable law. Nothing in this Agreement prevents Employee from filing a charge or complaint with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission (collectively, "Government Agencies"), or from discussing the terms and conditions of her employment with others to the extent expressly permitted by Section 7 of the National Labor Relations Act. Employee also understands that this Agreement does not limit her ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. While this Agreement does not limit Employee's right to receive an award for information provided to the Securities and Exchange Commission, Employee understands and agrees that, to the maximum extent permitted by law, she is otherwise waiving any and all rights to individual relief based on any Claims that will be released and any rights you waived by signing this Agreement. Notwithstanding anything herein to the contrary, Employee further acknowledges that even though she is waiving a broad range of potential claims hereunder, she does not have any Claim of sexual harassment, hostile work environment or discrimination.

2. **ADEA Waiver.** The release in this Release and Waiver also includes a waiver of claims against the Releasees under the ADEA and the Older Workers Benefit Protection Act ("OWBPA") (collectively, "ADEA Waiver"). Therefore, pursuant to the requirements of the ADEA and the OWBPA, I specifically acknowledge that the consideration given for the ADEA Waiver is in addition to anything of value to which I was already entitled and is adequate for the ADEA waiver contemplated by this Release and Waiver. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: (a) my ADEA Waiver does not apply to any rights or claims that may arise after the date I sign this Release and Waiver; (b) I have been advised to consult with an attorney of my choosing concerning the legal significance of this Release and Waiver prior to signing; (c) I have twenty-one (21) days to consider this Release and Waiver (although I may choose to voluntarily sign it sooner); (d) I have seven (7) days following the date I sign this Release and Waiver to revoke the ADEA Waiver; and (e) the ADEA Waiver

will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after I sign this Release and Waiver.

3. **Section 1542 Waiver.** In giving the general release herein, which includes claims which may be unknown to me at present, I acknowledge that I have read and understand Section 1542 of the California Civil Code, which reads as follows: **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party**." I hereby expressly waive and relinquish all rights and benefits under that section and any law of any other jurisdiction of similar effect with respect to my release of claims, including but not limited to any unknown or unsuspected claims herein.

4. **Non-disparagement.** I agree not make, or encourage any other individual to make, any public or private comments, orally or in written form (including, without limitation, by e-mail or other electronic transmission), about the Company or any of its officers, directors, or managers in any manner likely to be harmful to the Company's business, business reputation, or the personal reputation of any such officers, directors, or managers. I also agree not to take any action, directly or indirectly, that would "disparage" the Company or any of its officers, directors, or managers. "Disparaging" statements are those which impugn the character, capabilities, reputation or integrity of the aforesaid individuals or entity or which accuse the aforesaid individuals or entity of acting in violation of any law or governmental regulation or of condoning any such action, or otherwise acting in an unprofessional, dishonest, disreputable, improper, incompetent or negligent manner, but shall not include truthful statements required by due legal process. Further, I understand that nothing in this Agreement prevents me from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that I have reason to believe is unlawful.

5. **Other Agreements and Representations.** I further represent and agree to following:

(a) subject to the protected activities listed above in Section 1, not to voluntarily (except in response to legal compulsion) assist any third party in bringing or pursuing any proposed or pending litigation, arbitration, administrative claim or other formal proceeding against the Company, its parent or subsidiary entities, investors, affiliates, officers, directors, employees or agents;

(b) to cooperate fully with the Company, by voluntarily (without legal compulsion) providing accurate and complete information, in connection with the Company's actual or contemplated defense, prosecution, or investigation of any claims or demands by or against third parties, or other matters, arising from events, acts, or

failures to act that occurred during the period of my employment by the Company; and

(c) I hereby acknowledge and reaffirm my continuing obligations under the terms of my Proprietary Information and Inventions Agreement ("**PIIA**"), a copy of which is attached as Exhibit 1 to this Release and Waiver; and

(d) I understand that I am not entitled to any other payments, benefits and/or other consideration from the Company that are not specifically listed in the Agreement. Without limiting the generality of the foregoing, I hereby expressly waive any right or claim that I may have or assert to employment and/or reinstatement to employment, and/or to payment for backpay, front pay, interest, equity, bonuses, damages, benefits, outplacement, severance pay, vacation payments, PTO payments, sick pay, and/or attorneys' fees, except for those qualified retirement benefits in which I have vested rights under the terms of the applicable plan and applicable law. I further agree and acknowledge that once the Company has provided me the payments and other consideration set forth in the Agreement, the Company will have paid me in full any and all monies owed to me in connection with my employment with the Company and separation from employment, including but not limited to payment for all services performed on behalf of the Company, except as otherwise specifically stated in the Agreement.

6. Miscellaneous. The Release and Waiver attached to the Agreement as Attachment 2, along with Attachment 1, the Employment Letter, and the PIIA, constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company. This Release and Waiver shall bind my heirs, personal representatives, successors and assigns of both myself and the Company, and inure to the benefit of both myself and the Company, their heirs, successors and assigns. The failure to enforce any breach of this Release and Waiver shall not be deemed to be a waiver of any other or subsequent breach. For purposes of construing this Release and Waiver, any ambiguities shall not be construed against either party as the drafter. If any provision of this Release and Waiver is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified so as to be rendered enforceable in a manner consistent with the intent of the parties insofar as possible.

By signing this Agreement, I also state and agree to the following: (a) I have read the Release and Waiver and understand all of its terms—including the fact that I am not waiving or releasing any rights or claims that may arise after its execution; (b) I

acknowledge that I have been advised, as required by California Government Code Section 12964.5(b)(4), that I have the right to consult an attorney regarding this Agreement and was given a reasonable time of not less than 5 business days in which to do so; (c) I agree with everything in this Release and Waiver; and (d) I am executing this Agreement, including the waiver and release, knowingly and voluntarily in exchange for good and valuable consideration in addition to anything else of value to which she is otherwise entitled.

Understood and Agreed:

/s/ Nancy Valente
Nancy Valente

November 7, 2023
Date

XENCOR, INC

Proprietary Information and Inventions Agreement

In consideration of my current or future employment with Xencor, Inc. ("Xencor") (together with its present and future parents, subsidiaries, and affiliates, the "Company"), the training and access to confidential information I receive from the Company, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, I hereby agree to this Proprietary Information and Inventions Agreement ("Agreement") as follows:

1. Proprietary Information. The term "Proprietary Information" shall mean trade secrets, research, inventions, confidential information, confidential knowledge, data or any other information or materials that the Company treats or considers as proprietary or confidential, whether or not patentable or registerable under copyright or similar statutes, however it is embodied and irrespective of whether it is labeled as "proprietary" or "confidential". By way of illustration but not limitation, "Proprietary Information" shall include all (a) inventions, mask works, trade secrets, know-how, ideas, confidential knowledge, improvements, discoveries, developments, processes, designs, techniques, formulas, formulations, source and object codes, data, programs, other works of authorship, organisms, plasmids, expression vectors, cell lines, and chemical, biological and other material and their progeny, clones and derivatives, including all genetically-engineered plant and animals (the Proprietary Information found in this paragraph 1(a) shall individually and collectively be referred to herein as "Inventions"); and (b) information regarding the Company's plans for research, development, manufacturing, engineering, new products, marketing and selling, the Company's business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers; and information regarding the skills and compensation of other employees of the Company.

2. Recognition of Company's Rights; Nondisclosure. I acknowledge that as a result of my responsibilities at the Company, I am likely to be exposed and given access to the Proprietary Information of the Company. I understand and agree that my access to the Proprietary Information is for the sole and exclusive purpose of producing technology and performing other work for the benefit of the Company and that the Company has a substantial ongoing investment in the development of such Proprietary Information which would be injured irreparably if this Agreement were breached. At all times during the term of my employment and thereafter, I will hold the Company's Proprietary Information in the strictest confidence and will not, except with the written permission of a then current officer of the Company, use, exploit or disclose (which term throughout this Agreement includes, but is not limited to, lecturing or publishing upon) any such Proprietary Information to anyone other than Company personnel who need to know such information in connection with their work for the Company or use such Proprietary Information except in connection with any work for the Company.

I further acknowledge that Proprietary Information is solely the property of the Company and I agree that at no time either during the period of my employment nor thereafter will I challenge or engage in any other acts which question or impugn the validity or ownership of the Company's rights in any Proprietary Information. I further acknowledge that any and all improvements or modifications to Proprietary Information that I make, conceive, develop or reduce to practice or to

specific form, whether alone or in conjunction with others, either during or after the period of my employment with the Company shall constitute Proprietary Information.

3. Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold all Third Party Information in the strictest confidence and will not disclose (to anyone other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, any Third Party Information unless expressly authorized by a then current officer of the Company in writing.

4. Assignment of Inventions.

(1) Except as provided below in paragraph 4(b) of this Agreement, I hereby assign to Xencor, Inc. all my right, title and interest in and to any and all Inventions whether or not patentable or registerable under copyright or similar statutes, that I make or conceive or reduce to practice or reduce to specific form or learn, either alone or jointly with others, during or after my employment, whether developed in whole or in part using the company's equipment, supplies, facilities, or trade secret information; or relating at the time of conception or reduction to practice to the Company's business, or actual or demonstrably anticipated research or development of the Company; or resulting from any work performed by me for the Company. I recognize that this Agreement does not require assignment of any invention which qualifies fully for protection under Section 2870 of the California Labor Code (hereinafter "Section 2870"), which provides as follows:

> (1) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in art invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
>
> (a) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer.
>
> (b) Result from any work performed by the employee for the employer.
>
> (2) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

(2) I have set forth on Exhibit A attached hereto, a complete list of all restrictions, express or implied, which would prevent me from complying with all of the requirements of paragraph 4(a) of this Agreement in whole or in part. If disclosure of such restrictions, express or implied, in Exhibit A would cause me to violate any prior confidentiality

agreement, I understand that I am not to list such restrictions but am to inform the Company that such restrictions exist and have not been listed. Exhibit A is incorporated into this Agreement by reference as if fully set forth herein. I will promptly inform the Company in writing of any such restrictions that arise between the time I sign this Agreement and the time my employment with the Company commences.

(3) I also assign to or assign as directed by the Company all my right, title and interest in and to all Inventions, full title to which is required to be in the United States by a contract between the Company and the United States or any of its agencies.

(4) I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C., Section 101).

(5) If I am not an "employee" within the meaning of the Copyright Act, I agree that all original works of authorship that the Company specially orders or commissions me to make (solely or jointly with others) which (i) are protectable by copyright and (ii) are eligible to be a "work made for hire" under § 101 of the Copyright Act are "works made for hire." As to any original works of authorship that the Company specially orders or commissions me to make (solely or jointly with others) that are protectable by copyright but which are not eligible to be "works made for hire" under § 101 of the Copyright Act, I hereby agree to and do assign all my right, title and interest in such works, including but not limited to my copyright interest, to Xencor, Inc. or its designee.

5. Enforcement of Proprietary Rights. To assist the Company in exercising its ownership rights to all Proprietary Information that I make, conceive, reduce to practice or to specific form, alter or modify, I will, if requested by the Company, execute, verify and deliver assignments of all such rights in the United States and elsewhere, including but not limited to patent and copyright rights, in such Proprietary Information to Xencor, Inc. or its designees. I will also assist the Company in every proper way to obtain and from time to time enforce its United States and foreign rights relating to Proprietary Information in any and all countries, irrespective of whether I had any role in the development or modification of such Proprietary Information. To that end, I will execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment thereof to Xencor, Inc.. My obligation to assist the Company with respect to all its rights in Proprietary Information in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions specified in Section 5 hereof, I hereby irrevocably designate and appoint Xencor, Inc. and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph thereon with the same legal force and effect as if executed by me. I hereby waive and

quitclaim to Xencor, Inc. any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any proprietary rights assigned hereunder to Xencor, Inc.

6. Obligation to Keep Company Informed. I will promptly disclose to the Company fully and in writing and will hold in trust for the sole right and benefit of the Company any and all Inventions that I make, conceive, develop or reduce to practice or to specific form, whether alone or in conjunction with others, either during or after the period of my employment with the Company. In addition, after any termination of my employment, I will promptly disclose to the Company fully and in writing, the full particulars of all patent applications I desire or intend to file which, if filed, would ultimately result in the disclosure or claiming of Proprietary Information. I acknowledge and agree that I will not make any such filings without the express prior written consent from the Company, and I further acknowledge and agree that the Company shall at all times retain the sole and exclusive authority to grant or deny any such request for consent, with or without qualification, to submit such filings.

I will also promptly disclose to the Company fully and in writing any inventions that I believe fully qualify for protection under Section 2870; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. I understand that the Company will keep in confidence and will not disclose to third parties without my consent any proprietary information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the provisions of Section 2870. I will preserve the confidentiality of any Invention that does not fully qualify for protection under Section 2870.

7. Prior Inventions. The term "Prior Inventions" shall mean any and all trade secrets, know-how, ideas, confidential knowledge, improvements, discoveries, developments, processes, designs, techniques, formulas, formulations, source and object codes, data, programs, other works of authorship, organisms, plasmids, expression vectors, cell lines, and chemical, biological and other material and their progeny, clones and derivatives, including all genetically-engineered plant and animals, patented or unpatented, which I have, alone or jointly with others, conceived, developed or reduced to practice or caused to be conceived, developed or reduced to practice prior to the commencement of my employment with the Company. To preclude any possible uncertainty over what is a Prior Invention, I have set forth on Exhibit B attached hereto a complete list of all Prior Inventions that I consider to be in whole or part my property or the property of third parties, and that I wish to have excluded from the scope of this Agreement. If disclosure of any such Prior Invention on Exhibit B would cause me to violate any prior confidentiality agreement, I understand that I am not to list such Prior Inventions in Exhibit B but am to inform the Company that all such Prior Inventions have not been listed for that reason. Exhibit B is incorporated into this Agreement as if fully set forth herein. I will promptly inform the Company in writing of any Prior Inventions that occur between the time I sign this Agreement and the time my employment with the Company commences.

8. Unauthorized Use or Disclosure. I shall immediately notify my supervisor or any officer of the Company if I learn of any possible unauthorized use or disclosure of Proprietary Information and shall cooperate fully with the Company to enforce the provisions of this Agreement.

9. Mandated Disclosures. Should I be subject to any governmental, administrative or court order or action purporting to require or authorize the disclosure of any Proprietary Information, in whole or in part, I will immediately notify the Company's legal department and will immediately provide the Company with all documents and other pertinent information in my possession or control to permit the Company to take such steps as it deems necessary in its sole discretion to block or pursue the confidentiality of such disclosure.

10. Defend Trade Secrets Act (DTSA) Notice. Notwithstanding any other provisions of this Agreement, I have been informed and fully understand that pursuant to 18 U.S.C. § 1833(b), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order.

11. Additional Activities. I agree that during the period of my employment by the Company I will not, without the Company's express written consent, engage in any employment or business activity that competes with the Company's business.

12. No Improper Use of Materials. I acknowledge that the Company forbids me to use or disclose any information that is proprietary to any competitor of the Company or to any other third party. Therefore, during my employment by the Company, I will not use or disclose any proprietary information, confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. To preclude any possible uncertainty, I have set forth on Exhibit C attached hereto, a complete list of all devices, materials, and documents of a former employer or other person or institution to whom I have an obligation of confidentiality that may be used in providing services to the Company pursuant to the express written authorization of my former employer or such other person. I will promptly notify the Company in writing of any devices, materials, and documents that are called for in Exhibit C that arise between the time I sign this Agreement and the time my employment with the Company commences. Exhibit C is incorporated into this Agreement by reference as if fully set forth herein. In addition, I will not seek nor knowingly use any information from job applicants, Company employees or other third parties, including but not limited to vendors, that is confidential to the present or former employers of such applicants or former employers of the employees or to such third parties.

13. No Conflicting Obligation. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment

by the Company. I have not entered into, and I agree I will not enter into, any agreement either written or oral in conflict herewith.

14. Return of Company Materials. When I leave the employ of the Company, I will deliver to the Company any and all copies and originals of drawings, notes, memoranda, lab notebooks, specifications, correspondence (including email messages), devices, equipment, formulas, molecules, cells, documents, and chemical, biological and other material and their progeny, clones and derivatives including all genetically-engineered plants and animals, and any other material containing or disclosing any Inventions, Proprietary Information or Third Party Information. I further agree that any property situated on the Company's premises and owned by the Company, including disks and other storage media, email, voicemail, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in completing and signing the Company's documentation for separating staff members.

15. Name and License. I hereby grant to the Company a non-exclusive worldwide license to use my name and likeness on or in connection with any advertising and promotional materials distributed by or on behalf of the Company in any medium.

16. Potential Liability. I have been informed and acknowledge that the unauthorized taking of the Company's trade secrets (a) could result in civil liability under California Civil Code Section 3426, and that, if willful, could result in an award for triple the amount of the Company's damages and attorneys' fees; and (b) is a crime under California Penal Code Section 499(c), punishable by imprisonment for a time not exceeding one year, or by a fine not exceeding five thousand dollars ($5,000), or by both.

17. Legal and Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, and due to the irreparable injury which would be suffered by the Company as a result of a breach of this Agreement, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

18. Notices. Any notices required or permitted hereunder shall be given to the appropriate party at the address specified below or at such other address as the party shall specify in writing. Such notice shall be deemed given upon personal delivery to the appropriate address or if sent by certified or registered mail, three days after the date of mailing.

19. Employment at Will. I understand and agree that my employment with the Company is at-will. Therefore, my employment can terminate, with or without cause, and with or without notice, at any time, at my option or Company's option, and that Company can terminate or change all other terms and conditions of my employment, with or without cause, and with or without notice, at any time. I understand that the nature of my employment relationship with Company will be governed by this paragraph and that this paragraph constitutes the entire agreement, arrangement, and understanding between me and Company on this subject matter and supersedes any prior or contemporaneous agreement, arrangement, and understanding on this

subject matter. This at-will relationship will remain in effect throughout my employment with Company, unless it is modified by a written agreement signed by both Company's President and me which expressly alters it. This at-will relationship may not be modified by any oral or implied agreement, or by any Company policies, practices or patterns or conduct.

20. General Provisions.

20.a Governing Law and Forum. This Agreement will be governed by and construed according to the substantive laws of the State of California without resort to conflict of law principles and I hereby consent to the jurisdiction of the courts of California, both state and federal, for any claim sounding in tort or contract or created by state or federal law related in any way to my or the Company's rights and obligations under the Agreement.

20.b Entire Agreement. This Agreement hereto, is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof and supersedes and merges all prior discussions between us. This agreement supersedes any other Proprietary Agreements signed during my employment with Xencor. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. As used in this Agreement, the period of my employment includes any time during which I may be retained by the Company as a consultant.

20.c Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

20.d Assignment. This Agreement may not be assigned by me but is fully assignable by the Company.

20.e Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

20.f Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

20.g Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

20.h Effective Date. This agreement shall be effective as of the earliest of (1) the first day of my employment by the Company; or (2) the first day of my use of the facilities,

technology, expertise, data, or Proprietary Information of the Company; or (3) the day I sign this Agreement.

20.i Descriptive Headings. The descriptive headings of this Agreement are for convenience only and shall be of no force or effect in construing or interpreting any of the provisions of this Agreement.

I UNDERSTAND THAT THIS AGREEMENT AFFECTS MY RIGHTS TO INVENTIONS I MAKE DURING AND SUBSEQUENT TO MY EMPLOYMENT AND RESTRICTS MY RIGHT TO DISCLOSE OR USE THE COMPANY'S PROPRIETARY INFORMATION DURING OR SUBSEQUENT TO MY EMPLOYMENT.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND ITS TERMS. I HAVE COMPLETELY FILLED OUT, SIGNED AND DATED EXHIBITS A, B, and C.

/s/ Nancy Valente
Signature

Nancy Valente
Printed Name

Address

05/01/2023
Date

ACCEPTED AND AGREED TO:

Xencor, Inc.

/s/ Bassil Dahiyat
By: Bassil Dahiyat
Title: President & Chief Executive Officer

EXHIBIT A

Xencor, Inc.
111 W. Lemon Ave., Monrovia, CA
91016

Attention: Board of Directors To whom it may

concern:

The following is a complete list of all restrictions which would prevent me, in whole or in part, from assigning to or as directed by the Company (as defined in the attached Agreement) all my right, title and interest in and to any and all Inventions (as required by paragraph 4 of the Agreement):

✔ No restrictions.

Restrictions: None

Due to confidentiality agreements with prior employer(s) or other person(s) or institution(s), I cannot disclose certain restrictions that would otherwise be included on the above-described list.

Number of additional sheets attached.

Very truly yours,

Signature: /s/ Nancy Valente

Printed Name: Nancy Valente

Date: 5/01/2023

EXHIBIT B

Xencor, Inc.
111 W. Lemon Ave., Monrovia, CA
91016

Attention: Board of Directors To whom it may

concern:

The following is a complete list of all Prior Inventions (as defined in the attached Agreement):

✔ No Prior Inventions

Prior Inventions:

None

Due to confidentiality agreements with prior employer(s) or other person(s) or institution(s), I cannot disclose certain Prior Inventions (as defined in the attached Agreement) that would otherwise be included on the above-described list.

0 Number of additional sheets attached.

Very truly yours,

Signature: /s/ Nancy Valente

Printed Name: Nancy Valente

Date: 5/01/2023

EXHIBIT C

Xencor, Inc.
111 W. Lemon Ave., Monrovia,
CA91016

Attention: Board of Directors To whom it may

concern:

I propose to bring to my employment with the Company (as defined in the attached Agreement) the following devices, materials and documents of my former employer(s) or other person(s) or institution(s) to whom I have an obligation of confidentiality that are not generally available to the public, which materials and documents may be used in providing services to the Company pursuant to the express written authorization of my former employer(s) or such other person(s) or institution(s) (copies of all such authorizations are attached hereto):

✔ No materials.

Materials:
None

Number of additional sheets attached.

0 Number of pages of authorizations attached.

Very truly yours,

Signature: /s/ Nancy Valente

Printed Name: Nancy Valente

Date: 5/01/2023

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL 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 Quarterly Report on Form 10-Q 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 15d-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
(Principal Executive Officer)

Date: November 7, 2023

Exhibit 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John J. Kuch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 15d-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: November 7, 2023

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Bassil I. Dahiyat, President & Chief Executive Officer of Xencor, Inc. (the "Company"), and John J. Kuch, Chief Financial Officer of the Company, each hereby certifies that, to the best of their knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended September 30, 2023, to which this Certification is attached as Exhibit 32.1 (the "Periodic Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2023

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of the 3rd day of August 2023.

/s/ BASSIL I. DAHIYAT	/s/ JOHN J. KUCH
Bassil I. Dahiyat	John J. Kuch
President & Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	*(Principal Financial Officer)*

This certification accompanies the Periodic Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Xencor, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.